



## The Transformation Continues

QANTAS SUSTAINABILITY REVIEW 2013

This page has been intentionally left blank

## TABLE OF CONTENTS

	Page
Introduction	2
Governance	4
– Corporate Governance	4
– Business Resilience	9
– Group Security	10
– Group Risk and Audit	11
Stakeholder Engagement	13
Financial	15
Safety and Health	19
Customer	22
People	31
Environment	38
Procurement	45
Community	49
Measures	56
Glossary	57

The Group Strategy, supported by environment, procurement and community strategies, underpins the identification and reporting on material items.

To support the Group's core goal of delivering sustainable returns to shareholders, areas of focus are used to measure, monitor and report on the Group's performance.

Areas of focus and measures are reviewed and updated to ensure that they remain relevant.

## The Group Strategy drives sustainable outcomes

### Governance

Corporate governance is core to ensuring the creation, protection and enhancement of shareholder value.

### Stakeholders

We are committed to communicating effectively with our stakeholders.

### Vision

#### Financial

We strive to build a strong viable business capable of delivering sustainable returns to shareholders.

#### Safety and Health

To be recognised as the world's leading airline group in air, ground and people safety and health.

#### Customers

Our Customers are the core of everything we do. The Group is continually striving towards providing exceptional customer experiences.

### Focus

Qantas Sustainability Review 2013

- » Long-term Profitability
- » Prudent Investment
- » Disciplined Capital Management
- » Financial Risk Management

- » Safety is our First Priority
- » Safety Commitments
- » Safety Governance Framework
- » Safety Reporting

- » Customer Satisfaction
- » Net Promoter Score
- » On Time Performance
- » Customer Feedback
- » Customer Experience Initiatives

### Measures

Sustainability Statistics and Notes, Qantas Annual Report 2013

- » Underlying Profit before Tax (PBT)
- » Net Underlying Unit Cost
- » Free Cash Flow
- » Average Fleet Age

- » Total Recordable Injury Frequency Rate
- » Lost Work Case Frequency Rate
- » Duration Rate
- » Absenteeism

- » On Time Performance

The Qantas Group's vision is  
 'Always the first choice for customers  
 in the markets we serve'.

The Group Strategy underpins our vision and positions  
 the Group towards delivering sustainable returns to  
 our shareholders.

The Qantas Sustainability Review 2013 provides a holistic review of the Group's governance structures.

The Qantas Sustainability Review 2013 provides an overview of our commitment to Stakeholder Engagement.

## People

The success of the Qantas Group is underpinned by our People and ensuring that our People are skilled, developed, motivated and supported to do great things.

- » Engagement
- » Communication
- » Diversity
- » Development
- » Talent
- » Recognition
- » Industrial Relations
- » Supporting

- » Gender Diversity
- » Age Diversity
- » Workplace Flexibility
- » Indigenous Employment
- » Number of Full Time Equivalents (FTEs)

## Environment

A leading airline group committed to environmental sustainability.

- » Direct Greenhouse Gas Emissions
  - Fuel Efficiency and Fleet Renewal
  - Biofuel
  - Carbon Offset
  - Utilities and Resources
- » Noise Impacts
- » Environmental Engagement

- » Aviation Fuel and Carbon Emissions
- » Aviation Fuel and Carbon Efficiency
- » Electricity, Water and Waste

## Procurement

The Group is committed to ensuring supplier relationships are managed in a competitive, fair and ethical manner.

- » Supplier Requirements
- » Sustainable Procurement Procedure
- » Sustainable Sourcing
- » Sustainability Assessment
- » Supplier Relationship Management
- » Supplier Diversity

## Community

To inspire social impact through community leadership, commitment and excellence.

- » Qantas Foundation
- » Qantas Community Champions
- » Qantas in the Community
- » Jetstar's Philanthropic Activities
- » Investing in Regional Australia

- » National Export Revenue
- » Domestic Traveller Expenditure

# GOVERNANCE

## CORPORATE GOVERNANCE

*Corporate governance is core to ensuring the creation, protection and enhancement of shareholder value.*

### The Qantas Board

The Qantas Board of Directors (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. The Board also maintains, and requires that Qantas management maintains, the highest level of corporate ethics.

### Qantas Constitution

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

### Board Charter

The Board is responsible for setting and reviewing the strategic direction of Qantas and monitoring the implementation of that strategy by Qantas management. Qantas' commitment to corporate governance is set out in the Board Charter which is available in the Corporate Governance section of the Qantas website.

### Corporations Act 2001 and ASX Listing Rules

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

## ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments, 2nd Edition (ASX Principles)

Qantas endorses the ASX Principles and provides details about its corporate governance framework annually in its Corporate Governance Statement.



The 2013 Corporate Governance Statement is contained in the 2013 Qantas Annual Report and is available in the Corporate Governance section of the Qantas website.  
<http://www.qantas.com.au/travel/airlines/governance-structure/global/en#jump1>

## Qantas Group Governance Structure



Each of the areas in the governance structure is described in more detail in the following pages.

## MATERIAL AREAS OF FOCUS

	Page
Corporate Governance	
Group Corporate Governance Structure	5
Non-Negotiable Business Principles	6
Qantas Group Policy Framework	6
Mandatory Training	7
Group Assurance and Reporting	7
Whistleblower Policy	7
Qantas Group Code of Conduct and Ethics	7
Qantas Group Behaviours and Values	8
Business Resilience	9
Group Security	10
Group Audit and Risk	11

# GOVERNANCE

## Qantas Group Corporate Governance Structure

### The Qantas Board

*The Board is responsible for setting and reviewing the strategic direction and monitoring the implementation of that strategy by Management.*

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 independent judgement to bear in decision-making. The independent Non-Executive Directors are elected by Qantas shareholders.

When appointing new Directors, the Board and its Nominations Committee look to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained. Directors submitting themselves for re-election at a general meeting are reviewed by the Nominations Committee. Directors are re-elected in accordance with the Qantas Constitution and the ASX Listing Rules.

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
Maxine Brenner	2013
Peter Cosgrove	2005
Patricia Cross	2004
Richard Goodmanson	2008
Jacqueline Hey	2013
Garry Hounsell	2005
William Meaney	2012
Paul Rayner	2008
Barbara Ward	2008



Details of the Directors, their qualifications, skills and experience are set out in the 2013 Annual Report, which is available in the Investors section of the Qantas website:  
<http://www.qantas.com.au/travel/airlines/board-of-directors/global/en>

### Board Committees

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

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

Each Committee has a formal Charter and is responsible for assisting the Board in fulfilling its corporate governance responsibilities in relation to matters within each Committee's respective remit.



Each Committee's Charter is available in the corporate governance section of the Qantas website.

### 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 Group Management Committee (GMC). The GMC 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 a number of operating segments (Segments), each of which has a dedicated management Board that is chaired by the Segment chief executive officer (or equivalent) (Segment CEO).

Each Segment CEO is a member of the Group Management Committee. The Segment management Boards review their respective Segments' performance, budgets, strategy and outlook.

# GOVERNANCE

## Qantas Group Non-Negotiable Business Principles

*Qantas' Board-approved Non-Negotiable Business Principles (Principles), together with the Qantas Group's Behaviours and Values, guide how the Qantas Group undertakes business and makes decisions.*

Qantas' Corporate Governance Framework comprises a number of principles and policies which together enable Qantas to comply with its legal and regulatory obligations and ethical standards which derive from various sources, including the Qantas Constitution, the Australian and international statutory and regulatory framework and the Qantas Group's Behaviours and Values.

Together with the Qantas Group's Behaviours and Values, the Principles guide how the Qantas Group and its employees undertake business and make decisions.

The Principles are:

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 are the foundation for our Group Policies. A supporting mandatory training program ensures that Qantas Group employees understand and effectively apply the Principles and Group Policies.



The Group's Non-Negotiable Business Principles can be found in the Qantas Business Practices document available on Qantas.com:  
<http://www.qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf>

## Qantas Group Policy Framework

*Qantas Group Policies apply to Qantas Group entities and employees in line with the Group's Corporate Governance Framework.*

The Qantas Group has 10 Group Policies, which reflect the Non-Negotiable Business Principles. The Group Policies set out the minimum expected standards across a range of governance areas where compliance is necessary for legal reasons and to protect our brands and reputation. The Group Policies are:

1. Code of Conduct and Ethics – refer to page 7
2. Safety and Health Policy
3. Legal Matters Policy
4. Finance Policy
5. Contracts Review and Execution Policy
6. Environment Policy
7. Information Technology Policy
8. Security Policy
9. Risk Management Policy
10. Business Resilience Policy



For further details on Group Policies, see the Group Business Practices Document at:  
<http://www.qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf>

## Other Policies

Human resource and other policies exist at entity or business unit level, and outline the entitlements and minimum expected standards for Qantas Group employees in the context of their employment.

Additionally, business unit specific policies exist, for example the Procurement Policy, which set out requirements relating to specific areas of the business.

Policies are supported by procedures where appropriate.

# GOVERNANCE

## 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 mandatory training program also includes additional role-specific training (for employees in a safety sensitive role or customer facing environments). The Qantas Group Training Council, comprised of representatives from across the business and Group Policy owners, oversees the mandatory 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.

Group Audit and Risk also provides independent, objective assurance and consulting services for Qantas' system of risk management, internal control and governance. As part of the Qantas Group's risk management process, Group Audit and Risk is responsible for maintaining and improving the Board-approved risk management framework, bi-annual reporting to the Board about risk and performing audit and other advisory services.

## Whistleblower Policy

Qantas has a long-established whistleblower process, including a 'hotline' through which employees may report concerns. The hotline is a comprehensive reporting service (telephone, email and mail) independently managed on behalf of Qantas by PricewaterhouseCoopers. Reports made through the whistleblower process can choose to be anonymous. The Group has a dedicated Whistleblower Committee comprising executive and senior management. The Whistleblower Committee is responsible for overseeing investigation of matters reported and it reports to the Board and Audit Committee on an annual basis and as otherwise necessary.

## Qantas Group Code of Conduct and Ethics

The Code of Conduct and Ethics (Code) is the Qantas Group's principal corporate governance policy.

The key principle underpinning the Code is compliance with laws, regulations and ethical standards.

Together with the other Qantas Group Policies referred to on page 6, the Code outlines the minimum requirements and responsibilities necessary to adhere to the Non-Negotiable Business Principles.

The Code sets out Qantas' expectations in a number of areas including:

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



The core elements of the Qantas Group Code of Conduct and Ethics are summarised in the Qantas Group Business Practices Document which is available in the Corporate Governance section on the Qantas website.

The Qantas Group Code of Conduct and Ethics was lodged with the ASX in September 2013.

# GOVERNANCE

## Qantas Group Behaviours and Values

### Qantas Group Behaviours

*Our organisational behaviours guide how we behave every day at work. By adopting these behaviours as part of our daily routine, we are exhibiting the brand values and doing our part to help achieve the Qantas Vision.*

The Qantas Group's Behaviours are:

**Safety** – All of our people have a genuine commitment to safety.

**Service** – We demonstrate our 'can-do' attitude and deliver on the customer promise.

**Innovation** – We challenge the way things are done and take ownership for finding a better way.

**Collaboration** – We work with others to create a winning culture and an enjoyable place to work.

**Integrity** – We are open, always listen and speak with honesty and respect.

The Qantas Group Behaviours are supported by Qantas Values and Jetstar Values.



### Values

*The Group Behaviours are underpinned by Values which reflect the unique culture and brands of Qantas and Jetstar.*

### Qantas Values

*Qantas' Values support better connections with our customers and people.*

Qantas:

- ✓ Cares;
- ✓ Is forward thinking;
- ✓ Has wisdom of experience; and
- ✓ Represents the best of contemporary Australia.

### Jetstar Values

*Jetstar's Values support its strategic vision of being the 'World's Best Low Fares Airline'.*

They are:

- ✓ Be responsible;
- ✓ Be energetically efficient;
- ✓ Be consistently 'can do';
- ✓ Genuinely care; and
- ✓ Passionate about enjoyment.



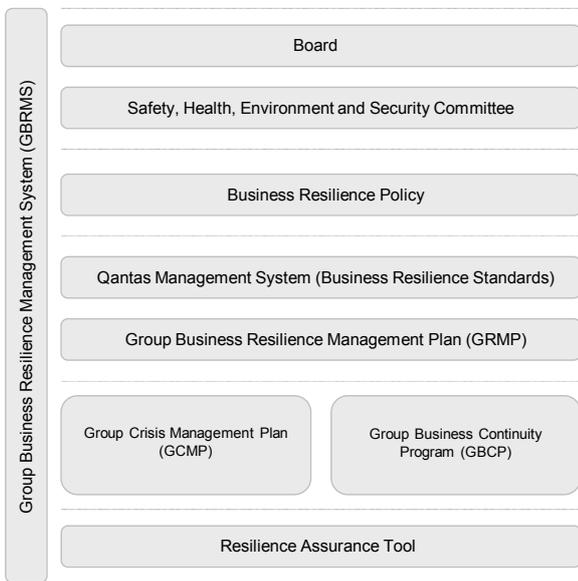
# GOVERNANCE

## 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.

The Business Resilience framework brings together the disciplines of crisis management, business continuity and corporate contingency planning.

Assurance of the resilience capability is provided to the Board via the Safety, Health, Environment and Security Committee. Reports provide oversight of recent events and progress of the Resilience Strategy.



This framework is centrally coordinated from within the Office of the CEO through a dedicated Business Resilience team, providing policy and governance for accountable managers in each of the Segments.

The framework is designed to enable identification and implementation of risk mitigation options, such as those associated with projects, technology initiatives, markets and finance, commercial, regulatory interface and industrial relations.

## 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 the impacts of an event and to coordinate diverse stakeholders.

This capability has been utilised to provide support to the QF32 A380 incident as well as humanitarian support in response to natural disasters such as the Queensland floods and the Christchurch earthquake and also to facilitate government requests such as the Cairo Evacuation charters in 2011.

This crisis management capability meets and exceeds IATA Operational Safety Audit (IOSA) Airline Emergency Response organisational standards and 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 as technology, physical locations and supply chains in order to identify and mitigate any vulnerabilities, develop effective continuity strategies and reduce potential impacts.

## Corporate Contingency Planning

The Qantas Group actively monitors threats and risks to the business and develops associated contingency plans to address potential impacts. This planning capability has been applied to manage pandemic planning and risks of civil unrest and global conflict.

# GOVERNANCE

## GROUP SECURITY

The Qantas Group operates 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 continue to adopt the 'risk-based outcomes focused' philosophy, it is at the core of Qantas' strategy to build security capability in the business. The 'risk-based outcomes focused' concept is driven by the belief that frontline staff and managers know their environment better than most and are therefore best placed to identify a security risk before anyone else. Security is everyone's responsibility and it is therefore paramount to embedding an effective security culture throughout the Qantas Group. This capability needs to continue 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 use the system everyday. 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 effective security culture is leadership and commitment, demonstrated by the degree to which the organisation holds managers and employees accountable for security outcomes. To effect this, Group Security continues to mature its approach to developing an integrated security capability across the entire business. The new structure maintains a centralised strategic policy setting and corporate security advisory role and establishes dedicated security teams in the business aligned with the new Qantas Group structure.

## International Engagement

Qantas continues to be recognised by IATA as being a world leader in the development of a Security Management System including best practice research into aviation security culture. The Security Management System integration program has been independently assessed by a peer 'systems' review conducted by a major US based airline.

### oneworld Security Committee and IATA IOSA Security Task Force Committee

As a result of harmonisation and influencing activities it has undertaken, Qantas acts as Chair of the oneworld Security Committee and Vice Chair of the IATA Security Executive Group.

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

Qantas continues to be a member of the International Sub-Committee of the US Department of Homeland Security Aviation Security Advisory Committee.

# GOVERNANCE

## GROUP AUDIT AND RISK

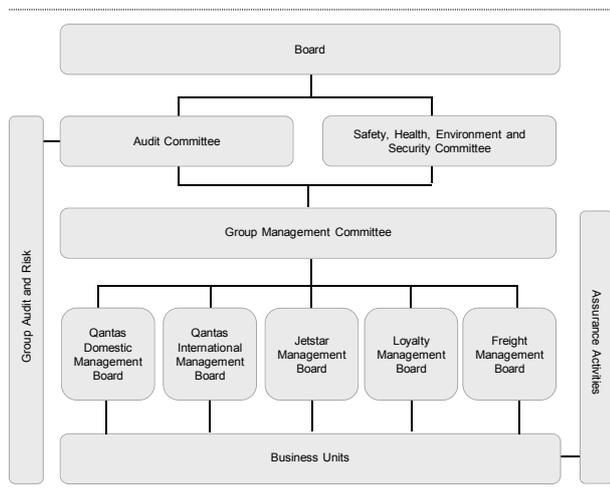
Group Audit and Risk provides independent, objective assurance and advisory services on Qantas' system of risk management, internal compliance, control and governance. Group Audit and Risk is part of the Office of the CEO and has an additional independent reporting line through to the Qantas Board via the Audit Committee.

The Corporate Governance Statement in the Qantas Annual Report 2013 contains an overview of the way in which risk is managed at Qantas (refer to page 68) and outlines the role of Internal Audit (refer to page 69).



See the Corporate Governance Statement in the Qantas Annual Report 2013 for further information in relation to Risk Management and Internal Audit.

## Group Audit and Risk Governance Framework



Each of the areas in the Audit and Risk Governance framework is described in more detail on this page.

The **Audit Committee** assists the Board in monitoring the effectiveness of the Qantas Group's enterprise-wide risk management and internal control framework.

The **Safety, Health, Environment and Security Committee** assists the Board with risk management in the areas of safety and health, security, environment and business resilience.

The **Group Management Committee (GMC)** is the primary governance forum that monitors risk management performance. The GMC is chaired by the CEO and meets fortnightly to review the performance of the Qantas Group and make decisions that impact more than one Segment.

The Qantas Group has adopted a common risk management framework that covers Qantas Group operations and facilitates the assessment and treatment of risk. The framework includes defined timeframes for the notification and evaluation of risk and defined timelines to action the risk treatments. The framework employs the 'as low as reasonably practicable' (ALARP) principle for the evaluation of risks to safety and health.

**Business Segment Management Boards** are accountable for implementing the risk management framework and identifying and managing risk within the business in the pursuit of their strategic and operational objectives, including the risk to safety and health. Risk management is incorporated into business processes managed by individual business units providing management with decision making support.

**Business Units** are responsible for monitoring that risk management controls are effective.

**Group Audit and Risk** is responsible for providing independent assurance and advice to the Audit Committee on risk-based assurance of strategic, financial and operational risks across the Group. Group Audit and Risk conduct risk based internal audits across the Group as well as managing the conduct of external independent audits.

# GOVERNANCE

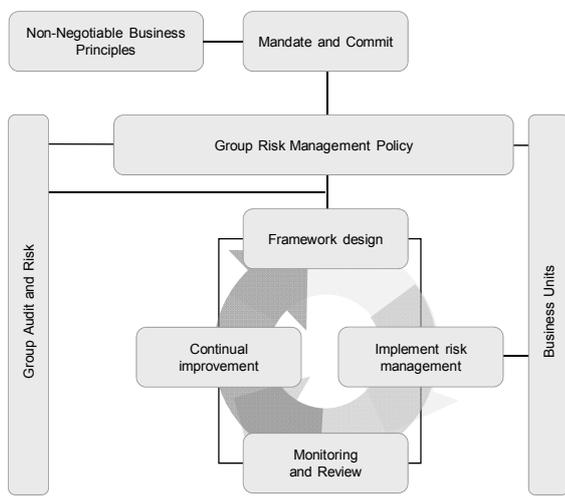
## Group Risk Framework

Risk management in the Qantas Group has matured to be embedded in 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 support Qantas Group employees in their understanding of risk management, a number of training courses are available to employees which reinforce the Qantas Group Non-Negotiable Business Principle of *we proactively manage risks*.

Group Audit and Risk is responsible for the design, implementation and continuous improvement of the risk management framework. This accountability extends to the development of Qantas' risk management culture and the capability of managers and employees to identify, understand and treat risk. Group Audit and Risk monitor and report on the Qantas Group Risk Profile in addition to providing independent assurance on the effectiveness of key risk management and internal controls in the business to the CEO, GMC and the Board.

Group Audit and Risk participates in annual strategy discussions with the Audit Committee to discuss and align the continuous improvement plans for the Framework with the expectations of the Board.



The Group Risk Management Policy outlines how risk management supports the achievement of business objectives and corporate governance requirements, the minimum requirements for risk management and role responsibilities.

**Framework Design** Group Audit and Risk is responsible for providing independent advice to the Audit Committee on risk-based assurance of strategic, financial and operational risks across the Group. Group Audit and Risk is accountable for the design of the Risk Management Framework. Group Audit and Risk maintains expertise in risk management framework design and implementation and work alongside the business to design the framework that creates and protect value and generates strategic advantage for the Qantas Group.

**Implementing Risk Management** Business units are accountable for implementing the risk management framework and identify and manage risk within the business in the pursuit of their strategic and operational objectives, including the risk to safety and health.

**Monitor and Review** Group Audit and Risk engages with the business to monitor and review the implementation of the risk management framework to identify gaps in the effective management of risk; and opportunities to continuously improve the framework.

**Continual Improvement** Independent reviews of the risk management framework design and implementation are conducted to assure the Audit Committee of the effectiveness of the Qantas Group's management of its material risks.

# STAKEHOLDER ENGAGEMENT

## VISION

We are committed to communicating effectively with our stakeholders.

## GOVERNANCE

The Board Charter states that the Board is responsible for ensuring that Management recognises Qantas' legal and other obligations to all legitimate stakeholders.

"Stakeholders" are groups that are likely to feel a social, environmental, economic or financial impact from Qantas' actions.

Qantas' stakeholders include our people, shareholders, government, the investor community, customers, suppliers, trade unions and members of the communities in which Qantas operates.

The Qantas Group's obligations to its stakeholders require that appropriate accountability and control systems are in place.

The CEO is responsible for managing stakeholder engagement, with assistance from the GMC. The GMC is required to have the necessary governance structures in place to enable the appropriate level of engagement. As part of this process, each member of the GMC is allocated responsibility for specific stakeholders relevant to their respective mandates.

## Qantas Group Policies

Qantas' Group Policies outline specific expectations and requirements in relation to engagement with certain stakeholders.

For example, the Code contains (among other things) details about how Qantas communicates with shareholders, the requirement to comply with Australian and local competition (anti-trust) laws and to treat people with respect. Similarly, other Qantas Group Policies, such as the Safety and Health Policy and the Environment Policy, contain the Qantas Group's expectations relating to safety and health and the environment.



The Qantas Group Business Practices Document, page 17, provides further details in relation to Stakeholder Engagement and related Group Policies.  
<http://www.qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf>

## STAKEHOLDERS

### People

The Qantas Group employs more than 33,000 employees, with 93% of employees located in Australia. At 30 June 2013, the Qantas Group community was made up of people with 99 nationalities, who speak 51 languages and are from 157 countries of origin.

Having an engaged workforce and effectively communicating at all levels across the business are key priorities for the Qantas Group.

Refer to the People section for detailed information in relation to Employee Engagement, page 32 and Employee Communication page 33.

### Shareholders

Qantas has an established process to ensure that it complies with its disclosure obligations under the ASX Listing Rules. In addition, Qantas endorses the ASX Principles and is committed to effective communication with shareholders and the effective participation of shareholders at Qantas Annual General Meetings (AGMs).

As part of Qantas' commitment to effective communication with shareholders, Qantas announcements lodged with ASX are available on the Qantas website and shareholders who are registered receive email notification of significant market announcements.

Qantas facilitates the effective participation of shareholders by:

- Providing the notice of AGM (Notice) to shareholders
- Making the Notice available on the Qantas website
- Making AGM proceedings available for viewing by live and archived webcast
- Giving shareholders the opportunity to forward questions and comments to Qantas or the external auditor prior to the AGM



The Qantas Group Business Practices Document, page 19, provides further information in relation to Shareholder communication.

# STAKEHOLDER ENGAGEMENT

## Government

The Qantas Group promotes a collaborative relationship with Government while complying with all laws and upholding the highest ethical standards.



The Qantas Group Business Practices Document, page 20, provides further information in relation to Government and specifically outlines that political donations must not be made directly or indirectly by the Qantas Group.

## Investor Community

The Group has a dedicated Investor Relations team (reporting to the CFO) that is responsible for interactive engagement with institutional investors and analysts. Investor Relations has a number of communication points including Half and Full-year Investor Results Briefings, Investor Roadshows (in Australia and overseas), Investor Conferences, direct Investor Relations contact and Investor Strategy Days.

## Customers

Our customers are the core of everything we do.

The Qantas Group engages with its customers through the Customer Satisfaction and Net Promoter Score processes – to measure our performance in the eyes of our customers. Additionally, the Closed Loop Feedback process allows direct communication between customers and front line managers – supporting continuous improvement and focus on the elements which will drive customer advocacy.



Qantas' website, Qantas.com, provides contact details for areas across the business, including:

- Global contacts
- New and existing Booking enquiries
- Corporate department contact details
- Qantas Frequent Flyer
- Qantas Store
- Baggage enquiries
- Customer Care contact details

Social media is an increasingly important channel for communicating with our customers, with Qantas monitoring and responding to posts on Qantas media sites including Facebook, Twitter, YouTube and online forums.

Please see the Customer section on page 22 for detailed information on Customer Satisfaction, NPS, Closed Loop Feedback and Customer Care.

## Suppliers

Effective and efficient supplier relationships are vital to the success of Qantas.

Qantas Procurement actively manages relationships with many of its key suppliers through its Supplier Relationship Management program.

The Procurement section provides further information in relation to Supplier Relationship Management page 47.

## Trade Unions

The Qantas Group consults and negotiates with a large number of trade unions. There are 49 collective agreements in place with employees and unions across the Group.

Qantas has a dedicated Industrial Relations team to manage all consultations/negotiations.

## Members of the Community

Qantas is committed to engaging with and being a responsible member of local communities.

The Group's philanthropic activities and partnerships are detailed in the Community section of this report, page 49.

In addition to this community work, Qantas is a key participant in community meetings around Australia in relation to noise improvement issues. At these meetings, residents, the Airport and Air Traffic Control work to find noise improvements.

Over the past twelve months Qantas has run a number of Required Navigation Performance (also known as Smart Tracking) simulator demonstration sessions with members of the community. These have been conducted as Airservices Australia has implemented RNP procedures at Canberra, Cairns and Melbourne airports to assist the community in understanding RNP and the capability it provides in terms of operational efficiency and noise mitigation.

# FINANCIAL

## VISION

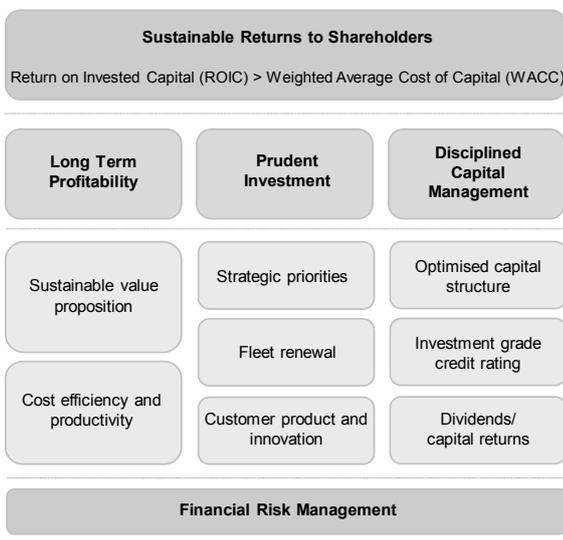
To build a strong, viable business capable of delivering sustainable returns to shareholders.

## STRATEGY

The Group’s financial sustainability is the result of Long-term Profitability, Prudent Investment and Disciplined Capital Management, underpinned by Financial Risk Management.

Each of these strategic areas are discussed in more detail in the following pages.

The Group’s long term targets are to see the Return on Invested Capital (ROIC) for Qantas Brands (Qantas Domestic, Qantas International, Qantas Loyalty and Qantas Freight), Jetstar Group – and therefore the total Qantas Group’s – exceed the Weighted Average Cost of Capital (WACC).



## MATERIAL AREAS OF FOCUS

	Page
Long-term Profitability	16
Prudent Investment	16
Disciplined Capital Management	18
Financial Risk Management	18

## GOVERNANCE

### Audit Committee

The Board Audit Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities in regard to financial reporting, audit and risk management including:

- 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
- Oversight of the independence of external and internal auditors

### CEO/CFO Declaration

Section 295A of the Corporations Act and ASX Principles requires the CEO and CFO to make certain declarations to the Board.

To support the CEO and CFO in making the declarations, Senior Management complete a bi-annual Financial and Corporate Governance Self-Assessment Questionnaire (FCGSA Questionnaire). The FCGSA Questionnaire forms part of Qantas’ corporate governance framework and it requires Senior Management to respond to questions relating to Qantas’ financial reporting, corporate governance and risk management.

### Group Finance Policy

The Group Finance Policy outlines the minimum requirements and responsibilities for financial reporting, governance and control.

The Group Finance Policy supports the Group’s compliance with the following Non-Negotiable Business Principles:

- We are committed to true and fair financial reporting; and
- We comply with laws and regulations.

# FINANCIAL

## LONG-TERM PROFITABILITY

Long-term profitability results from providing a sustainable value proposition, partnered with cost efficiency and productivity.

### Sustainable value proposition

The Group's brand portfolio and segment strategies are designed to deliver a sustainable value proposition to our customers. The Group seeks to be 'always the first choice for customers in the markets we serve'.

Domestically, the Group maintains its leading distribution, scale, network and frequency advantage through a 65% domestic market share. This is the profit maximising domestic market share and is achieved through the Group's dual brand strategy with Qantas Domestic and Jetstar.

Qantas Domestic is positioned to be best for business and premium leisure customers and to provide a superior customer proposition through investment in product and service.

High customer satisfaction sees Qantas Domestic hold a dominant position in the corporate market (currently 84% share of corporate market revenue) helping to provide a margin advantage over the competition.

Jetstar is positioned to be best for leisure and price sensitive customers with a vision to be the world's best low fares airline.

Jetstar's mission is to offer every day low fares to enable more people to fly more places, more often. To achieve this, Jetstar invests in growth and product innovation, seeks to drive scale advantages and build brand strength.

Jetstar's strategy is to build a strong brand across Asia Pacific. By linking with strong local partners and leveraging the low cost model, Jetstar seeks to realise the potential in the growing Asia market.

The Qantas International business continues to open gateways to the world by developing new partnerships and strengthening existing ones, allowing the business to deliver outstanding customer product and an enhanced global network. The Qantas and Emirates partnership was launched during the year and the joint network is expected to expand further.

The transformation of the Asian network, enabled by the transfer of Qantas' hub to Dubai, codeshare agreement with China Eastern, and Jetstar's expansion in Asia, allows the Group to benefit from growth in opportunities in the Asian region.

Through investment in product and service, Qantas International seeks to be best for global travellers.

The Group's dual brand strategy is further supported by Qantas Frequent Flyer, Australia's leading Loyalty business. With 9.4 million members, Qantas Frequency Flyer continues to grow through providing more rewards, new partners, building communities (such as the food and wine community 'Qantas EpiQure') and a new wave of growth with the launch of new products such as Qantas Cash.

### Cost efficiency and productivity

Through operational excellence and efficiency, as well as ongoing cost reduction, Qantas Domestic looks to maintain its margin advantage over the competition, Jetstar looks to retain its position as low fares leader, and Qantas International looks to build a strong, viable business.

Qantas is going through its biggest transformation since privatisation in 1995. This transformation is taking place in all areas of the business. It is integral to meeting our strategic goals and ensuring that we are competitive in a rapidly changing aviation industry.

The transformation program has already delivered significant benefits and unit cost improvement during the year. Strategic initiatives included: reconfiguration of A380-800 and B747-400 aircraft which has improved fleet economics; the consolidation of engineering and catering facilities; and the exit of loss making routes.

Qantas is committed to the transformation of its legacy cost base, enabling greater efficiency and competitiveness.

# FINANCIAL

## PRUDENT INVESTMENT

### Strategic priorities

The Qantas Group's strategy is based on four priorities:

- Building on the strong Domestic business
- Turning around Qantas International
- Growing Jetstar in Asia
- Broadening the reach of Qantas Loyalty

Delivering on these strategic priorities requires the proactive management of capital whilst continuing to invest in fleet and product innovation.

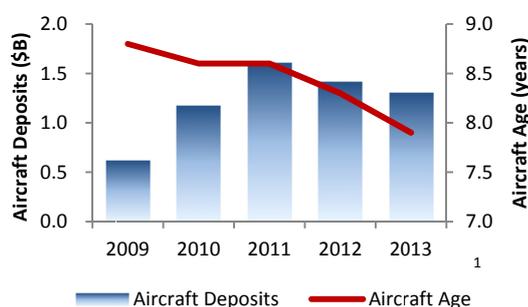
### Fleet Renewal

The Group prudently manages capital expenditure and leases in order to maintain fleet flexibility and closely manage the Group's young average fleet age.

Investment in new aircraft drives improvements in safety, passenger comfort, unit cost, fuel efficiency, noise emissions, freight capacity and range capability. Monitoring the average passenger fleet age assists the Group to manage its long-term capital requirements. The Group's priority is to provide for long-term fleet renewal and simplification of its fleet, which will directly improve customer experience, unit cost and fuel efficiency.

Long-term fleet planning is essential to success. The Group's fleet plan is designed to support the strategic objectives of the Group's two strong complementary flying brands, whilst retaining significant flexibility to respond to changes in market conditions.

In balancing these, the Group's average fleet age will remain in the range of eight to ten years over the long term.



1. Average Scheduled Passenger Fleet

### Fleet Profile

For the first time in approximately 20 years, the Group's average fleet age is below eight years. This not only puts our fleet up with the world's best, but provides additional flexibility in moderating future capital expenditure requirements.

	FY13	FY12	VPY
A380-800	12	12	-
B747-400	10	15	(5)
B747-400ER	6	6	-
A330-200	10	8	2
A330-300	10	10	-
B767-300ER	20	23	(3)
B737-400	6	12	(6)
B737-800NG	66	59	7
<b>Total Qantas</b>	<b>140</b>	<b>145</b>	<b>(5)</b>
A320-200	70	63	7
A321-200	6	6	-
A330-200	10	11	(1)
<b>Total Jetstar</b>	<b>86</b>	<b>80</b>	<b>6</b>
B717-200	13	13	-
Q200/Q300	21	21	-
Q400	28	25	3
<b>Total QantasLink</b>	<b>62</b>	<b>59</b>	<b>3</b>
EMB120	7	7	-
F100	12	12	-
<b>Total Network Aviation</b>	<b>19</b>	<b>19</b>	<b>-</b>
B737-300SF	4	4	-
B767-300SF	1	1	-
<b>Total Freight</b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>TOTAL GROUP</b>	<b>312</b>	<b>308</b>	<b>4</b>

### Innovation and product

In line with strategic priorities, the Qantas Group is continually investing in product, service and innovative technology to provide an exceptional experience for customers.

Technology is a key enabler for the Group to transform the business, operate more efficiently and continue to offer a superior level of service. The Group's investment is targeted towards product that adds value for customers and enhances their end-to-end experience.

Refer to the Customer section on page 22 for detailed information in relation to the Group's product and service offering.

# FINANCIAL

## DISCIPLINED CAPITAL MANAGEMENT

The Group's goal is to maintain a strong capital base designed to maximise shareholder value, maintain creditor confidence and allow sustainable investment throughout economic cycles.

The Group remains focused on balancing funding requirements with providing returns to its shareholders.

Return on Invested Capital (ROIC) measures returns relative to the assets employed in the business. The target is for ROIC to exceed the cost of capital over the long term.

### Optimised capital structure

The Group remains focused on maintaining an efficient capital structure that provides the lowest cost of capital and adequate financial reserves to withstand negative impacts from exogenous shocks.

Between 2008/2009 and 2011/2012, the Group underwent a growth phase in Jetstar and fleet renewal and cost transformation in Qantas, which temporarily increased financial leverage above target levels. This phase is now complete, resulting in capital expenditure returning to maintenance levels. The Group expects operating cash flow to exceed capital expenditure, allowing for repayment of debt and future returns to shareholders.

### Investment grade credit rating

The optimised capital structure is consistent with an investment grade credit rating, which increases access to borrowing at a lower cost.

Qantas is one of only two airlines in the world that are both listed and rated investment grade by both Standard & Poors (S&P) and Moodys.

### Dividends/capital returns

Maintenance of an optimal capital structure and an investment grade credit rating maximises returns to shareholders. The Group remains committed to returning to regular dividend payments when the optimised capital structure is achieved.

## FINANCIAL RISK MANAGEMENT

The Qantas Group is subject to liquidity, interest rate, foreign exchange, fuel price and credit risks. These risks are an inherent part of the operations of an international airline. The Qantas Group manages these risk exposures using various financial instruments and risk management strategies, governed by the Board-approved Treasury Risk Management Policy.

The Qantas Group has a centralised Treasury function that manages the financial risks in line with this policy.



The Qantas Annual Report 2013 contains a detailed analysis on Financial Risk Management – refer to Note 35 of the Financial Statements on page 154 of the report.

Additionally, the Qantas Data Book 2013 profiles the Group's financial risk management approach.

# SAFETY AND HEALTH

## VISION

To be the world's leading airline group in air, ground and people safety and health.

## STRATEGY

The Qantas Group Safety and Health Strategy has the following goals in an effort to realise the vision:

- Underpinning Management Systems: simplification and efficiencies in safety management processes and oversight
- Targeted Risk Reduction: enhanced and effective safety risk management framework across the Group
- Improved Culture and Behaviours: embed a strong safety culture across all levels of the Group
- Proactive Regulatory Engagement: establish robust and constructive working relationships with regulators to promote effective consultation on aviation and workplace safety.

A number of strategic initiatives are underway across all Qantas Group businesses to support these strategic goals. These initiatives include:

- Implementing world leading Flight Data monitoring and analysis software for the early identification of aircraft operating risks
- Replacing the safety information system used by Qantas branded airlines with a web based configurable solution to optimise safety management processes and data analysis and reporting
- A group-wide review of supplier and contractor management with a focus on safety standards and oversight
- Measuring safety culture across the Group through a Safety Climate Survey, with action plans to be developed following an analysis of survey responses
- Review and consolidation of safety management procedures and documentation; and
- business unit specific injury prevention programs

## SAFETY COMMITMENTS

Qantas is dedicated to continuous improvement in the prevention of injuries, illness, accidents and incidents through effective safety management systems, quality processes and a strong safety culture.

We achieve this through our commitment to:

- ✓ Individual acceptance of accountability and responsibility for safe conditions and behaviour
- ✓ A culture of safety leadership, collaborative effort, open communication, dissemination of safety information, consultation and involvement at all levels in the workplace
- ✓ Managers demonstrating and driving genuine safety commitment and leadership through their personal actions
- ✓ Working within a healthy and safe environment by integrating safety and health, environment, security, quality, risk and compliance management systems
- ✓ Managers explicit support of a just cultural environment, where all our people and contractors are encouraged to report errors and hazards
- ✓ Developing strategies and measurable objectives for achieving safety and health targets
- ✓ Continuous monitoring, measurement, reporting and improvement of safety management outcomes and health and safety performance
- ✓ Effective hazard identification and risk management, including integration of human factors into safety management systems
- ✓ Providing education and training based on defined competencies
- ✓ Meeting or exceeding compliance with regulatory and legislative obligations, and company standards and policies
- ✓ Recognising our people for demonstrating safety excellence or developing innovative safety solutions

Through the active participation and commitment of all our people we will strive to protect the health and safety of our people, customers, suppliers, assets, operations and the wider community.

# SAFETY AND HEALTH

## SAFETY GOVERNANCE FRAMEWORK

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

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.

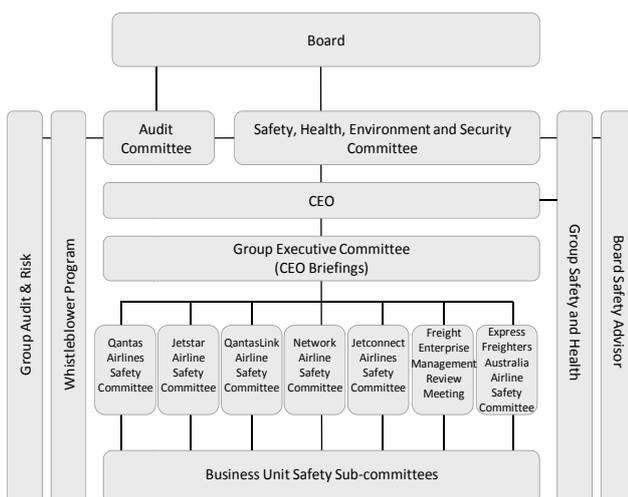
The Group's safety governance framework is designed to obtain, collate and sort relevant safety information and report this information to appropriate decision makers within the Group.

Each of the areas in the Safety Governance framework is described on this page.

A dedicated Board Committee has oversight of safety governance and the Qantas Group's Safety Management Systems cover all aspects of safety, health, environmental and security performance. Ensuring consistency across the Group in safety management and legislative compliance, the Safety Management System is acknowledged as a best practice model in the aviation industry.

The Group works closely with the Civil Aviation Safety Authority (CASA), Australian Transport Safety Bureau (ATSB) and international regulators on compliance matters, the introduction of new technology and processes, and investigations into safety occurrences.

## Qantas Group Safety Governance Framework



## Safety, Health, Environment and Security Committee

To protect Qantas' reputation as one of the world's safest and secure airlines and to manage the safety, health, environment and security performance of the Qantas Group, the Safety, Health, Environment and Security Committee is responsible for assisting the Board in oversight and monitoring of the Qantas Group's operational safety system, the Qantas Management System (QMS).

## Audit Committee

The Audit Committee assists the Board in monitoring the effectiveness of the Qantas Group's enterprise-wide risk management and internal control framework.

## Airline Safety Committees

For Group airline operations, Airline Safety Committees are the primary governance forums that monitor safety performance.

These Committees comprise of each operator's Accountable Manager (or Air Operator Certificate Holder) and Key Personnel as defined in the Civil Aviation Regulations, as well as other business stakeholders responsible for the safe operation of Qantas Group aircraft.

These stakeholders cover aspects of Flight Operations, Ground Operations, Cabin Operations and Engineering and Maintenance. In addition to operational safety, Airline Safety Committees also monitor Workplace Health and Safety performance and risks.

Airline Safety Committees are supported by Sub-Committees that represent each operational area.

## Group Safety and Health

Group Safety and Health is responsible for providing independent objective advice on aviation safety standards and safety oversight for the Board and its Committees. Group Safety and Health operates independently of any other Group business division and is directly accountable to the Group CEO.

## Group Audit and Risk

Group Audit and Risk is responsible for providing independent advice to the Audit Committee on risk-based assurance of strategic, financial and operational risks across the Group. Group Audit and Risk conduct internal audits across the Group as well as managing the conduct of external independent audits.

# SAFETY AND HEALTH

## SAFETY REPORTING

As well as meeting all regulatory requirements, the Group encourages employees to report operational and workplace incidents and hazards promptly and openly.

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.

## REGULATORY COMPLIANCE

Externally, the Qantas Group complies with all regulatory reporting requirements, including those related to the ATSB, CASA and various state based workplace health and safety authorities. The Qantas Group also complies with all regulatory reporting requirements in all jurisdictions in which it operates.



# CUSTOMER

*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.*

## HIGHLIGHTS

During 2012/2013 Qantas Domestic was awarded Best Domestic Airline at The Australian Federation of Travel Agents National Industry Awards for the fourth year running.

The Air Transport Awards 2012 and Australian Traveller Awards 2012 named QantasLink Regional Airline of the Year, and Best Regional Airline respectively.

Qantas Domestic was also awarded Best Australian Lounges at the Australian Business Traveller Awards 2012.

Additionally at the 2013 Skytrax World Airline Awards Qantas was awarded Best Airline Australia-Pacific, Jetstar was awarded the Best Low-Cost Airline - Australia/Pacific and Jetstar Asia was awarded best low-cost carrier based in Singapore.

Skytrax classifies airlines by the quality of their front-line product and staff service standards and is recognised as a leading global Benchmark of airline standards. The annual Skytrax awards are judged by 18 million travellers.



Qantas Loyalty achieved continued member growth, up 700,000 members since June 2012 to 9.4 million members. Additionally, member engagement is driving an increase in rewards redeemed during the year – up 9 per cent compared to the prior year.



## MATERIAL AREAS OF FOCUS

	Page
<b>Qantas Domestic and Qantas International</b>	23
Overview	
– Qantas Domestic	
– Qantas International	
Performance Measures	
– Customer Satisfaction and Net Promoter Score	
– On Time Performance	
Customer Experience Initiatives	
<b>Loyalty</b>	27
Overview	
Net Promoter Score	
Member Engagement	
Customer Experience Initiatives	
<b>Jetstar</b>	29
Overview	
Net Promoter Score	
Customer Experience Initiatives	

# CUSTOMER – QANTAS

## QANTAS DOMESTIC

Building on The Group's strong domestic business is one of the core goals of the Group Strategy.

Qantas Domestic is Australia's premium airline and through a superior customer proposition, leading network and frequency and by maintaining margin advantage, Qantas Domestic aims to be best for business and premium leisure customers.

## QANTAS INTERNATIONAL

To be the premium international carrier of choice for Australian corporate and premium leisure travellers.

Qantas International's four pillar strategy to turnaround the international business supports the customer vision.

**Best for Global Travellers** – delivering consistent customer excellence supported by enhanced end to end product, a strong service focus and a market leading loyalty proposition.

**Growing with Asia** – Serving the Asian market through improved network connectivity, enhanced codeshare partnerships and the establishment of further alliances.

**Gateways to the world** – improved network position through the establishment of key alliances and deepening existing partnerships.

**A strong, viable business** – delivered through network optimisation, margin improvement and cost reduction.

The four pillars are underpinned by a strong alliances model and passionate, highly engaged teams.

## Qantas' New Look – A Truly Contemporary Australian Story

### Vision

Since it first hit the runway in 1938, the Qantas uniform has been an evocative symbol of excellence and the irrepressible Australian spirit of travel. In each of its guises, from the swinging 60s and the loud 70s to designs from Emilio Pucci and Yves Saint Laurent and most recently Peter Morrissey, it has upheld a contemporary, stylish and world-class image.

Our new uniform marks a new chapter in our brand's story, including the major investments Qantas is making in aircraft, lounges and inflight service and entertainment. It heralds what will inevitably contribute to our 2020 vision: the creation of a single service unit, or as we like to say, "one team".

An undertaking of this scale is immense. The uniform production process involves hundreds of sample garments, thousands of people, hundreds of thousands of metres of fabric and immeasurable hours and effort.

A number of designers were asked to submit their vision for the new Qantas uniform. After lengthy evaluation, the Uniform Panel (comprised of Qantas staff), Group Management Committee and CEO Alan Joyce decided there was a very clear choice: Australian designer, Martin Grant.



# CUSTOMER – QANTAS

## CUSTOMER SATISFACTION AND NET PROMOTER SCORE (NPS)

*In 2012/2013 Qantas Domestic and Qantas international achieved their highest levels of Customer Satisfaction and the highest NPS results ever achieved.*

A range of customer initiatives were implemented in FY13 (see page 26) supporting Qantas Domestic's and Qantas International's strategy and driving towards continuous improvement and associated increase in customer advocacy. Qantas continues to track Net Promoter Score (NPS) to as a measure of advocacy for the airline.

Customer Satisfaction highlights during 2012/2013:

- Satisfaction scores for the reconfigured B747-400s in line with A380 scores
- Australia-Dubai/Dubai-London were the highest rating routes at launch
- New Singapore Lounge rating significantly higher than before refurbishment

The record NPS results and customer satisfaction ratings reflect the hard work and dedication of all our people as well as the continued focus on customer service through investment in training and technology to enable continuous service improvement.

The results also show that the Group's product, service and network enhancements are having a meaningful impact.

## ON TIME PERFORMANCE

*Qantas was the most on time major domestic airline for 2012/2013, and outperformed our major domestic competitor.*

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

This is the fourth consecutive year Qantas Domestic has won OTP and it equates to nearly 14,000 more on time flights than our major competitor in the last four financial years.

## Qantas' New Look – A Truly Contemporary Australian Story

### Employee Engagement

A key focus during the focus was on engaging our people – ensuring that all of our uniformed employees could have meaningful input in the design.

See the People section on page 31 to read about how our employees were part of this exciting journey.



### The Uniform Journey

Since coming on board, Martin Grant has sourced and selected fabric – testing fabric scientifically and with trial wears; completed colour matching and pattern making; made sample garments; consulted with OHS; and above all, completed a full uniform range.

And the whole time Martin has worked with the uniform panel to get feedback which he has listened to and incorporated.

Immediately following the unveil, there was an ordering period followed by a lengthy manufacturing process. Refer to the Procurement section on page 47 for further information on the manufacturing process.

Once everything is made, it will be packed according to every individual's order and bundled up for delivery. It's been a long process with the uniforms expected to be worn from early 2014.

# CUSTOMER – QANTAS

## CUSTOMER FEEDBACK

### Closed Loop Feedback

Qantas continues to utilise 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 – supporting continuous improvement.

Qantas Frequent Flyers are invited to participate in the Closed Loop Feedback panel, providing 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. Around 900 surveys completed 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 customers to help resolve particular issues in a timely manner. In this way, frontline managers are given more ownership of the customer's experience.

### Customer Care

Qantas is committed to listening to our customers and responding to their needs. Qantas wants its customers to become advocates – but this is only possible by delivering the highest standards of care and service throughout the customer journey.

Qantas' dedicated Customer Care department aims to maximise advocacy and loyalty through recovering customers who experience a flight disruption or product/service failure.

Qantas' recovery strategy is designed to resolve and recover any product or service failure as close to the occurrence as possible. This is achieved by providing front line staff with tools, such as the RED app, to take immediate action and share feedback with the Customer Care team.

Social media is an increasingly important channel for communicating with our customers, with Qantas monitoring and responding to posts on Qantas media sites including Facebook, Twitter, YouTube and online forums.

## Qantas' New Look – A Truly Contemporary Australian Story

### Woolmark

The fine Merino wool woven into the new Qantas uniform designs has been sourced from over 50 wool growing properties around Australia, including flocks from close to where Qantas began at Longreach in Queensland.

A sustainably produced natural fibre, fine Merino wool is soft and breathable, keeping Qantas staff comfortable in both cool and warm climates; perfect for wearing anywhere the world.

The combination of Merino wool and Qantas is a natural fit given the place both hold in Australia's national character; both are central to the fabric of our nation.



### Limiting the Footprint

The creation of a new uniform is a significant undertaking. As well as incorporating sustainable Australian Merino wool in its suiting, the hat that will be worn by our cabin crew is made from recycled plastic bottle tops, in a first for the airline. Not only is the material sustainable but it also serves a very functional purpose: the hat can be folded away when not used rather than taking up limited overhead locker space on board the aircraft.

In conjunction with the Qantas Foundation and Group Environment, we are exploring opportunities to recycle and re-use the old uniform instead of relegating it to landfill.

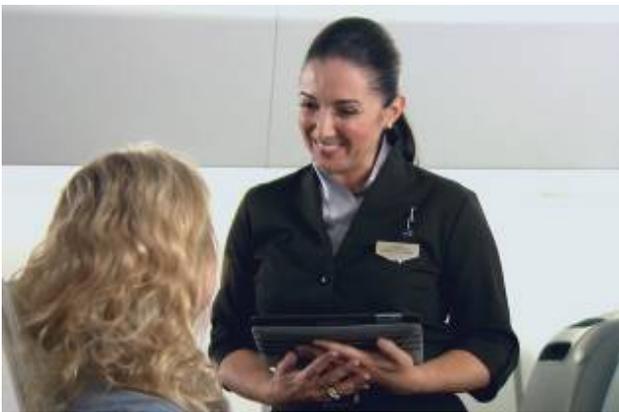
# CUSTOMER – QANTAS

## CUSTOMER EXPERIENCE INITIATIVES

### Investing in Customer Service

14,000 Qantas front-line staff completed intensive customer service training with a focus on delivering more personalised and responsive service in the airport and on-board.

iPads and the RED customer service app were introduced for Customer Service Managers (CSMs). These products are enhancing service in lounges and on-board Qantas' fleet.



## QANTAS DOMESTIC

Qantas Domestic is continually investing in product and network to provide exceptional customer experience.

### Investing in Aircraft and Network

During 2012/2013:

- 15 x B767 aircraft refreshed with modern interiors and Q-Streaming inflight entertainment
- 8 x QantasLink B717 aircraft refreshed (with further 5 to be completed). Additionally the next 5 B717 aircraft deliveries will include Business Class.
- B738s to fully replace B734s by early 2014.
- Launched Sydney-Gold Coast service

### Investing in East-West services

On Qantas' East-West services, every weekday Perth-Sydney and Perth-Melbourne flights is now operated with an Airbus A330. Additionally, international standard menus have been introduced in business class on all east-west flights.

## QANTAS INTERNATIONAL

Continuous investment in product and network is key to enhancing customer experience.

### Investing in Aircraft and Network

- A330 fleet being refreshed to include lie-flat beds in business
- 9 x B747 aircraft reconfigured with A380 product
- 12 x A380 aircraft reconfigured with optimised seat mix
- Through our new partnership with Emirates, more than 65 destinations are available to our customers via Dubai
- At the same time Qantas has added more seats to Asia.

### Investing in New Experiences

Chauffeur Drive was introduced to First/Business customers on flights to and from London, Dubai, Los Angeles and Dallas Fort Worth.

Business Class customers can now order meals before boarding, thanks to the introduction of Select on Q-Eat.

Select on Q-Eat guarantees meal selection and can also let crew know that a customer wants to sleep first and eat later.

The RED app can also alert crew when customers have chosen to sleep first and dine later in the flight



Select on Q-Eat also support the Sleep Service introduced for Business customers. Sleep Service includes a new mattress, duvet and turndown service.

The new Singapore Lounge reflects the Group's commitment to Asia, and has been achieving customer satisfaction ratings significantly higher than before the refurbishment.

# CUSTOMER – LOYALTY

## QANTAS LOYALTY

Unlocking the value of Qantas Loyalty is one of the four key pillars of the Qantas Group strategy.

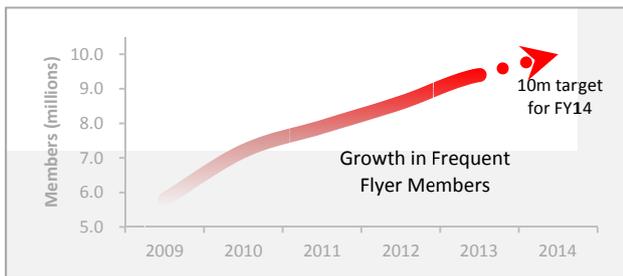
Qantas Loyalty is a major asset for the Group, generating profit and adding value for our customers.

Success is built on deep consumer knowledge which in turn is informing a long-term strategy to engage customers through their special interests.

Qantas Loyalty is a strong, sustainable and growing business, evidenced by, member growth, partner growth and a continuous increase in reward redemptions.

### Members

With 9.4 million members, the Qantas Loyalty member base continues to grow – increasing by 700,000 members since June 2012.



### Partners

QFF has hundreds of 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.

### Rewards

5.6 million rewards were provided to members during 2012/2013 – up 10% compared to last year.

Members can use points with over 30 partner airlines to more than 1,000 flight destinations and over 3,500 products in the Qantas store.

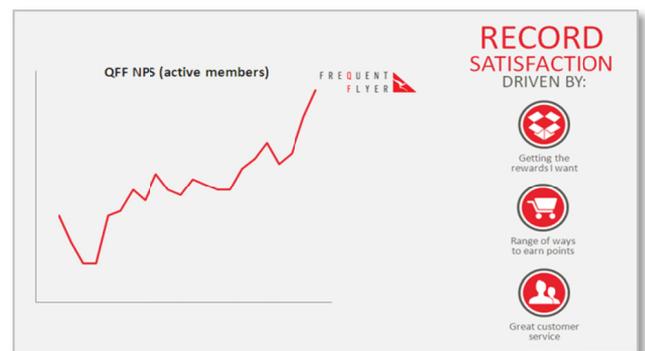
Reward highlights in 2012/2013 included:

- Flight Simulator – ‘money can’t buy’ experiences
- More than 26 million points redeemed for Unicef since October launch.

## NET PROMOTER SCORE

*In 2012/2013 Qantas Loyalty achieved a record Net Promoter Score (which measures customer satisfaction).*

Record satisfaction has been driven by the right rewards, the range of ways to earn points and customer service.



## MEMBER ENGAGEMENT

Qantas Loyalty is committed to driving member engagement. During 2012/2013 member engagement highlights included:

- Increased relevant communications to members – based on specific customer behaviours and profiles. This resulted in record high email open rates.
- Increased member face to face engagement via nationwide member roadshows, Qantas epiQure and Platinum One events and experiences.
- Members are increasingly demonstrating striving behaviour to retain and attain recognition tiers, including Platinum One

Lifting member engagement was also a key outcome for the new ‘For every journey’ campaign. During the campaign over 600,000 members engaged with campaign microsite and over 100,000 new members joined during campaign period.



# CUSTOMER – LOYALTY

## 2012/2013 CUSTOMER INITIATIVES

### Qantas Emirates Partnership

During the year, Emirates and Malaysian Airlines were welcomed to Qantas' airline partner network.

The addition of Emirates gives Qantas frequent flyer members the ability to redeem points for 175 worldwide destinations across the Qantas and Emirates network.

Members' tier status is recognised with both airlines when flying on the Qantas-Emirates network and Gold members (or above) have access to global Qantas and Emirates lounges.



### Jetstar Enhancements

During 2012/2013, Qantas Loyalty strengthened its partnership with Jetstar, increasing opportunities for members to earn and spend points across Jetstar's pan-Asian network, at a lower rate – 20% points price reduction for Jetstar Classic Award flights.

### International Hotel Group Partners

Qantas Loyalty expanded its international hotel group partners with the introduction of Jumeirah Hotel Group and Atlantis The Palm Hotel, two of the largest hotel groups in Dubai.



### Financial Card Products

New financial card products were launched with David Jones, Westpac and Macquarie bank.

### Search Toolbar

In June, Qantas Loyalty launched a new search toolbar with Yahoo 7. Over 25,000 members are now earning points when they search the internet.

### Qantas Cash

Qantas Cash was announced in the year and is due to launch in 2013. In addition to faster, smarter check-in, boarding and lounge access, the prepaid multi-currency travel card will give members new ways to earn points and the ability to hold up to nine different currencies on one card.



### Building Communities

As Qantas Loyalty expands the scale of the frequent flyer program, and develops growth opportunities, exclusive new services are being added for members, such as the Qantas epiQure food and wine community.



Qantas epiQure is the program's online food and fine wine community exclusive to Qantas Frequent Flyers.

At Qantas we take great pride in the quality of our on-board wine selections of which are chosen by our Qantas Wine Panel. EpiQure offers Qantas Frequent Flyer members the opportunity to enjoy a selection of these fine wines at home plus exclusive access to events as well as products you won't see anywhere else, from a wonderful array of wineries and winemakers.

In 2012/2013 sales were up 292 per cent and the number of members increased 63 per cent.

# CUSTOMER – JETSTAR

## JETSTAR

Jetstar’s vision is to be the World’s Best Low Fares Airline.

The Jetstar Group is a value based, low fares network of airlines operating in the leisure and value based markets.

Jetstar is focused on:

**An unwavering commitment to being a low fares leader and a commitment to lowest cost to enable delivery of 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. Jetstar customers only pay for what they need – and have the flexibility of adding checked baggage and/or a bundle of extras.

**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. These include SMS boarding passes, Call centre chat and Skype integration, payment methods such as PayPal. On-board customers can use iPads to view the latest release movies, TV shows, music and a line-up of the latest generation games, e-magazines and e-books.

**An extensive network to the most popular leisure markets**

Jetstar is the largest low cost carrier in the Asia Pacific region<sup>1</sup>, and has a growing network – currently 129 routes across the Jetstar businesses.

**Consistently deliver on schedule**

Jetstar understands the importance of getting you to your chosen destination on-time, every time. We strive to operate every flight and meet every departure and arrival time shown in our published schedule and to do so without compromising safety.

## 2012/2013 HIGHLIGHTS

Jetstar was recently awarded the Best Low-Cost Airline – Australia/Pacific 2013 in the annual Skytrax World Airline awards.

Skytrax classifies airlines by the quality of their front-line product and staff service standards and is recognised as a leading global Benchmark of airline standards.



## NET PROMOTOR SCORE

*In 2012/2013 Jetstar recorded strong customer advocacy across all Jetstar airlines.*

Jetstar measures Net Promoter Score (NPS) to determine advocacy for the airline.

Customer advocacy underpins Jetstar’s strategy for sustainable revenue growth.

The building blocks to delivering customer advocacy in the Jetstar businesses are:

- On Time Performance (OTP)
- Problem resolution capabilities
- Investing in Jetstar’s front line teams
- Customer Experience

Each of these areas of focus is discussed in more detail on the following page.

<sup>1</sup> Based on gross revenues of the Jetstar consolidated entities for the 12 months to March 2013.

# CUSTOMER – JETSTAR

## 2012/2013 CUSTOMER EXPERIENCE INITIATIVES

### On Time Performance

OTP has been identified as a major driver of Net Promoter Score and has continued to be a focus for improvement with key initiatives being implemented across the Jetstar Group, including:

- Schedule design to better accommodate infrastructure constraints
- Improvements in engineering reliability
- Improved boarding technology
- Better communications to customers.

### Problem resolution capabilities

Focus on problem resolution capabilities with the Contact Centre Turnaround Plan is being driven by a refresh of Jetstar policies, including escalation policies, decision making and empowerment. These enhancements are already starting to make a difference for both our people and our customers. Additionally, management oversight, better training, KPI alignment, and systems improvements are further assisting problem resolution capabilities.

### Investing in Jetstar's front line teams

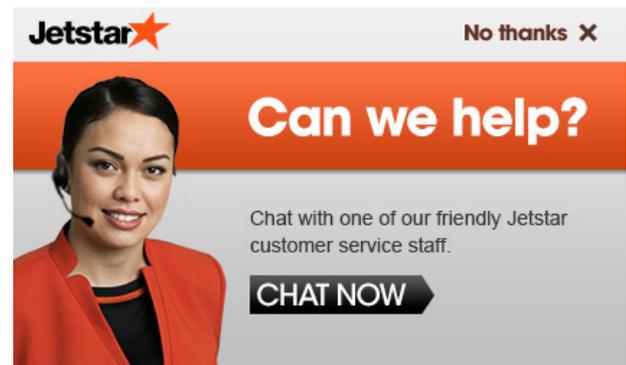
Investments in training and tools will enable 'our people to shine'. Investing in the operational tools and the 'people skills' training of our front line teams will play a very important role in delivering on Jetstar's customer and brand ambition.

### Customer Experience

Jetstar is also working towards customer experience alignment across the Jetstar Group to ensure consistent delivery of products across its different airlines. This includes alignment in check-in close times, self-service product availability and consistency in cabin baggage management.

### Live Chat Customer Service

Jetstar became the first airline in Australia to introduce live chat customer service, as part of a customer service drive looking at all parts of the airline's operations.



## LOOKING FORWARD

### B787-8 Dreamliners

Jetstar will be the first low-cost carrier in the Asia-Pacific to fly the B787-8 Dreamliner, with the first flight planned by the end of the 2013 calendar year<sup>1</sup>.



<sup>1</sup> Subject to regulatory approval.

# PEOPLE

## VISION

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

## STRATEGY

### Qantas Group People Strategy

At the heart of our People Strategy is the belief that improving business performance is successfully achieved through effective management and leadership.

To achieve this, the People Strategy focuses on a number of pillars to build capability and create a great place to work. Qantas aims to create a high performing environment through embedding organisational behaviours, developing our people leaders and investing in critical skills and capability in our people for today and tomorrow.

## GOVERNANCE

### Qantas Group Human Resource Policies

The Group has a suite of Human Resource Policies which outline Qantas' minimum requirements for conducting business and the standards to be upheld by all employees.

Additionally, all Qantas enterprise bargaining agreements (EBAs) outline employee work entitlements and benefits. 70 per cent of the Qantas Group workforce is covered by EBAs.

## MATERIAL AREAS OF FOCUS

	Page
Employee Engagement	32
Employee Communication	33
Diversity and Inclusion	34
People Development	35
Talent Attraction and Retention	36
Recognition	36
Industrial Relations	37
Supporting Employees	37



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

As at 30 June 2013, the Qantas Group community was made up of people with 99 nationalities, who speak 51 languages and are from 157 countries of origin.

### New Qantas Uniform – Engaging our People

We used a survey to engage our people immediately after the initial announcement ensuring all of our uniformed employees could have meaningful input into the design.

Our people nominated themselves to be part of the uniform panel. They were then selected by business managers to create a group representative of our employee population with members from each area of the business and a variety of locations.

They participated in the design and development process, advising on textile selection, garment style development and garment functionality/practicality.

After significant clinical testing of fabrics, a group of employees were asked to select their preferred fabric from a range of different fabrics.

In addition, 36 of our people were chosen to model the new uniform on the day of the launch. They represented all parts of the business and a number of locations.



# PEOPLE

## EMPLOYEE ENGAGEMENT

Having an engaged workforce is directly linked to improved company performance over time.

As Qantas is a customer service organisation, having an engaged workforce directly benefits customers, who will notice the extra effort that Qantas staff provide to them, their general level of happiness when coming to work, and the passion they show for Qantas when interacting with others.

Qantas has 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 how engaged Qantas employees are and identify areas for improvement
- Provide sufficient information to develop robust engagement action plans for each business area
- Create a baseline for measurement of management’s performance on employee engagement

An extensive process is undertaken which follows the following steps:

- Planning, including Manager briefing and employee communication
- Survey is open for approximately one month
- Results are processed by the external provider
- Reports are released to Managers, results are cascaded and teams are briefed by managers and supervisors throughout the business
- Results are analysed and action planning commences
- Action planning activities/initiatives are implemented and progress is monitored

*The CEO recently announced the 2013 Employee Engagement survey results, which showed an increase of 8 percentage points compared to the prior year.*

*These fantastic results demonstrate the Group's focus and investment in people, and improving Qantas for everyone.*

### **Example of initiatives implemented as a result of 2012/2013 Engagement Survey results:**

- Internal communication has been a key area of focus and has improved substantially in 2012/2013. Roadshows, webinars and video updates from Senior Leaders are used regularly to communicate key decisions and progress. Refer to the following page for details.
- Pilot Leadership and Cultural Change program launched with the intention of improving the relationships with our pilots as well as developing collaboration, decision making and long-term leadership with our pilots.
- Intensive Customer Training for Cabin Crew with proven results shown through increased customer NPS and customer satisfaction scores.
- Service Quality activity within Engineering, focused on building customer focus, removing waste, developing leadership capability and creating strong teamwork.
- Service Culture program within Ground Operations which has driven NPS up by 9 per cent across all ports.
- Domestic ‘LIFT’ strategy that focuses on six key pillars to drive performance and culture across the Domestic business.
- Internal communications improved methodology including ‘In The News’ available to all employees and ‘Leaders Talking Points’ specifically aimed at managers to brief their teams.
- The Finance community “Your Voice” Council, which has been tasked with developing ideas and initiatives to address the key focus areas from the engagement survey.

# PEOPLE

## EMPLOYEE COMMUNICATION

### 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 described on this page including the newly launched 'Checking In' website, People Leaders Forum, Qantas News, Friday Flyer and Employee Roadshows. Additionally, all Qantas employees receive a daily 'In The News' update – keeping everyone up-to-date about Qantas in the media.

### Qantas Domestic

In 2012/2013, the Qantas Domestic CEO Lyell Strambi and his leadership team held more than 100 Roadshow sessions throughout the year, in nearly 50 locations around the country, reaching about 4000 of our people. Additionally, the senior leadership team of Qantas Domestic made more than 38 video updates which are available to all employees.

### Qantas International

In 2013, bi-monthly dial-in/webinars were introduced to provide an update to our people on progress against Qantas International's turnaround plan and the freight business from Qantas International and Freight CEO Simon Hickey and his leadership team. Approximately half of the webinar is allocated for employees to ask questions.

These sessions are open to all Qantas employees and currently around 600 people across the world are participate in each session, with a cross section of employees from pilots, cabin crew, freight, airports and commercial teams.

Feedback from the webinars is captured and has been extremely positive.

### Checking In

Checking in is the place for Qantas people to 'check' in about what's going on across the company. This is us sharing our stories with each other so that we stay up to date with our latest news.



Visit Checking In at <http://www.checkingin.com.au/>

### People Leaders Forum

The People Leaders Forum provides an opportunity for the Group Management Committee (GMC), including the CEO to communicate directly with over 500 people leaders in the business. Forums are held twice a year and the format includes an address from the Qantas Group CEO, business updates from the GMC, and key themes which are relevant to the business at that point in time, for example, introducing new advertising campaigns, rolling out Group-wide initiatives such as 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.

### Qantas News

Qantas News is a bi-monthly newspaper 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.



### Friday Flyer

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.

### Employee Roadshows

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 Group Management Committee members.

# PEOPLE

## DIVERSITY AND INCLUSION

Qantas takes a holistic approach to diversity and is committed to a diverse and inclusive workplace. A diverse workforce supports Qantas business objectives and delivers competitive advantages and benefits to customers. Diversity is promoted through leadership, talent and development programs, recruitment and selection processes and flexible work arrangements.

### Diversity Council

The Diversity Council provides leadership on diversity and inclusion across the Group. The Council has a Charter and serves as an advisor to the CEO and Group Management Committee (GMC). During 2012/2013 the Council focused on three diversity and inclusion pillars:

- Gender diversity
- Cultural awareness and talent development relating to our people in Asia and the Emirates
- Indigenous diversity

### Diversity Statement

The Qantas Diversity Statement provides an overview of Qantas' policy relating to diversity.



The Qantas Diversity Statement is available at Qantas.com:  
<http://www.qantas.com.au/infodetail/about/corporategovernance/diversityStatement.pdf>

### Diversity Targets

In line with the requirements under the ASX Principles, Qantas has established targets for gender diversity. The following diversity-related measurable objectives supporting gender diversity have been endorsed by the Board Nominations Committee:

- Management Representation – senior executives targets of:
  - 35 per cent women by 2015
  - 40 per cent women by 2018

### Diversity Performance

The percentage of women in Senior Executive roles as at 30 June 2013 is 31.3 per cent (2012: 31.5 per cent).

### International Women's Day Event

The Group's International Women's Day 2013 event featured guest speakers Ita Buttrose AO, Paralympic athlete Kelly Cartwright and Dr Julia Newton-Howes, CEO of Care Australia. The event was supplemented by a 'trade show' promoting services which support women, including Expect a Star, CARE Australia, BUPA and Breast Cancer Awareness.



Ita Buttrose speaking to Qantas Group employees on International Women's Day 2013

### Male Champions of Change

Alan Joyce is an inaugural member of the Male Champions of Change, founded and Chaired by the Federal Sex Discrimination Commissioner, Elizabeth Broderick. It comprises 22 CEOs, Government Department Heads and Non-Executive Directors advocating and agreeing to commit to gender policies to increase women in executive management.

The Champions have agreed to a 10 point action plan shared amongst the various member organisations, four of which Qantas has committed to working on:

- Public and transparent gender reporting
- A supplier code of conduct that specifically highlights gender diversity expectations
- Developing a toolkit on the Role of the Leader who promotes gender equality
- Developing a Parental Leave Strategy

# PEOPLE

## PEOPLE DEVELOPMENT

### 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.

### Performance Management

Managing performance is a continuous process which involves objective setting, performance measurement, the provision of regular feedback and coaching with remedial action being undertaken where appropriate. This process is crucial in allowing Qantas to reach its goal of being a high performing organisation fostered in an environment of collaboration, transparency and effective management and leadership.

### Development Plans

The Group encourages our employees to have Development Plans – to establish priorities for career development by identifying any gaps between career aspirations & current capability. Templates, tools and resources are provided on the Qantas Intranet.

### Training at Qantas

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 (depending on the course) 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 and performance objectives.

### 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 provision of development 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.

### 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.

### 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 necessary learning outcomes to the business.

### 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 & Structural)
- Electrical
- Heavy Vehicle Maintenance

### 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.



Qantas' Centre of Service Excellence is profiled on  
Qantas.com:  
<http://www.qantas.com.au/travel/airlines/excellence/global/en>

# PEOPLE

## TALENT ATTRACTION AND RETENTION

The Qantas Group is committed to strategically managing our talent pipeline to enable the business to engage and retain talented individuals, to develop high performing teams, to drive organisational change and effectively deliver to our customers.

Qantas' goal is to ensure that the business has an identified group of future leaders and is considering current and future capability as a business imperative.

### Qantas Talent Council

The Group has a Talent Council which serves as an advisor to and holds the authority of the Qantas Group Management Committee.

A number of supporting processes and tools exist, including the Group Interim and Annual Talent Reviews, which help the business to identify and plan the development of talent as well as identify successors for key roles.

#### *Qantas Talent Vision*

To have a healthy, diverse leadership and succession pipeline developed, ready and capable to lead the Qantas Group, now and in the future.

#### *Talent Council Mission*

We will drive a full cycle Talent approach that is metrics driven and business outcomes focussed and include career management and development of in-scope Talent. We will align our Talent Strategy to meet our business needs and integrate robust performance management.

## RECOGNITION

Our people are one of the many great reasons our customers fly Qantas. It is important that we recognise each other and show our appreciation for colleagues who go above and beyond to help us build a stronger Qantas.

Qantas is a great place to work, where our contributions are proudly recognised. Recognition helps to bring out the best in our people and create a culture we can all be proud of.

There are a variety of internal recognition programs across the Group including Recognition-on-Q and the eXcel awards program.

### Recognition-on-Q and eXcel Awards Program

Recognition-on-Q is about thanking our colleagues instantly for a job well done. It provides an opportunity to show appreciation to colleagues in a simple, fast and meaningful way.

The aim of Recognition-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. Recognition-on-Q and eXcel work together by allowing Recognition-on-Q nominations to be elevated to an eXcel nomination where an employee's performance has been outstanding.

There are two levels of eXcel awards – eXcel Business Awards and eXcel Annual Awards. Winners of the business awards become eligible for consideration for the eXcel Annual Awards – which culminate in a gala dinner with members of the Group Management Committee and Senior Leaders from across the business in attendance.

# PEOPLE

## 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.

49 collective agreements are in place with employees and unions across the Group.



## SUPPORTING EMPLOYEES

The Qantas Group provides a series of free and confidential support services through the Employee Assistance Program, which help employees balance work and life, comprising:

### Life Assist

Life Assist offers free, confidential, independent counselling service for Qantas staff and their families. Counselling services are run by an external provider.

### Family Assist

Family Support is designed to assist parents with children aged 0-18 years, those with elderly loved ones and employees in the lead up to retirement and/or life after work. Family Assist offers a range of assistance including help in sourcing emergency/ongoing child and aged care, a support network and access to a variety of informative and practical resources.

### Health Assist

The Qantas Group is committed to providing safe and healthy workplaces and to helping our staff lead happy and healthy lives. The Health Assist program provides staff with the opportunity to participate in health and wellbeing events and programs. The program also offers a range of resources to assist in attaining a healthy lifestyle.

### Money Assist

Money Assist can help employees if they are worried about debt problems, inability to pay bills and credit cards, coping with the financial impact of separation/divorce, serious illness, gambling problems and other life events that cause financial strain.

### Manager Assist

Manager Assist is designed to give managers options to assist them in deciding on practical plan of action. It is also there to help managers with their own emotions and stress levels in relation to these situations.

### Trauma Assist

Trauma Assist provides assistance to employees in the event of a traumatic incident.

# ENVIRONMENT

## VISION

A leading airline group committed to environmental sustainability.

## STRATEGY

### Qantas Group Environment 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 drivers that influence the Group's environmental risks and opportunities. The strategy considers external drivers, such as climate change, the rapidly changing regulatory landscape and stakeholder expectations, as well as internal behavioural drivers that influence the Group's performance. The strategy is developed on an annual basis in conjunction with business units throughout Qantas Group and focuses on opportunities to improve environmental performance and manage risks associated with the Group's environmental impact.

## MATERIAL AREAS OF FOCUS

	Page
Direct Greenhouse Gas Emissions:	
— Fuel (Fuel efficiency and fleet renewal, Biofuel, Carbon Offset)	39
— Utilities and Resources (Electricity, Water and Waste)	42
Noise Impacts	44
Environmental Engagement	44

## GOVERNANCE

### Board 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 Board's Safety, Health, Environment and Security Committee (Committee).

### 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

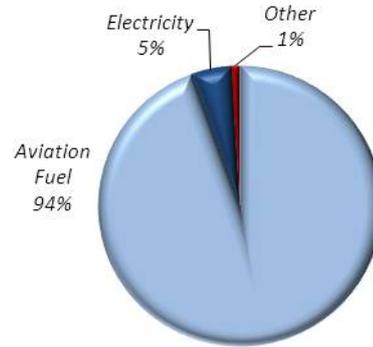
# ENVIRONMENT

## 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 a 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.

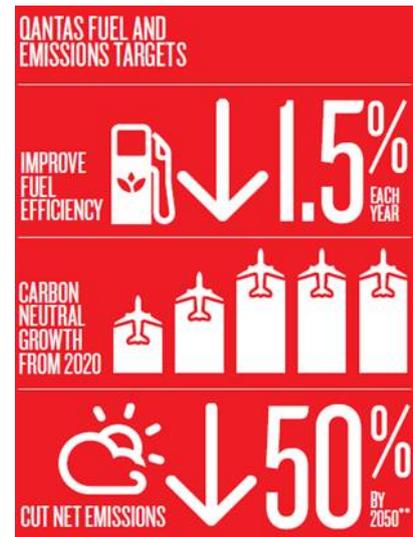
The Qantas Group Domestic Carbon Footprint\*



\*Based on 2011/2012 NGRs submission

### Fuel Efficiency Targets

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.

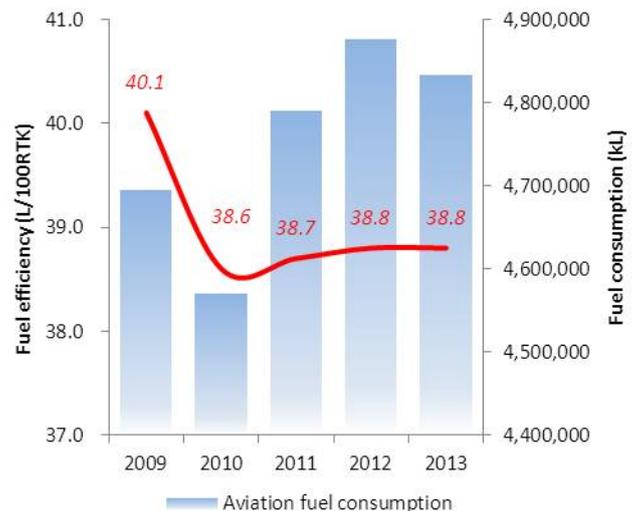


### Fuel Efficiency Performance

By 30 June 2013, the Qantas Group has achieved 3.2 per cent improvement in aviation fuel efficiency against the 2008/2009 baseline.

Activities such as international fleet re-configuration, fleet renewal and ongoing fuel optimisation activities have a positive effect on fuel efficiency.

Fuel consumption and fuel efficiency



# ENVIRONMENT

## Fuel Efficiency and Fleet Renewal

Fleet renewal offers the greatest benefits to fuel efficiency. Over the next 10 years, Qantas is planning to invest in more fuel-efficient next generation aircraft. Additionally, specific initiatives are in place:

B767	The B767 fleet is being retired as B787 Dreamliner's start to arrive from late 2013.
B787	The Group has 14 B787s on order and up to 50 options and purchase rights.
B734	The B734 fleet is being retired and will be replaced by next generation B738 aircraft by the end of 2013.
B738	The B738 engine refresh program (30 engines in program) will deliver approximately 1.5% fuel savings. Estimated completion date of engine replacements is mid-2014.
B717	The B717 fleet (13 aircraft) are undergoing a reconfiguration project taking the seat count from 115 or 117 to 125, improving fuel efficiency on a per seat basis.
A320	The A320 fleet are undergoing a reconfiguration from 177 seats to 180 seats, improving fuel efficiency on a per seat basis..
B744	All B744s will be retired except for our youngest 9 aircraft, which have an average age of 11½ years. These 9 aircraft have undergone a significant reconfiguration program, increasing seating from 307 or 353 seats to 364 seats – improving fuel efficiency on a per seat basis.
A380	All A380s are being reconfigured from 450 to 484 seats, improving fuel efficiency on a per seat basis.

Fleet renewal is being complemented by the following additional fuel efficiency activities:

- Improved flight procedures including Mid Segment climb.
- Optimised flight planning over individual sectors, including dynamic route planning and 'Flex Tracks'
- Required Navigation Performance (RNP) implementation in 5 Australian ports, resulting in smoother and shorter take-off and landing
- Rigging (control surface) check optimisation
- Participation in the METRON air traffic management system (real time capacity management).
- Permagard application for improved aerodynamics
- Optimisation of potable water loads carried by aircraft
- Improved pantry weight estimates across all fleet types.
- Reweighting A380 to optimise payload capability
- Upgraded hardware on A380 and B738 fleet
- Continuing reduction in on-board APU use by increasing use of Ground Power Units, including the introduction of new lightweight ground power leads
- The introduction of iPads for Pilots (replacing large and heavy paper manuals) – projected to remove 20kgs from each of our 737s and 767s, saving approximately \$1.5M per annum



A dedicated page on Qantas.com outlines the Group's fuel efficiency measures:  
<http://www.qantas.com.au/travel/airlines/fuel/global/en>

# ENVIRONMENT

## Sustainable Aviation Fuel

In April 2012 Qantas was the first Australian airline to operate a commercial flight using Sustainable Aviation Fuel (SAF). We are a member of the Sustainable Aviation Fuel Users Group (SAFUG) and a founding member of the Australian Initiative for Sustainable Aviation Fuel (AISAF).

Building on the commercial SAF flights in April 2012, Qantas announced a feasibility study into an Australian-based sustainable aviation fuel industry, in partnership with Shell Australia and supported by a \$575,000 grant from the Australian Government. The study aims to identify the conditions under which a sustainable aviation fuel industry in Australia would be commercially viable. The study commenced in June 2012 and was completed in June 2013. Full results will be released later in 2013.



A dedicated page on Qantas.com outlines the Group's commitment to Sustainable Aviation Fuel:  
<http://www.qantas.com.au/travel/airlines/sustainable-aviation-fuel/global/en>



## Carbon Offset

Qantas has a number of Carbon Offset initiatives:

### Carbon Credits

The Qantas Group has an off-take agreement to purchase carbon credits from Henbury Station property in central Australia – a former pastoral property being regenerated to restore natural vegetation and remove carbon dioxide from the atmosphere. Credits will support both the voluntary carbon offset program, and will be used to offset part of the Group's Australian carbon price liability.

### Carbon Neutral Program

Since 2007 Qantas has offered customers the option to offset their flight through our voluntary carbon offset program, Fly Carbon Neutral. The program is now the world's largest airline offset program by volume and uptake. Approximately 5 per cent of passengers offset their flights when booking through Qantas.com and since 2007 over 1.2 million tonnes has been offset – the equivalent to taking 260,000 cars off the road for a year.

Fly Carbon Neutral is certified under the Australian Government's National Carbon Offset Standard (NCOS) Carbon Neutral program, which ensures the methodology behind the program is robust and the offsets we source are of the highest quality.

### Corporate Customers

Supported by Fly Carbon Neutral, Qantas also facilitates detailed emissions reporting and offsetting for Corporate Customers to fulfil their own offsetting or carbon neutral commitments.



A dedicated page on Qantas.com outlines the Group's voluntary carbon offset program:  
<http://www.qantas.com.au/travel/airlines/fly-carbon-neutral/global/en>

# ENVIRONMENT

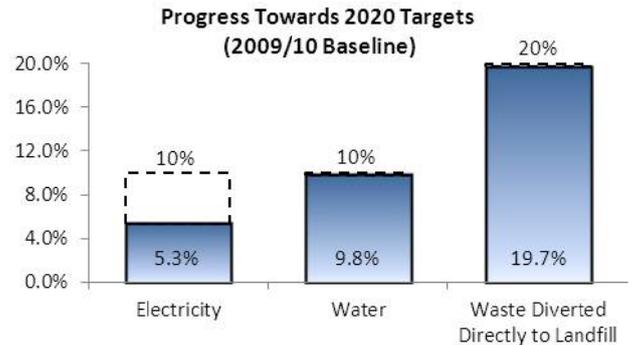
## UTILITIES AND RESOURCES

### Utilities targets

In 2011/2012 the Group refreshed its utility reduction strategy moving to new business unit specific 2020 targets that aggregate at a Group level for electricity, water and waste diverted directly from landfill of 10, 10 and 20 per cent respectively (set against a 2009/10 baseline).

### Utilities Performance

Electricity	5.3% progress towards the 2020 target of 10%
Water	9.8% progress towards the 2020 target of 10%
Waster	19.7% progress towards the 2020 target of 20%

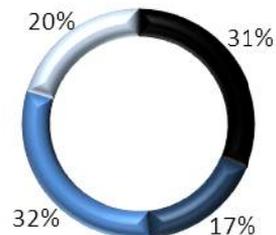


### Electricity

As a major electricity user and property owner in Australia Qantas is committed to energy efficiency. The Group measures energy consumption and is achieving reductions through the systematic identification of opportunities in areas such as lighting, air conditioning, and motor upgrades.

 <http://www.qantas.com.au/travel/airlines/electricity/global/en>

### Electricity Consumption

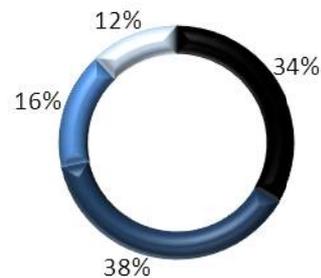


### Water

Australia is a vast dry land and at Qantas we recognise the need to use fresh water sensibly and efficiently. Between 2007 and 2011 the Group successfully reduced annual total water consumption by 19% as a result of our 'begreen' program, despite growth in operations. Qantas' journey of improvement continues. Reductions are being achieved through opportunities such as the installation of water efficient equipment including new dishwashers at catering facilities.

 <http://www.qantas.com.au/travel/airlines/water/global/en>

### Water Usage

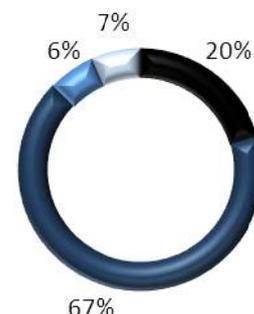


### Waste

Qantas closely monitors waste sent directly to landfill and is working hard to reduce this impact. Reductions have been achieved through in-flight recycling on domestic flights, recycling facilities in all domestic airports and Qantas Club lounges and the use of an alternative waste treatment facility, which diverts [65% of all Sydney waste from landfill].

 <http://www.qantas.com.au/travel/airlines/waste/global/en>

### Direct Waste to Landfill Contribution



- Airports
- Catering
- Engineering
- Other

# ENVIRONMENT

## UTILITIES AND RESOURCES

### CAMPUS REDEVELOPMENT AND TRI-GENERATION CASE STUDY

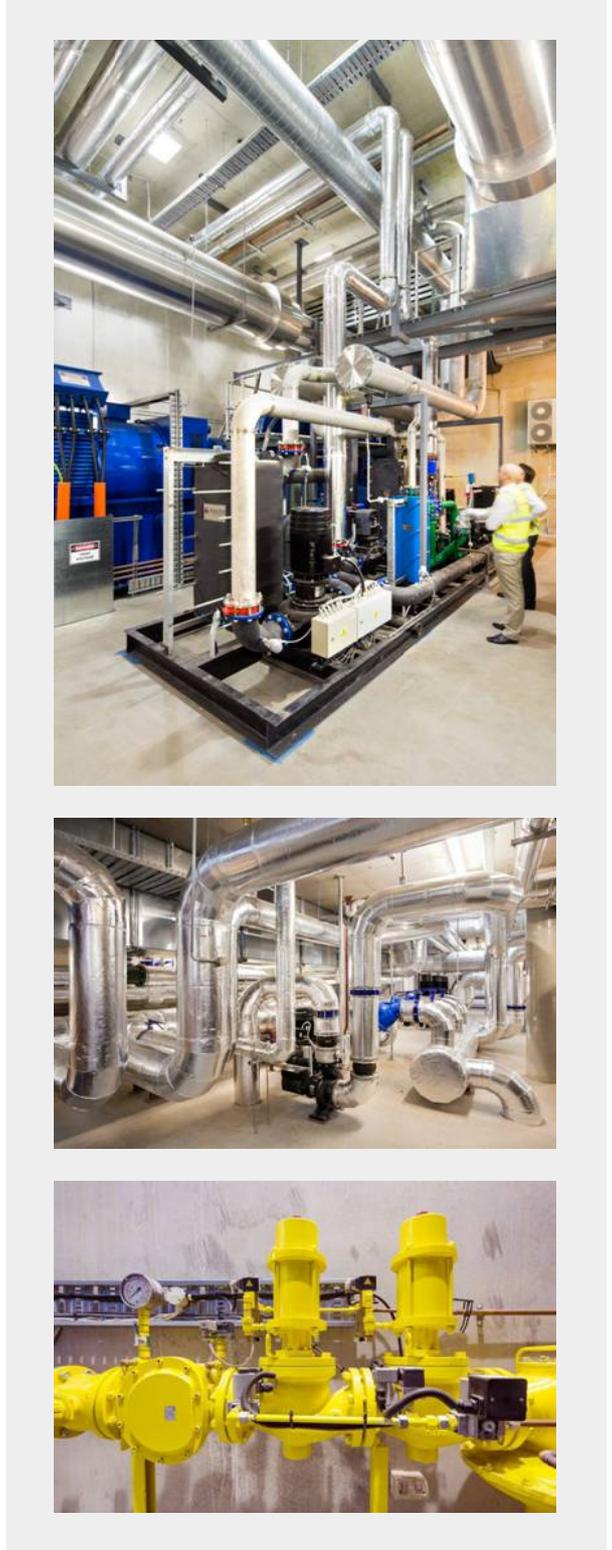
Qantas is part way through a complete redevelopment and refurbishment of our entire corporate headquarters in Sydney. This project will deliver a number of environmental benefits, including reductions in water and electricity through more efficient fittings and fixtures, maximising the use of natural light, and the adoption of new technology.

As part of our “Workplace Transformation” we are also building Australia’s largest commercial tri-generation plant. Phase one of the project at our Sydney office campus has been completed and is now providing electricity, hot and chilled water to the Qantas office campus, catering centre and jet base.

Phase two will see the installation of a similar, but smaller, plant at the Qantas Domestic Terminal (T3) in Sydney this year. Combined, the two sites will have an installed capacity of approximately 12 megawatts and will be Australia’s largest commercial scale tri-generation operation.

The plant at our Sydney office campus will lower energy consumption by 30 per cent during its operating hours, lower our greenhouse gas emissions by 23,000 tonnes per year and lower our water use by 6 million litres per year.

Combined, the refurbishment of our office buildings and the use of tri-generation will result in our four multi-story buildings rising from an average NABERS’ Energy 1.5 Star rating to an average NABERS Energy 5 Star rating.



<sup>1</sup> National Australian Built Environment Rating System

# ENVIRONMENT

## 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, being Chapter 4, applicable for new aircraft types from 1 January 2006. ICAO provisions for aircraft noise are outlined in Annex 16 Volume 1 of the Chicago Convention. Currently, chapters 3 and 4 are in force and all Qantas aircraft meet or exceed these 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 minimise noise impacts, 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, (for example, noise abatement zones, engine run up restrictions and preferred runways or flight paths).

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.



A dedicated page on Qantas.com outlines the Group's commitment to Noise impacts:  
<http://www.qantas.com.au/travel/airlines/community-commitment/global/en>

## EMPLOYEE ENGAGEMENT

Our people are vital to improving our environmental performance. We engage our employees through companywide hands-on volunteer initiatives such as 'begreen Day' (our annual environmental celebration day that coincides with World Environment Day), Clean Up Australia Day, Great Northern Clean Up, Earth Hour, the ZooX Great Barrier Reef Ambassador Program and Landcare Week.

### The Qantas Green Team

Within the Qantas Group we have an environmental sustainability focussed volunteer network made up of one thousand employees. The team comprises of dedicated, engaged and sustainability conscious people. The team, which is open to all employees, works hard to raise environmental sustainability awareness and make a difference at home and at work.

### Excel Environment Award

As part of our strategy to support and recognise our employees' commitment to environmental sustainability, the internal eXcel Environment Awards rewards positive action. These awards are given to employees who have demonstrated proactive leadership to implement environmental projects throughout the business. Projects usually focus on improving our business' impact in regards to waste-to-landfill, resource consumption (water, electricity, fuel), noise, air quality, soil or water contamination, flora and fauna or land management. Each year, the Group highlights exceptional initiatives through the Annual eXcel Environment Award.

## COMMUNITY ENGAGEMENT

While the Qantas Group supports a vast number of community organisations (across the areas of health, education, community, humanitarian, environmental sustainability, reconciliation and arts) our key partners in relation to environmental sustainability include Clean Up Australia, The Great Barrier Reef Foundation, Cairns Turtle Rehabilitation Centre and Landcare Australia.

# PROCUREMENT

## VISION

The Group is committed to ensuring supplier relationships are managed in a competitive, fair and ethical manner.

## STRATEGY

### Qantas Group Procurement Strategy

Qantas Procurement has an overarching strategy to delivering real, sustainable value through best-in-class procurement.

To achieve this, Qantas Procurement focuses on five key pillars:

- Safety is our First Priority
- Alignment with the Business
- Procurement as a Value Driver
- Operational Excellence
- Governance and Accountability

Safety is always Qantas' first priority, and Procurement has an unwavering commitment to the purchase and supply of quality goods and services that are fit for purpose. This ensures that safety, on the ground and in the air, remains a key consideration in what we buy and how we buy it. Procurement supports the business in identifying suitable goods and services that meet Qantas' high standards and continue to protect our people and our customers from safety risk.

Qantas Procurement works closely across all business areas, aligning with Qantas' business objectives to deliver business value.

Qantas Procurement has a continuing focus on improvement and driving operational excellence, ensuring that consistent approaches are applied across all Procurement activities by standardising our processes and supporting our people to apply them.

Governance and accountability are core to the work of Procurement, including the governance of supplier assessment and selection. We aim to bring 100% of spend under management, which provides us with assurance on how we are buying and from whom.

## GOVERNANCE

### Qantas' 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 and aims to ensure that in all procurement activities:

- Qantas obtains goods and services that meet specification and are delivered on time at internationally competitive prices from financially stable suppliers.
- Qantas obtains best value for money on a total cost basis.
- Consistent procurement processes are followed in accordance with Qantas policies.
- Commercial, financial, legal and operational risk is reduced.
- Supplier Relationship Management is effective, collaborative and focussed on win-win outcomes.

## MATERIAL AREAS OF FOCUS

	Page
Supplier Requirements	46
Sustainable Procurement Procedure	46
Sustainable Sourcing	46
Sustainability Assessment	46
Supplier Relationship Management	47
Supplier Diversity	48

# PROCUREMENT

## SUPPLIER REQUIREMENTS

Qantas requires its Suppliers and their personnel to comply with certain requirements regarding Occupational Health and Safety, Standards of Personal Behaviour, Equal Opportunity, Harassment and Bullying, Theft, Attempted Theft, Fraud, Attempted Fraud or Removal of Property, These requirements are set out in Qantas' Supplier Requirements.



<http://www.qantas.com.au/infodetail/about/purchasing/SupplierRequirements20121127.pdf>

## SUSTAINABLE PROCUREMENT PROCEDURE

Qantas' Sustainable Procurement Procedure contains our formalised Environmental, Social and Governance (ESG) objectives, and links directly to the Group's Procurement Policy and Procurement Procedures.

Qantas' Sustainable Procurement principles are:

- Qantas will strongly contribute to the advancement of corporate, community, local industry and environmental sustainability outcomes through its procurement activities.
- Procurement activities will be undertaken in accordance with the Qantas Procurement Policy and Procurement Procedures.
- Sustainable procurement initiatives will substantially align with Qantas strategic objectives.
- All procurement and category specifications will include appropriate ESG requirements.

## SUSTAINABLE SOURCING

The Qantas Group includes sustainability questions in its market-facing sourcing events.

Key areas covered by these questions include:

- Supplier sustainability policies
- Workplace conditions
- Supplier Diversity
- Environmental impact
- Forced, Involuntary or Child Labour

## SUSTAINABILITY ASSESSMENT

The Qantas Group, as a major purchaser of goods and services, recognises the impact its procurement and supply chain can have.

The Group is working closely with key suppliers to understand their long-term sustainability. This activity includes supplier self-assessment as well as supplier site inspections, where required.

Qantas selects suppliers to assess on a risk-rated basis, applying the Group's organisational risk rating standards to assist in determining an appropriate audit schedule.



# PROCUREMENT

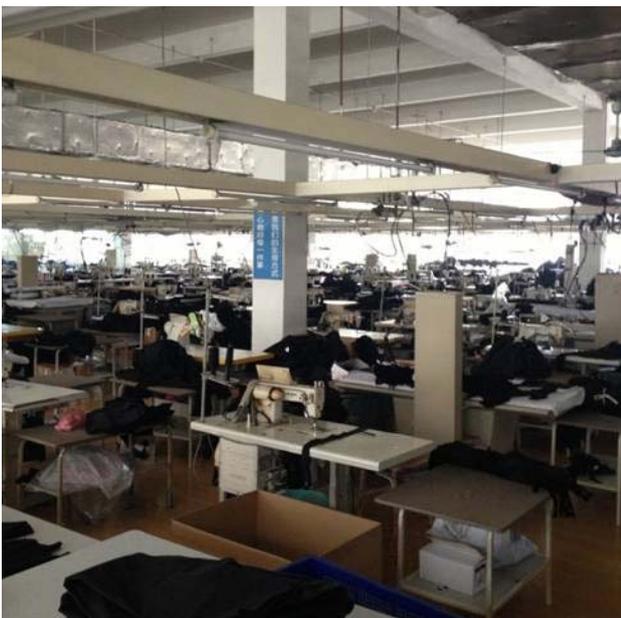
## SUPPLIER RELATIONSHIP MANAGEMENT

Qantas Procurement actively manages relationships with many of its key suppliers through its Supplier Relationship Management program.

Qantas Procurement's Supplier Relationship Management program is focussed on working collaboratively with suppliers to improve performance and address issues, across a broad range of Key Performance Indicators (KPIs). This program enables Qantas to identify innovative solutions, working in partnership with our suppliers.

Through our Supplier Relationship Management program, Qantas works collaboratively with suppliers to reduce waste to landfill for key goods, an example of this is tyres. Contracts and incentives are structured to support the supplier reducing waste, whilst maintaining a commercially beneficial outcome for both parties.

Qantas recognises a key opportunity to contribute to supplier development by expanding its Supplier Relationship Management program to include suppliers of indirect goods and services.



Above, one of the garment manufacturers visited during our sustainability assessment.

## QANTAS' NEW UNIFORMS: ASSESSING SUPPLIER SUSTAINABILITY

As Qantas prepared to launch a new uniform for the first time in 10 years, the Qantas Procurement team was hard at work supporting the sourcing, production and delivery of 400,000 garments to 11,250 staff.

Selecting the garment manufacturers for Qantas' new uniform was a core part of the process, and Qantas was keen to ensure that the uniforms were produced in a safe, socially responsible and sustainable environment.

Qantas Procurement worked in partnership with our uniform supplier to carry out site visits to garment production factories in China and Indonesia during 2013. Four key sites were reviewed against a number of criteria, based on SA8000, a key social responsibility standard, with individual audit reviews produced for each sub-contracted factory.

Based on findings from these site inspections, remedial actions were identified with suppliers and action plans agreed. Progress against these action plans will be monitored throughout the coming year, with the first review visit having occurred in July 2013.

Qantas has clear, Non-Negotiable Business Principles, and expects its suppliers to align with these. Qantas supports a 'develop not desert' principle with key suppliers, encouraging supplier development by working actively with them to improve their environments, with a focus on supporting long-term change.

Through this process, Qantas has been able to ensure that our new uniforms will be produced in a manner that aligns to the way we do business, and that is consistent with our business principles.

# PROCUREMENT

## 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 Supply Nation (formally Australian Indigenous Minority Supplier Council – AIMSC) have the commitment and support of the Chief Executive Officer, Group Management Committee along with advocacy from the Chief Procurement Officer, the Procurement team and Head of Community.

Qantas is a founding member of Supply Nation and proudly became the first founding member in Australia to sign an agreement with a Supply Nation supplier, Message Stick Communications.

Qantas has contracted with eight Supply Nation Certified businesses over the past year, across a range of goods and services.

Under the current Qantas Reconciliation Action Plan, Qantas has committed to introducing Supply Nation certified businesses into three new areas of the business by December 2013, and to have 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 Supply Nation 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.

Qantas, through Chief Executive Alan Joyce, is a founding member of Male Champions of Change. Male Champions of Change, convened by Sex Discrimination commissioner Elizabeth Broderick in 2010, seeks to use the collective and individual influence of its members to elevate the issue of women's representation in leadership on the business agenda.

Amongst the initiatives identified by this group is the Supplier Multiplier, [to be] formally announced in August 2013. This initiative seeks to support the Male Champions of Change agenda, by working with our suppliers to ensure equal opportunities in our recruitment processes and to clarify the expectations we have of our suppliers in this industry.

## LOOKING TO THE FUTURE

Qantas Procurement is committed to further developing its Sustainable Procurement approach. With this in mind, the following areas of focus will see significant activity over the coming year:

- Sustainable Procurement Strategy
- Sustainable Sourcing Guidelines
- Supplier Requirements and Code of Conduct
- Comprehensive Supplier Assessment and Sustainability Audits
- Supplier Relationship Management Program Enhancement



# COMMUNITY

## VISION

The Qantas Group has a commitment to strengthen the communities in which we live, serve and work by building relationships and partnerships that benefit all.

The Qantas Group works hard to maintain its position as a responsible corporate citizen, an iconic Australian company and a major driver of economic activity.

## STRATEGY

Qantas manages its community activities 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 and their dreams.

The Jetstar Group operates its own community initiatives to align with its tailored brand requirements as they relate to its unique geographic footprint.

Additionally, QantasLink is proud to play an active part in the community by supporting a range of local and global organisations and events and engage with local communities in regional Australia.

Building and maintaining our positive connection with all Australian's including customers, policy makers and our employees, is vital to preserving and reinforcing our competitive position.



*Qantas Group CEO, Alan Joyce participates in the Indigenous Clontarf Academy*

## GOVERNANCE

The Group's Community governance framework aligns to the Group Community strategy headed by the Brand, Marketing and Corporate Affairs department. Under this umbrella, standalone business units also undertake numerous activities in the community that meet their tailored commercial and reputational needs to create shared value.



*Qantas Group employees and family participate in Clean Up Australian Day 2013*

## MATERIAL AREAS OF FOCUS

Sharing the Spirit		Page
Qantas Foundation		50
Qantas Community Champions		52
Qantas in the Community	Spirit of Community	53
	Spirit of the Arts	
	Spirit of Sports	
	Spirit of Reconciliation	
	Spirit of Our People	
Jetstar	Philanthropy	54
	Community	
Regional Australia		55

# COMMUNITY

## THE QANTAS FOUNDATION

### Vision

The Qantas Foundation is passionate about creating life changing experiences for the next generation of Australians.

The Qantas Foundation defines an experience as something that alters a person's life or circumstance in a substantial manner, resulting in a significant positive change to their life, situation or the broader community.

### Strategy

In particular, the Qantas Foundation's efforts focus on two key areas:

- Initiatives that provide an immediate experience for those in need (changing lives)
- Experiences and opportunities that empower the next generation of Australians to make a difference in the community (empowering change)

To deliver this vision, we leverage the diverse resources of the Qantas Group - from our dedicated and passionate employees, the diverse network of suppliers and partnerships and of course, the use of our own airline.

### Governance

The Foundation is governed by a Board of Directors that includes three external independent directors and three Qantas senior executives. The Qantas Foundation is staffed by the Qantas Community Team, reporting to the Group Executive Brand, Marketing and Corporate Affairs.



Visit the Qantas Foundation's website at [www.qantasfoundation.org.au](http://www.qantasfoundation.org.au)

### Changing Lives

*Initiatives that provide an immediate experience for those in need.*

### Make a Wish

Through the partnership with the Qantas Foundation, Make-A-Wish Australia is helping to create life-changing experiences for children with life threatening conditions.

### Kids to Coast

Imagine never having seen the ocean, hearing the waves against the beach, collecting shells or searching in rock-pools for marine life - it's a quintessential Australian experience, a rite of passage for so many of the nation's children.

Since 2011, two groups of outstanding students from the Mutitjulu School, aged between 8-12, have participated in *Kids to Coast* - a unique educational program that consists of learning about sea and marine life, city living, sporting activities and interacting with students from metropolitan Australia.

Qantas and the Qantas Foundation have proudly supported this exciting project in collaboration with the Mutitjulu Foundation and the Foundation For Kids,



*Indigenous children on the Kids-to-Coast program*

# COMMUNITY

## Empowering Change

*Experiences and opportunities that empower the next generation of Australians to make a difference in the community.*

## Outward and Upwards

Through the Qantas Foundation's support, Outward Bound and ABCN will develop and deliver a series of leadership courses for aspiring young leaders.

Called Outward & Upwards, the course will give young community leaders from disadvantaged high schools a rarely offered opportunity to experience a high quality leadership development program, featuring intensive residential training and corporate mentoring support over a sustained period.



*A young person relishes a Qantas Make-a-Wish experience*

## Leadership Rewired

The Qantas Foundation is excited to again work with the Centre for Sustainability Leadership (CSL), after providing the support needed to develop and launch its award-winning Leadership Rewired program in 2010. Leadership Rewired is an online learning tool available to anyone.

The new Qantas Foundation CSL Sustainability Entrepreneurship Award seeks to supercharge the success of CSL's Academic Fellowship Program by annually providing a member of its alumni with early stage support to scale up an innovative, sustainability-related, social venture. This micro-scale Qantas funding and endorsement will be used to more rapidly help scale-up this potentially game-changing venture.

## The Qantas Foundation Encouragement of Australian Art Award

The Qantas Foundation Encouragement of Australian Art Award recognises emerging Australian contemporary artists and aims to increase awareness of Australian contemporary art and incentivises promising, emerging artists to produce further work.

In addition, and in the spirit of giving back to the local community, the award features a community residency, which sees artist engaging with their local community in a unique project that furthers the community's cultural experience in contemporary art.

Over the past five years the award has supported the careers of 46 Australian artists, who have exhibited around Australia and the world.



The 2012/2013 recipients of the Qantas Foundation Encouragement of Australian Art Award

The total amount disbursed as prizes in 2012/2013 was \$144,000 to recipients throughout Australia (\$4,000 cash prize, \$10,000 travel prize, \$4,000 cash for completing a community residency).

# COMMUNITY

## QANTAS COMMUNITY CHAMPIONS

The Qantas Community Team has created a new team called Qantas Community Champions – passionate, driven Qantas employees, who are keen to:

**RALLY** together volunteers, workshop community initiatives, learn about community partnerships.

**RECOGNISE** individuals/groups in their department/region for coordinating community initiatives.

**PROMOTE** Qantas' Community brand internally and externally.

Since its launch in early 2013, more than 500 employees have signed on to be Qantas Community Champions.

Key highlights include:

**National Volunteer Week** – Qantas annually celebrates volunteering and recognises its volunteers who work to make a meaningful contribution to Australia.

**NAIDOC Week** – Held during first full week of July, celebrations are held around the country to acknowledge the history, culture and achievements of Aboriginal and Torres Strait Islander peoples from all over Australia. Qantas hosts an annual internal event to acknowledge NAIDOC week and celebrate with the Group's Indigenous employees.

**Volunteering opportunities** – There have been dozens of volunteering opportunities offered to Qantas Community Champions, the broader employee base, and wider community. An example is our annual Clean Up Australia Day campaign for which Qantas has been a cornerstone community partner since 1994.

**Workplace Giving** – Qantas offers all employees the opportunity to salary sacrifice via the workplace giving program with all funds raised going to the charities of the employees' choice.

**Community Conversations** – A lunch time lecture series, providing an inspiring and informative way to learn about Qantas' community partners, how to get involved and how to make a difference. Amongst others, Community Conversations have featured:

- Qantas Cabin Crew Team
- Royal Flying Doctor Service
- Indigenous Running Project

### Qantas Cabin Crew Team (QCCT)

#### Manyowa Karimazondo's success story



Manyowa Karimazondo had been living at the Matthew Rusike Children's Home in Harare, Zimbabwe since 1989 after his mother, a victim of a landmine, was terribly injured. Manyowa showed great academic potential in primary school but needed sponsors to send him to one of the best boarding schools in Zimbabwe. He was introduced to the Qantas Cabin Crew Team in 1995 by the Superintendent at Matthew Rusike Children's Home and through Qantas Cabin Crew Team Chairman Glenn Price, Manyowa's sponsorship was initiated.

Manyowa worked hard and passed his A levels and was accepted into the University of Zimbabwe to study medicine in 2001. During this time, Manyowa was also accepted by the University of Sydney Clinical School to do an elective placement at the Royal Prince Alfred Hospital, while his sponsorship through the Qantas Cabin Crew Team continued. After completing his studies, Manyowa worked in both public and private hospitals in Harare, Zimbabwe.

In March this year Manyowa accepted a permanent placement at the Coffs Harbour Health Campus working in the Mental Health Unit. He is now in the process of applying to have his partner and two young children join him in Australia.

# COMMUNITY

## QANTAS IN THE COMMUNITY

Complementing the work of the Qantas Foundation are further key programs, partnerships and events. Arts, Culture 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.

### Spirit of the Arts

Qantas is a premium brand and continues to uphold this image through its strong association with the Arts community in Australia. Art is a creative medium that inspires innovation amongst our employees and is consistent with our brand values.



### Qantas Spirit of Youth Awards 365

The Qantas Spirit of Youth Awards 365 (SOYA 365) has been the leading grants program for emerging creative talent for over nine years.

SOYA365 is a creative melting pot spanning 11 key creative disciplines including interactive gaming, music, writing, film making, architecture and more.

SOYA winners are able to follow their creative dreams with a cash and flight grant. But the real incentive is the opportunity to build a professional mentoring relationship with creative leaders like Polly Borland, Lisa Dempster, Marc Newson, Zimmermann, Lee Groves and Liz Ann Macgregor, helping 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.

Last year SOYA attracted over 20,000 entries submitted by over 2,400 young artists, designers, filmmakers, photographers and musicians.

### Spirit of Sports

Sport in Australia is a way of life. Qantas supports a strong portfolio of high profile events and athletes to assist Australia's best performance. From a reputational perspective Qantas always wants to be associated with Australia's competitive best both at home and on the world stage.

Qantas supports a number of Australian sports, events and athletes including the Qantas Wallabies, Cricket Australia, Qantas Socceroos, Football Federation of Australia, Australian Olympic and Paralympic Teams and Formula 1 Grand Prix.

Qantas was recently awarded the Australian Olympic Committee's inaugural Gold Inspiration Award for excellence in Olympic marketing.

### Spirit of Reconciliation

The Qantas Reconciliation Action Plan (RAP) sets the strategic direction for the support initiatives undertaken by the business with Indigenous Australians. 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.

In May 2012, the third Qantas RAP was released in line with Reconciliation Australia's elements of Respect, Relationships and Opportunities. Qantas reports annually to Reconciliation Australia on progress against the targets outlined in the Qantas RAP – with the next review due for release in August 2013.

### Spirit of our People

In addition to our strong corporate sponsorship program, our people also contribute countless hours of their time and services to many important causes through the Qantas Workplace Giving program and the hands-on help of Qantas volunteers

Whether it's Pathfinders' raising money for the Royal Institute for Deaf and Blind Children, our Qantas Cabin Crew Team (QCCT) raising money to help children in need around the world, our Community Team who organise the Good Friday Care Flights, our employees represent the Australian spirit at its finest.

### 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. In 2013 Qantas Loyalty enabled a solution for frequent flyer members to redeem their points for Qantas to donate the cash equivalent to UNICEF – the uptake has been significant with over \$250k raised through this initiative in the first six months.

**Qantas passengers have raised an astounding \$27 million since the program's inception, 22 years ago.**



# COMMUNITY

## JETSTAR

The Jetstar Group operates several of its own community initiatives to align with its tailored brand requirements as they relate to its unique geographic footprint.

### StarKids – a partnership with World Vision

Jetstar and World Vision partnered in 2007 and created 'StarKids' to help improve the lives of some of the world's poorest children. Money raised for StarKids through local staff fundraising activities and website and on board customers donations funds important projects in a number of Jetstar's destinations including Thailand, Vietnam, Indonesia and even Australia.

The aim of StarKids is to raise awareness of the causes and effects of poverty on children and their families through positive stories of hope and change, and to highlight the work World Vision is doing transforming the lives of vulnerable children. The money given to World Vision through StarKids goes towards providing clean drinking water, basic healthcare and agricultural training.

### NZ OceanKids Swim Series

Jetstar celebrates and supports the next generation of Kiwi swimmers through sponsoring the NZ OceanKids Swim Series. The fastest boy and girl in each age group race at each State OceanKids Swim Series event from December 2013 – April 2014, will form the Jetstar Super Swim Squad and win a lifetime experience – a weekend squad camp in April 2014 with New Zealand's best swimmers including travel and accommodation, special surprises and specialist swim clinics!



New Zealand swimming champions Danyon Loader and Lauren Boyle help teach kids at the Jetstar New Zealand Super Swim Squad

### Jetstar Flying Start Program

Jetstar's Flying Start Program is a localised grassroots community initiative currently run in the Australia and New Zealand Jetstar markets. Local organisations and charities are invited to apply for a Jetstar Flying Start quarterly grant made up of \$15,000 flights and \$15,000 cash to help with a project that will benefit the local community.

Going forward each quarter, one organisation in New Zealand and one in Australia will be awarded the grant, with the aim of funding a project which will enrich the lives of people.

Recent recipients have included:

- Bellyful – Volunteer organisation helping support new mums with home-made meals and emotional support.
- Mummy's Wish – Helping families where mothers are being treated for cancer,
- Shoes of Planet Earth.
- Clown Doctors – Brightening the day of sick kids.
- Deaf Aotearoa – Hearing impaired parents support network.
- SafeKids – Helping teach kids how to be safe when riding bikes and scooters.

Jetstar plans to expand the program to include the Singapore and Japan regions in the coming year.



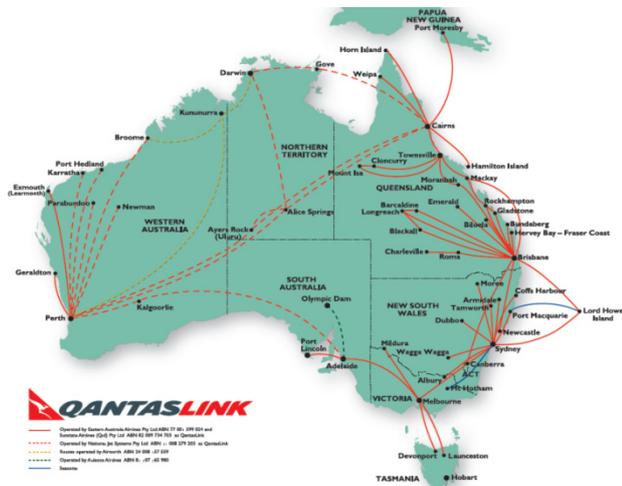
New Zealand Clown Doctors, winner of a Jetstar Flying Start Grant, aboard a Jetstar flight on national Smile Day

# COMMUNITY

## 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.

Operating more than 60 aircraft and approximately 2,000 flights each week to 56 metropolitan and country destinations, QantasLink plays an important role in serving regional Australia by transporting farmers, social workers, teachers, medical staff and resource industry workers to outback communities.



In addition to investing in new aircraft and lounges, growing services, 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 2012/2013 community initiatives included but were not limited to:

- Officially launching Tamworth Country Music Festival as the preferred airline partner
- Sponsoring the Geraldton Greenough Sunshine Festival
- Sponsoring the 2013 NSW Country Rugby League season
- Providing continued assistance in many of the 56 regional communities it flies to for charitable causes as well as promoting and marketing regional communities.

QantasLink provides direct employment for more than 1,400 people in metropolitan and regional centres. The following table provides examples of total direct spend within two key Regional Australian communities:

Significant investment in the QantasLink fleet is to see growth in the next 12 months with QantasLink continuing to support Australia's fly in fly out mining community through operation of the Qantas Group's Western Australian resources charter airline Network Aviation.

During the year QantasLink opened a new lounge at Tamworth to help to meet the growing demand for the region's travellers and to continue to build on QantasLink's long history with the Tamworth community.

	Tamworth	Dubbo
Local population	50,000	41,000
Passengers carried 2013	138,000	109,000
Spend on local accommodation 2013	\$162,000	\$160,000
Spend on local catering 2013	\$60,000	\$33,000
Aviation charges and fees to local councils 2013	\$2.7M	\$1.2M
Spend on local ground handling 2013	\$564,000	\$470,000
Total Qantas direct spend 2013	\$3.5M	\$1.9M

# MEASURES

	Unit	2013	2012	2011	2010	2009
<b>Financial</b>						
Underlying PBT	\$M	192	95	552	377	100
Net Underlying Unit Cost	Cent/ASK	4.99	5.30	5.60	5.55	5.80
Free Cash Flow	\$M	372	(472)	(696)	(294)	(14)
Average Fleet Age – Scheduled Passenger Fleet	Years	7.9	8.3	8.6	8.6	8.8
<b>Safety and Health</b>						
Total Recordable Injury Frequency Rate	TRIFR	29.5	35.5	34.3	41.5	-
Lost Work Case Frequency Rate	LWCFR	9.6	11.6	9.6	9.9	-
Duration Rate	DR	52.1	53.3	-	-	-
Absenteeism	Days	9.1	9.6	9.3	9.3	-
<b>Customer</b>						
<b>Australian Domestic on time departures</b>						
Qantas Group	%	80.1	80.1	80.4	86.2	81.1
Qantas Airlines	%	84.7	84.4	83.8	87.7	80.8
QantasLink	%	78.8	77.7	78.5	86.8	83.7
Jetstar	%	75.6	76.6	77.1	82.1	76.8
<b>Australian Domestic on time arrivals</b>						
Qantas Group	%	78.3	79.1	78.9	85.2	80.4
Qantas Airlines	%	82.8	83.4	83.1	87.4	81.0
QantasLink	%	75.4	75.3	74.8	83.7	80.9
Jetstar	%	76.1	77.6	77.3	82.9	78.2
<b>Australian Domestic cancellations</b>						
Qantas Group	%	1.8	1.8	1.6	0.8	1.7
Qantas Airlines	%	1.6	1.7	1.5	0.8	2.6
QantasLink	%	2.5	2.0	1.9	0.7	1.1
Jetstar	%	1.3	1.6	1.4	1.1	0.9
<b>Community</b>						
National Export Revenue	\$M	5,227	5,372	5,534	5,406	-
Domestic traveller expenditure	\$M	22,732	22,255	19,644	19,035	-
<b>People</b>						
Number of full-time equivalent employees	#	33,265	33,584	33,169	32,490	33,030
Percentage of women	%	41.2	41.6	41.1	41.7	41.7
Percentage of women in senior positions	%	31.3	31.5	29.9	22.1	24.9
Percentage of women Directors on the Qantas Board	%	22.2	25.0	27.3	20.0	18.2
Number of women Directors on the Qantas Board	#	2	3	3	2	2
Percentage of female graduates recruited	%	57.1	61.5	35.0	-	-
Number of Indigenous Australian employees	#	354	354	338	304	269
Percentage of part-time employees	%	15.5	14.1	13.4	13.1	12.9
<b>Employees by age group (permanent employees)</b>						
16-24 Years	%	4.6	4.1	4.2	4.5	5.3
25-34 Years	%	19.9	19.8	20.2	20.6	21.3
35-44 Years	%	29.7	30.4	31.2	32.3	33.0
45-54 Years	%	30.8	30.9	30.4	29.9	28.7
55-64 Years	%	13.8	13.6	13.1	12.0	11.2
65 Years +	%	1.2	1.2	0.9	0.7	0.6
<b>Environment</b>						
Available Seat Kilometres (ASKs)	Million	139,909	139,423	133,281	124,717	124,594
Aviation fuel consumption	'000 Litres	4,834,093	4,877,000	4,790,143	4,570,556	4,695,383
CO <sub>2</sub> -e emissions from aviation – Group	Tonnes	12,383,245	12,493,157	12,270,660	11,708,155	12,027,918
CO <sub>2</sub> -e emissions from aviation – Australia	Tonnes	4,625,110	4,375,222	4,255,706	3,914,871	3,963,472
CO <sub>2</sub> -e emissions from aviation – Rest of world	Tonnes	7,756,250	8,117,935	8,014,954	7,793,284	8,064,446
CO <sub>2</sub> -e per 100 RTKs (Group)	Kilograms	99.5	99.3	99.1	98.8	-
Fuel per 100 RTKs (Group)	Litres	38.8	38.8	38.7	38.6	-
Fuel per 100 RTKs (Qantas)	Litres	39.5	39.6	38.9	38.8	40.1
Electricity (Australia)	MWh	222,667	228,361	231,763	234,989	242,410
Water (Australia)	'000 Litres	901,917	975,412	971,151	977,931	1,045,896
Direct waste to landfill (Australia)	Tonnes	22,563	24,306	25,149	28,102	29,838

# 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 Aviation Fuel Carbon Emissions**

The amount of greenhouse gas emissions within Australia measured in CO<sub>2</sub>-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. Domestic aviation fuel consumption by Australian air Express is included from 1 December 2012, the first full month after this entity was acquired by the Group.

### **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.

### **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.

### **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 Qantas Group, including both owned and leased aircraft. The Qantas Group's scheduled passenger fleet does not include dedicated freighters and Network Aviation fleet.

### **Aviation Fatality**

Fatal injuries as a result of being in Qantas Group aircraft or having direct contact with any part of Qantas Group aircraft, including parts which have become detached from the aircraft, or direct exposure to jet blast except when the injuries are from natural causes, self-inflicted or inflicted by other persons, or when the injuries are to stowaways hiding outside the areas normally available to the passengers and crew, or where the fatality is recorded as an occupational health and safety fatality. For statistical uniformity only, an injury resulting in death within 30 days of the date of the accident is classified as a fatal injury (adapted from Australian Transport Safety Bureau (ATSB) and International Civil Aviation Organization (ICAO) definitions for serious injuries resulting from aircraft events).

#### **Scope:**

Qantas Group branded aircraft excluding Australian air Express branded aircraft.

# GLOSSARY

## 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, QantasLink, Network Aviation, Jetconnect and Qantas Freight, for both domestic and international operations. Aviation fuel consumption does not include consumption by Jetstar Asia or codeshare partners. Aviation fuel consumption by Australian air Express is included from 1 December 2012, the first full month after this entity was acquired by the Group.

## B

### BITRE

Bureau of Infrastructure, Transport and Regional Economics (refer to [www.bitre.gov.au](http://www.bitre.gov.au)).

## C

### CO<sub>2</sub>-e Emissions from Aviation (Group)

The amount of greenhouse gas emissions measured in carbon dioxide equivalent (CO<sub>2</sub>-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 (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO<sub>2</sub>-e.

### Scope:

As per the scope of Aviation fuel consumption.

### CO<sub>2</sub>-e Emissions from Aviation (Australia)

The amount of greenhouse gas emissions within Australia measured in CO<sub>2</sub>-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.

### CO<sub>2</sub>-e Emissions from Aviation (Rest Of World) –

The difference between CO<sub>2</sub>-e emissions from aviation (Group) and CO<sub>2</sub>-e emissions from aviation (Australia)

### CO<sub>2</sub>-e Per 100 RTKs

Fuel per 100 RTKs (as defined above) converted to CO<sub>2</sub>-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.

# GLOSSARY

## Duration Rate

The average number of lost days per injury/illness with an accepted workers' compensation claim for Australian-based personnel, or equivalent in other jurisdictions, resulting in partial incapacity or total incapacity. Partial incapacity means any injury/illness that resulted in an injured/ill worker being fit for work but at a reduced capacity. Lost days means the number of medically certified calendar days, including partial days, for which the injured worker is unable to fulfil the duties for which they are employed (partial days are counted as one full day). Journey and slip port injuries are excluded from this calculation. This metric includes embedded contractors.

### Scope:

Employees and embedded contractors of wholly-owned entities of the Qantas Group excluding Australian air Express.

## E

### 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.

### Employee by Age Group

(Permanent Employees)

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

## F

### Free Cash Flow

Free cash flow is a measure of financial performance calculated as operating cash flows net of investing cash flows.

### Scope:

The Consolidated Financial Statements for the year ended 30 June 2013 comprise Qantas and its controlled entities and the Qantas Group's interest in associates and jointly controlled entities.

### 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.

## I

### Number of Indigenous Australian Employees

The number of self-identified Aboriginal and Torres Strait Islander employees across the Qantas Group as at 30 June, including school-based trainees and interns.

### Scope:

Wholly-owned entities of the Qantas Group.

# GLOSSARY

## 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 15 July 2013 (2012: 13 July 2012).

#### Scope:

Employees and embedded contractors of wholly-owned entities of the Qantas Group excluding Australian air Express.

## 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.

### Number of Women Directors on the Qantas Board

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

#### Scope:

Qantas Airways Limited.

## O

### Occupational Health and Safety Fatality

The death of an employee or embedded contractor arising from an occupational injury or disease sustained or contracted while working for the Qantas Group in Australia and overseas.

#### Scope:

Employees and embedded contractors of wholly-owned entities of the Qantas Group excluding Australian air Express.

## 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 Qantas Airways Limited.

# GLOSSARY

## **Percentage of Women Directors on the Qantas Board**

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

### **Scope:**

Qantas Airways Limited.

## **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 Qantas Airways Limited.

## **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 15 July 2013 (2012: 13 July 2012).

### **Scope:**

Employees and embedded contractors of wholly-owned entities of the Qantas Group excluding Australian air Express.

## **U**

### **Underlying Profit Before Tax (PBT)**

Underlying PBT is a non-statutory measure, and is the primary reporting measure used by the Qantas Group's chief operating decision-making bodies, being the Chief Executive Officer (CEO), the Executive Committee and the Board of Directors. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each Segment and the Group.

Underlying PBT is derived by adjusting Statutory PBT for the impacts of AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) which relate to other reporting periods and identifying certain other items which are not included in Underlying PBT.

A detailed definition, methodology and reconciliation of Underlying PBT to Statutory PBT is contained in Note 2 to the Financial Statements on page 112 of the Financial Report.

### **Net Underlying Unit Cost**

The Net Underlying Unit Cost of the Group, which is the Underlying PBT less passenger revenue and fuel, divided by the Group's Available Seat Kilometres (ASKs). Net underlying expenditure is derived from total passenger revenue less Underlying PBT.

### **Scope:**

The Consolidated Financial Statements for the year ended 30 June 2013 comprise Qantas and its controlled entities and the Qantas Group's interest in associates and jointly controlled entities.

## **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.