



Shaping our Future

2014 LONGREACH REVIEW

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CEO'S REPORT¹

Qantas faced a uniquely challenging operating environment 2013/2014, with capacity ahead of demand and record fuel costs contributing to an Underlying Loss Before Tax of \$646 million.

In response, we launched the \$2 billion accelerated Qantas Transformation program, building on an already significant track record of reform since the Global Financial Crisis.

Through accelerated transformation, Qantas is becoming stronger, leaner and more competitive in the global aviation industry.

We are already seeing the results, with an expected return to Underlying Profit Before Tax in the first half of 2014/2015.

Looking forward, everything we do is about building a sustainable future for this great Australian business.

We are permanently removing costs, de-leveraging our balance sheet and aligning capital expenditure to business performance.

Just as importantly, we are using the opportunity of transformation to work more efficiently, modernising the way we do business and serve customers.

And we are more engaged than ever with the Australian community.

Focused on customers

In expanding our transformation, we made a deliberate decision to keep investing in the things that matter to our customers: aircraft, lounges, technology and training for our people.

Customer service underpins the strength of our brands, earns the loyalty of our customers and gives us a competitive advantage in our key markets.

In short, service is vital to our sustainability as a business. That's why we're focused not just on maintaining the record customer satisfaction that we earned during 2013/2014, but on lifting service to new levels through ongoing investment and innovation.

Engaged with the community

After 94 years of continuous operation, Qantas continues to play a unique role in Australian national life.

We promote Australian tourism in partnership with state governments and through our own global marketing presence.

We continue to reduce the environmental impact of our business, playing a key role in global discussions on aviation carbon pricing, while building the case for commercial aviation biofuel in Australia.

We have put in place a sustainable procurement program, including a new Supplier Code of Conduct.

We are a strong advocate for greater gender equality in business, and we have put our support behind the campaign for constitutional recognition of Indigenous Australians.

A sustainable business is one that uses its brand, skill base and operational capabilities as a force for good. That's what Qantas has always done, and it's what we will continue to do as we transform our business for the future.

Looking to the future

Our strategy today is based on a clear vision for the Qantas Group as a 21st century aviation business.

We face significant challenges at a time of rapid change in the global economy and aviation industry but we are building on solid foundations.

We have Australia's leading airline and loyalty brands. We have global network presence and the right airline partners, including in the high-growth regions of Asia. We have skilled and passionate employees who understand the need for change and are committed to delivering it. And we are reshaping Qantas' cost base through accelerated transformation – a process that involves tough decisions today, but is in the long-term interests of our customers, employees, shareholders and the community we serve.

There is a lot of hard work ahead. But a sustainable future is well within our reach.

Alan Joyce



¹ For explanations of non-statutory measures, see the Review of Operations section in the 2014 Qantas Annual Report: qantas2014.reportonline.com.au/annual-report/review-of-operations

INTRODUCTION

Since its foundation in Central Queensland, the Qantas Group has grown to be one of the world's most recognised, resilient and trusted airlines, playing a leading role in the development of a global aviation industry.

Over the past 94 years, the sustainability of our business has been built on a strong foundation of excellence in safety, operational reliability and customer service.

As Australia's national carrier, we play a critical role in the social and economic development of our country. Our services connect rural, regional and metropolitan communities across Australia and the world, facilitating business and family reunions every day. In times of exceptional need, Qantas has also acted as an essential service provider for the Australian Government.

Whilst highlighting our social and economic development over the past 12 months, the 2014 Longreach Review also represents Qantas' vision and program for a sustainable future. 'Longreach' encompasses initiatives dedicated to reducing emissions through carbon offsetting, investing in aviation

biofuels, advancing the Australian sustainable tourism industry and enhancing inflight product and recycling.

By engaging with our customers and corporate partners, Qantas Longreach sets a new benchmark in aviation sustainability while empowering change in Australian businesses and communities.

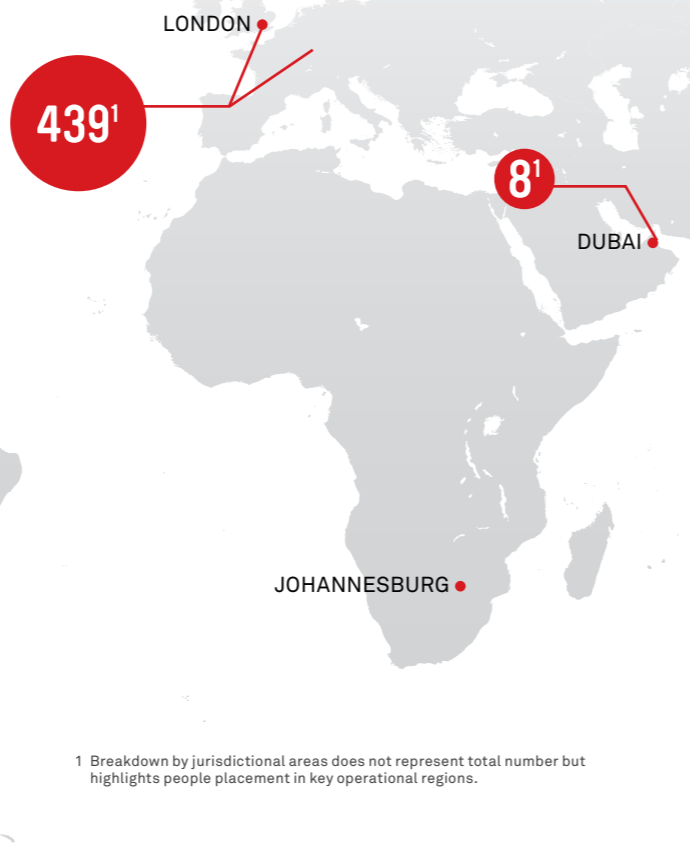
We will continue strengthening our commitment to environmental sustainability as an agent for change through Longreach, which is designed to:

- Educate – our customers and partners on the need for change and our range of initiatives;
- Motivate – our customers and partners to take action and be part of the solution; and
- Inspire – our customers and partners to innovate with us and be agents of future change.

The future holds new and different challenges for our business. The 2014 Longreach Review explains what these are and the actions we are taking today to ensure we remain a strong and sustainable business tomorrow.



total
30,845
people¹



QANTAS GROUP COMPANIES²



Founded in the Queensland outback in 1920, Qantas has grown to be Australia's largest domestic and international airline. Registered originally as the Queensland and Northern Territory Aerial Services Limited (QANTAS), Qantas is widely regarded as the world's leading long distance airline and one of the strongest brands in Australia.



The Jetstar Group is a network of airlines focused on offering all day, every day low fares to leisure-based markets. The Group consists of Jetstar Airways in Australia and New Zealand (wholly owned by the Qantas Group); Jetstar Asia based in Singapore (49 per cent Qantas Group shareholding); Jetstar Pacific based in Vietnam (majority owned by Vietnam Airlines with the Qantas Group holding 30%); and Jetstar Japan, a partnership between Japan Airlines, Mitsubishi Corporation and Century Tokyo Leasing Corporation and the Qantas Group.



QantasLink is the Qantas Group's regional carrier, operating over 2000 flights each week to 56 metropolitan, regional and international destinations across Australia and to Port Moresby in Papua New Guinea.

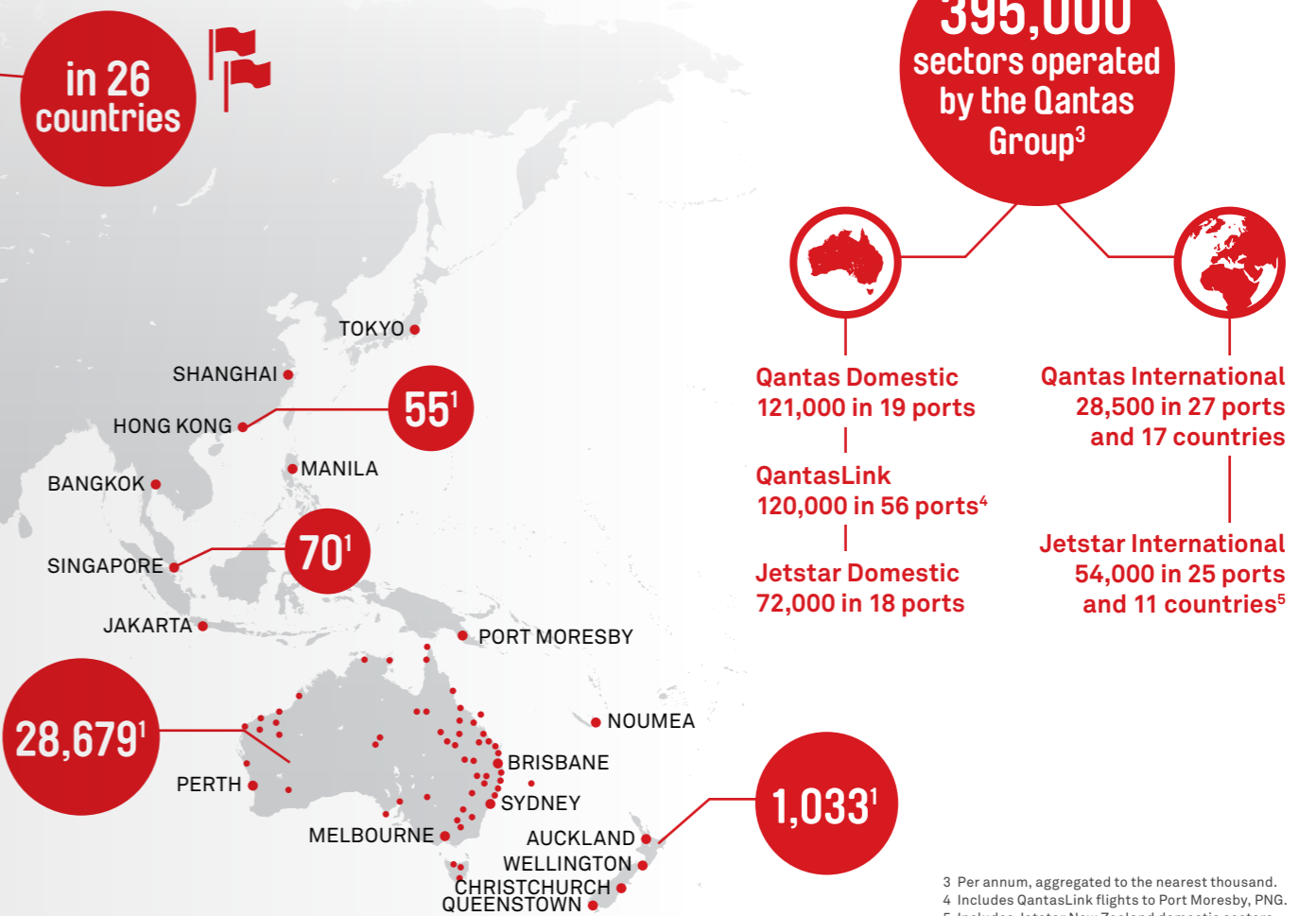


With 10 million Frequent Flyer members earning Qantas Points through hundreds of partners, Qantas Loyalty's goal is to recognise and reward our members while creating value for our partners.



Qantas Freight Enterprises is Australia's largest independent air freight services business, employing over 1,300 people in Australia and across the world.

² For more information see Qantas Annual Report 2014, page 101: qantas2014.reportonline.com.au



¹ Breakdown by jurisdictional areas does not represent total number but highlights people placement in key operational regions.

³ Per annum, aggregated to the nearest thousand.
⁴ Includes QantasLink flights to Port Moresby, PNG.
⁵ Includes Jetstar New Zealand domestic sectors.

OUR APPROACH

For the reporting period (1 July 2013–30 June 2014), the Qantas Group incorporated the principles of the Global Reporting Initiative (GRI), the global benchmark for sustainability reporting methodology. Ernst & Young was engaged to support the implementation of the GRI's four-step process of assessing material issues for inclusion within the report ('Identify, Prioritise, Validate and Review'). The 2014 Longreach Review discloses material

issues that have been prioritised, validated and reviewed by a range of key internal stakeholders.

Stakeholder engagement

The 2014 Longreach Review was validated and endorsed with input from Finance, Investor Relations, Safety, Business Resilience, Group Environment, Community, Communications, People and Procurement.

Ernst & Young was engaged to conduct a peer review and media search to identify material issues and topics, which were ranked from an internal and external perspective. The material issues determined the content of this review, as outlined below.

materiality assessment and stakeholder consultation processes, including more inclusive and direct engagement with external stakeholders.

This review represents a step in Qantas' sustainability reporting journey. Moving forward, Qantas will continue to refine the

THE GROUP STRATEGY DRIVES SUSTAINABLE OUTCOMES

GOVERNANCE

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

The Qantas 2014 Longreach Review provides a holistic review of the Group's governance structures. Please refer to page 32 for more information.

STAKEHOLDERS

We are committed to communicating effectively with our stakeholders.

The Qantas 2014 Longreach Review provides an overview of our commitment to Stakeholder Engagement.

MATERIAL ISSUES

Financial	Safety and Health	Customers
Financial performance, page 13 Qantas Transformation program, page 13	Passenger safety, page 17 Employee health and safety, page 17	Customer service, page 18 Qantas as Australia's national carrier, page 18

People	Environment	Supply Chain	Community
Impact of accelerated Qantas Transformation program, page 28	Environment and climate change, page 26	Sustainable supply chain, page 29	Commitment to community, page 20 Commitment to reconciliation, page 20

FOCUS 2014 Longreach Review

<ul style="list-style-type: none"> – Accelerated qantas Transformation program – Structural review – Fleet writedown – Building sustainable shareholder value 	<ul style="list-style-type: none"> – Safety is our first priority – Safety commitments – Safety reporting 	<ul style="list-style-type: none"> – Customer satisfaction – Net promoter score (NPS) – On-time performance – Customer feedback – Customer experience initiatives 	<ul style="list-style-type: none"> – Impact of workforce reduction – Communication – Diversity – Talent retention 	<ul style="list-style-type: none"> – Direct greenhouse gas emissions <ul style="list-style-type: none"> • Fuel efficiency and fleet renewal • Biofuel • Carbon offset • Utilities and resources – Environmental engagement 	<ul style="list-style-type: none"> – Supplier requirements – Sustainable procurement procedure – Sustainable sourcing – Sustainability assessment – Supplier relationship management 	<ul style="list-style-type: none"> – Commitment to reconciliation – Commitment to community – Jetstar in the community – Supporting regional Australia
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MEASURES

<ul style="list-style-type: none"> – Underlying profit before tax (PBT) – Net underlying unit cost – Free cash flow – Average fleet age – Debt/earnings before interest, taxes, depreciation and amortization – Transformation benefits realised – National export revenue – Domestic traveller expenditure 	<ul style="list-style-type: none"> – Total recordable injury frequency rate – Lost work case frequency rate – Duration rate 	<ul style="list-style-type: none"> – On-time performance – Customer satisfaction 	<ul style="list-style-type: none"> – Gender diversity – Age diversity – Indigenous employment – Number of full-time equivalents (FTE) 	<ul style="list-style-type: none"> – Aviation fuel and carbon emissions – Aviation fuel and carbon efficiency – Electricity, water and waste – Diesel, natural gas 	<ul style="list-style-type: none"> – Number of suppliers – Total supplier spend 	<ul style="list-style-type: none"> – Total community investment – Proportion of total community investment donated to Aboriginal and Torres Strait Islander initiatives – Total UNICEF donations facilitated through Change for Good program
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INDUSTRY TRENDS

Aviation is a dynamic and unique industry. The following trends have influenced our business and performance.

Market conditions

The aviation industry remains as dynamic as ever. Fuel prices have doubled since 2005 and, despite a subdued global economy, international capacity has increased rapidly, particularly in Australia. These factors have brought about a uniquely challenging set of market conditions and the need for a leaner, more focused and more sustainable Qantas Group. Our accelerated Qantas Transformation program – targeting \$2 billion in benefits by the end of 2016/2017 – is commensurate to the size of the challenge. The program is already delivering results and will leave Qantas better equipped to build long-term shareholder value, provide world-class service, serve the Australian community, and shape its future in the 21st century aviation industry.

Passenger safety

Recent global and geopolitical events have increased levels of scrutiny with regards to passenger safety for air travel, in particular the tragedies of MH17 and MH370. Whilst these events have not directly affected the Group, safety will always be our first priority and 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 Qantas Group is dedicated to continuous improvement in the prevention of accidents and incidents through effective safety management systems and a strong safety culture.

Social media

Businesses are more connected to their customers than ever before. Social media has enabled airlines to connect directly with customers in a more frequent, personalised and timely manner. Increased connectivity has also meant that customers are better informed and their expectations in relation to customer service have evolved. The use of social media plays a key role in the Qantas Group's actions to improve customer satisfaction. Qantas provides customer service and response 365 days a year via social media. We are constantly seeking to innovate and improve the speed and manner with which we connect to our customer base and social media provides a powerful and effective platform to enable this.

Climate change

With the undoubted benefits of air travel comes a responsibility for the environment. The aviation industry is estimated to contribute 2 per cent of annual global emissions. We continue to take a proactive and far reaching approach to dealing with the climate change impact of our emissions. We have been transparent in acknowledging the challenge that climate change presents, endorsing the industry's four pillar strategy for reducing emissions:

- New technology, including aviation biofuels;
- Improving operational efficiency;
- Better infrastructure; and
- Appropriate international market-based measures.

Technological developments within the airline industry

The aviation industry has a long history of technological innovation. Fuel efficiency has improved by 70 per cent over the last 40 years through new technology development.

This trend continues today and helps airlines reduce fuel consumption carbon emissions. The Qantas Group has made a significant investment in next generation aircraft. The Airbus 320neo (currently on order) and Boeing 787 aircraft provide significant fuel efficiency benefits compared to previous models, along with minimised noise profiles both inside the cabin and for the community. We will continue to target our investments to maximise the benefit of new technologies, one of our most recent examples being the delivery of the first seven Boeing 787 Dreamliners to Jetstar in 2013/2014.



OUR PERFORMANCE¹

FINANCIAL

Underlying Loss Before Tax of \$646m

Accelerated Transformation Program Benefits Realised

\$204 million

\$3.6 billion

Liquidity (including \$3 billion cash)

Average Fleet Age – Scheduled Passenger Fleet (from 7.9 years)

7.7 years

COMMUNITY

Overall charitable contributions

\$4.6 million

15% of total

Percentage of total community investment donated to Aboriginal and Torres Strait Islander initiatives

SAFETY AND HEALTH

Total Recordable Injury Frequency Rate

6% improvement

from 2012/2013

27.2

Lost Work Case Frequency Rate

5% improvement

from 2012/2013

8.9

CUSTOMER



Qantas Domestic retained an 80 per cent share of the domestic corporate travel market by revenue



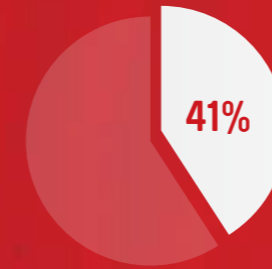
Qantas International earned record customer advocacy, with a 10 point increase in Net Promoter Score over the past two years

10 Points increase



Most reliable domestic network for 20 consecutive months, and the 5th consecutive year of on-time performance leadership

PEOPLE



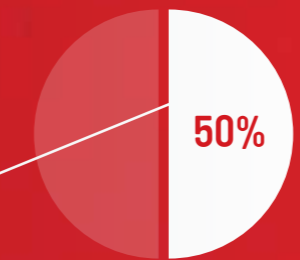
Percentage of women

Percentage of women in senior positions



Percentage of women Directors on the Qantas Board (increase from 22% in 2012/2013)

Percentage of female graduates recruited



330 Aboriginal and Torres Strait Islander employees

50 Languages spoken

154 Countries of origin

93 Nationalities

ENVIRONMENT

1.8m tonnes carbon offset¹

11.7m tonnes

CO₂e emissions: Group (928,232 reduction from 2013)

4.6b litres

Aviation fuel consumption (0.3b litre reduction from 2013)



7% reduction

CO₂e emissions (in 2013/2014)

96,000 tonnes

Carbon saved through Group Fuel Optimisation Program



213,406 MWh

Electricity (Australia) (2020 target: 20% reduction)

9.2% reduction realised



892.5m litres

Water (Australia) (2020 target: 20% reduction)

10.7% reduction realised



22,328 tonnes

Direct waste to landfill (Australia) (2020 target: 30% reduction)

20.1% reduction realised

SUPPLY CHAIN

\$6.6b Australian supplier spend²

13,877 Total number of suppliers

\$10.26b Total supplier spend

¹ For explanations of non-statutory measures, see the Review of Operations section in the 2014 Qantas Annual Report: qantas2014.reportonline.com.au/annual-report/review-of-operations

¹ Since 2007. ² Where supplier headquarters are located in Australia.

FINANCIAL PERFORMANCE¹

The Qantas Group's Underlying Loss Before Tax of \$646 million was driven by extremely challenging operating conditions in 2013/2014, including record fuel costs and capacity growth ahead of demand in both the domestic and international markets.

The Statutory Loss After Tax of \$2.8 billion reflects the costs associated with the \$2 billion, three-year accelerated Qantas Transformation program and a \$2.6b non-cash writedown to the value of the Qantas International fleet.

The accelerated Qantas Transformation program is already delivering results and, with capacity growth easing, we expect to report an underlying profit before tax in the first half of 2014/2015, subject to factors outside the Group's control.

The Group's financial position is healthy, with \$3.6 billion in liquidity, including \$3 billion in cash as at 30 June 2014. Debt-to-EBITDA peaked in 2013/2014 and, looking forward, we are focused on reducing debt through positive net free cash flow and non-core asset sales.

After a period of intensive fleet renewal, capital expenditure has been reduced significantly – but core investment in aircraft, service and technology continues.

Group unit costs were reduced by 3 per cent in 2013/2014, with the rate of cost reduction accelerating from 2 per cent in the first half to 4 per cent in the second half, as the accelerated Qantas Transformation program took hold.

Structural review

On 28 August 2014, we announced the outcome of the structural review of the Qantas Group, which began in December 2013.

The Qantas Board has given approval for the establishment of a new holding structure and corporate entity for Qantas International.

This step follows the partial repeal of the Qantas Sale Act and creates the long-term option for Qantas International to source external investment and participate in partnership and consolidation opportunities.

While there are no other changes to the core structure of the Group, we will continue to assess opportunities to sell non-core assets to generate cash for debt reduction.

Fleet writedown

As a result of the Board's decision to create a separate holding structure and corporate entity for Qantas International, the 'Qantas Brand' Cash Generating Unit (CGU) was required to be separated into individual CGUs for Qantas International, Qantas Domestic, Qantas Freight and Qantas Loyalty for the purpose of assessing the varying value of the Group's assets.

After being tested on a standalone basis for the first time, the Qantas International CGU required a writedown of \$2.6 billion. The size of the writedown was largely due to the historic cost of aircraft purchased with an average exchange rate from Australian dollars to US\$0.68.

This writedown was a non-cash charge, recognised in the statutory result, with no cash impact on the Group's or Qantas International's operations.

FY14 International Capacity Growth¹ (competitor growth)



1H15 International Capacity Growth² (competitor growth)



It was a writedown to the carrying value of aircraft that we have no intention to sell and intend to retain in the fleet.

Following the writedown, the carrying value of Qantas International aircraft will be more reflective of the current market value of the fleet, and future depreciation expense will be approximately \$200 million per year lower as a result of this change.

BUILDING SUSTAINABLE SHAREHOLDER VALUE

International

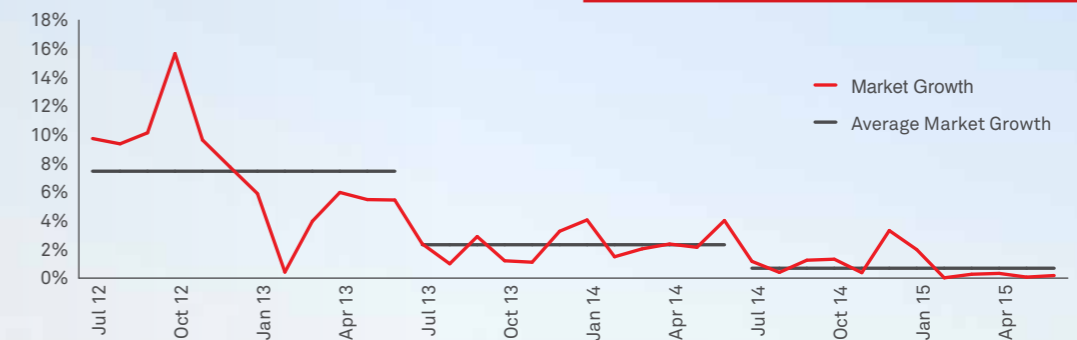
In response to increased competition on routes into and out of Australia, Qantas International will be the largest beneficiary of the \$2 billion Qantas Transformation program. A particular emphasis has been placed on increasing asset utilisation. There was a 6 per cent increase in average aircraft utilisation

between 2012/2013 and 2013/14³. A more dynamic approach to scheduling and capacity management will continue to see the Group flex-up services and use bigger aircraft during peak demand periods, and where possible schedule heavy maintenance or redeploy capacity during seasonal troughs.

Qantas Domestic and Jetstar

The Group has maintained its core competitive advantages in the domestic market, including the most attractive network and greater frequencies on major business and leisure routes. The Transformation program is sized to reduce the cost base between Qantas Domestic and its major competitor to below 5 per cent by the end of 2016/2017. Jetstar Domestic targets the continual reduction of controllable unit costs by 2 per cent annually, ensuring it retains the lowest cost base in the Australian market of all major airlines.

Total Market Domestic Capacity Growth⁴



1 BITRE (excl. Qantas Group; Qantas modelled for June 2014).
 2 OAG Published Flight Schedules as at 1 July 2014 excludes Qantas Group.
 3 Calculated based on average block hours per aircraft vs 2012/2013.
 4 Sourced from BITRE.



¹ For explanations of non-statutory measures, see the Review of Operations section in the 2014 Qantas Annual Report: qantas2014.reportonline.com.au/annual-report/review-of-operations

FINANCIAL PERFORMANCE continued

QANTAS TRANSFORMATION TARGETS

STRENGTHENING OUR CORE BUSINESS	
Accelerating cost reduction	Deferring growth
Right-sizing fleet and network	Aligning capex to financial performance
Working existing assets harder	Accelerating simplification

FOCUS ON CUSTOMER AND REVENUE

EARNINGS RECOVERY THROUGH BUSINESS TRANSFORMATION

The Group's costs reduced by \$440 million in the underlying profit before tax result during 2013/2014. This figure includes \$204 million of benefits realised as a result of the accelerated Qantas Transformation program, which helped to achieve a three per cent reduction in comparable Group unit costs for 2013/2014. In 2014/2015, as the program gains momentum, the Group's target is for

over \$600 million of incremental benefits to be realised. At the same time, a target for debt to be reduced by over \$1 billion by the end of 2014/2015 will ensure the Group's balance sheet is significantly deleveraged from the elevated levels of 2013/2014, providing a more sustainable platform for re-investment in the business and returns to shareholders in the future.

	TARGET		PROGRESS TO DATE (as at 28 August 2014)
	Metric	Timeframe	
ACCELERATED TRANSFORMATION BENEFITS	\$2b gross benefits > 10% ex-fuel expenditure reduction ¹	2016/2017	2H14 realised benefits = \$204m Initiatives in implementation phase = \$900m
	5,000 FTE reduction	2016/2017	Reduction of 2,500 FTEs ²
DELEVERAGE BALANCE SHEET	> \$1b debt reduction	2014/2015	\$96m reduction in net debt ³ achieved in FY14
	Debt/EBITDA ⁴ < 4.0x	2016/2017	Debt/EBITDA ⁴ to peak FY14
CASH FLOW	Positive free cash flow	2014/2015 onwards	FY14 free cash flow neutral FY15 & FY16 capex ⁵ reduced by \$1.3b
FLEET SIMPLIFICATION	11 fleet types to 7	2015/2016	2 x B747 retired since December 2013 5 x B767 retired since December 2013 All B734s (3) retired since December 2013
CUSTOMER AND BRAND	Customer satisfaction (6 month rolling average): Improving/Stable/Declining	Ongoing	'Stable' at record levels
	Most on-time domestic carrier: Qantas Domestic	Ongoing	On-time performance leader 20 out of 20 months (January 2013 to August 2014)

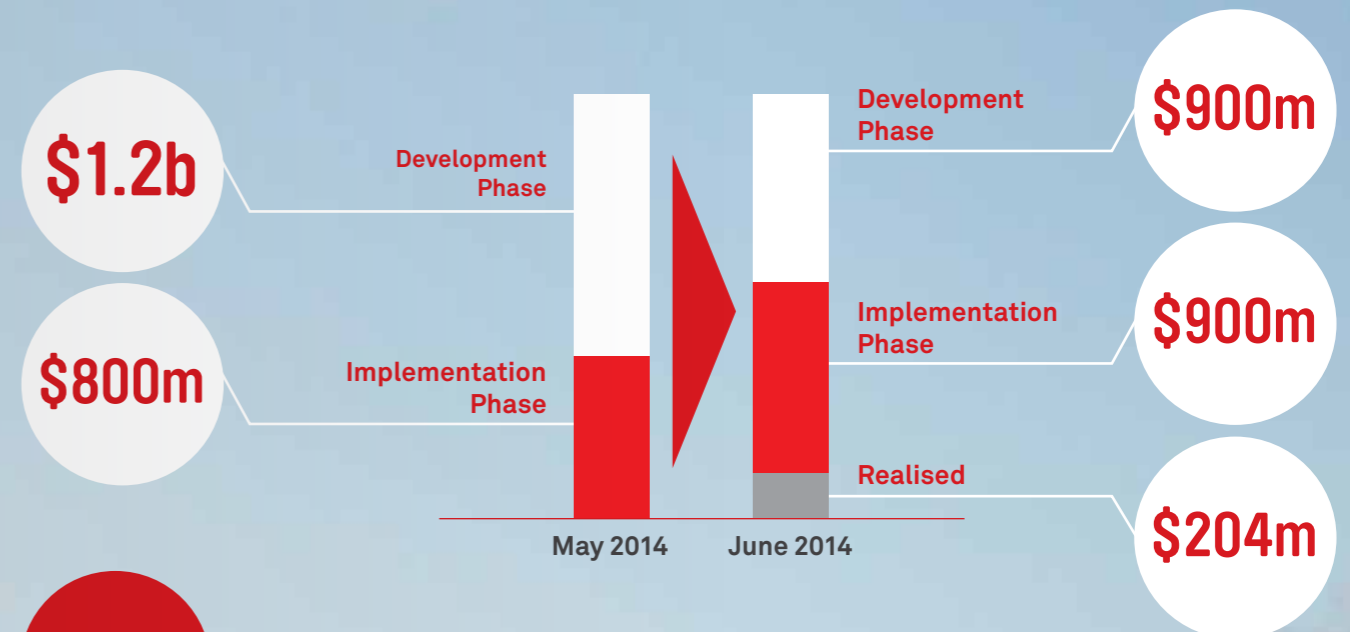
¹ Net debt includes interest-bearing liabilities, operating lease liabilities and the fair value of hedges related to debt less cash, cash equivalents and aircraft security deposits. Operating lease liability is the present value of minimum lease payments for aircraft operating leases which, in accordance with AASB 117: Leases, is not recognised on balance sheet. This operating lease liability has been calculated in accordance with Standard and Poor's methodology using an assumed interest rate of 7 per cent.

² Includes FTEs that have exited or received notice.

³ Metric calculated based on Moody's methodology including cash greater than two billion dollars.

⁴ Equal to investing cash flows.

\$2B QANTAS TRANSFORMATION PIPELINE



TARGET > Additional \$600m benefits expected to be realised in 2014/2015

Transformation case study: fleet

Right-sizing the Group's fleet and network is one of the six pillars of the Qantas Transformation program. We have responded to the shifting demand outlook in the domestic market by reducing capacity on east-west and resource-focused routes, and down-gauging to smaller aircraft on routes including Canberra and Hobart.

By the end of December 2014, Qantas Domestic will have completed its fleet simplification process, with the mainline airline operating a single narrowbody (Boeing 737-800) and single widebody (Airbus A330-200) aircraft type. As a result of the

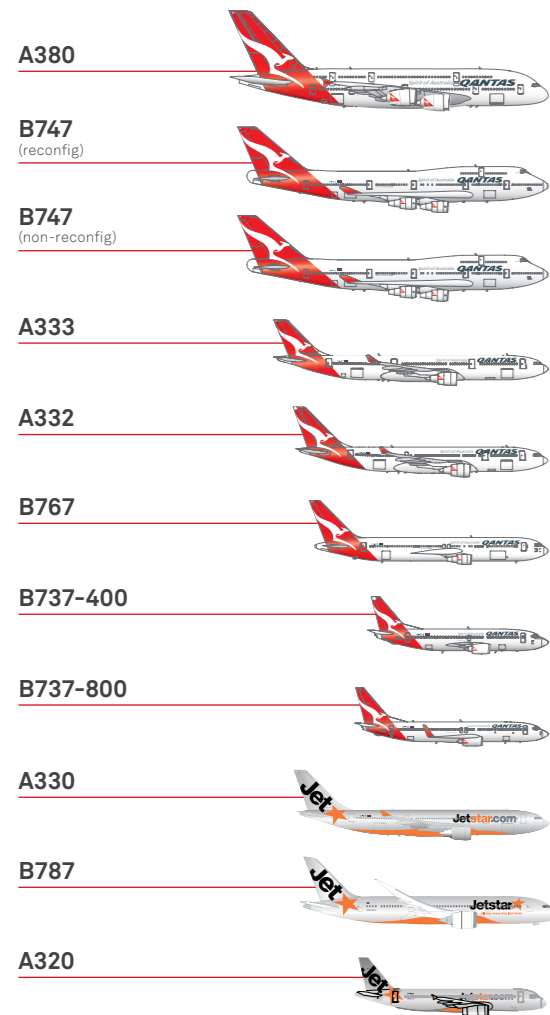
streamlined domestic fleet, narrowbody asset utilisation is being increased from ~8 hours to ~9 hours per day.

With accelerated retirement of older aircraft, and with targeted investment in the Boeing 787 Dreamliner, the Group's average fleet age will remain ~8 years at the end of 2015/2016. A younger, simplified fleet has the benefits of:

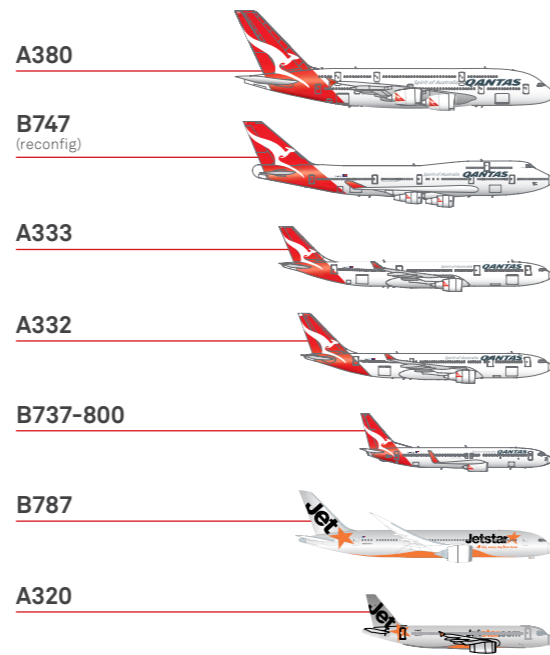
- Reduced fuel costs;
- Reduced maintenance and operating costs;
- Economies of scale;
- Consistent product and customer proposition; and
- Increased asset utilisation.

FINANCIAL PERFORMANCE continued

2013/2014¹ – 11 FLEET TYPES

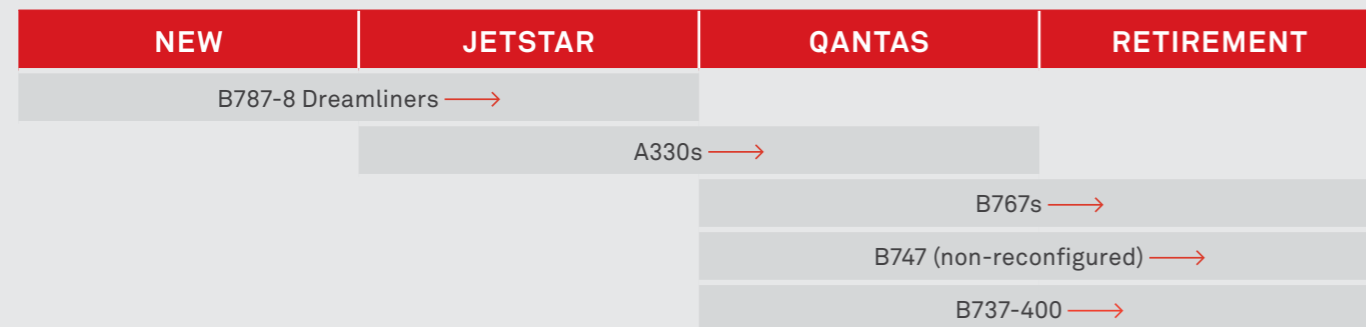


2015/2016² – 7 FLEET TYPES



- Young average fleet age of ~8 years in FY16
- B747: 7 non-reconfigured aircraft retired by 2H16
- B767: all 15 retired by 3Q15
- B734: all retired by February 2014

¹ As at 31 December 2013.
² By end of financial year 2015/2016.



Please refer to Qantas Group Fleet Update for further information: asx.com.au/asxpdf/20140828/pdf/42rt7gyjtfxhms.pdf

SAFETY, SECURITY AND HEALTH

Safety is, and always will be, our first priority. Safety underpins everything that is done at Qantas – the operational safety of aircraft, the occupational health and safety of our employees and contractors, and the wellbeing of our customers.

Operational safety and security

Sadly, 2014 will be remembered for two tragic events that shook the global aviation industry – the disappearance of MH370 and the loss of MH17 over Eastern Ukraine.

Despite occurring within four months of each other, both events had very different probable causes.

These events placed a spotlight on operational safety in relation to the traceability of aircraft and the air corridors in which commercial airlines fly.

In response to both events we activated our crisis response structure in readiness to support both Malaysia Airlines and the Australian Government. We also initiated a review of the crisis management infrastructure and identified capability improvements, including further integration of certain government agencies into our current response infrastructure.

We continue to closely monitor the issue of flight paths over conflict zones, particularly in light of the MH17 tragedy. In August 2014, we made the decision to reroute flights over the Middle East to avoid Iraqi airspace, which was then followed by restrictions imposed by different governments, including the United States' Federal Aviation Administration.

The Group has a robust threat monitoring program in place to identify emerging risks and plan appropriate actions to ensure operational continuity. This program incorporates an all-of-business approach and undertakes a full consequence management assessment to ensure all risks are known and appropriately mitigated.

Employee health, safety and wellbeing

In addition to giving absolute priority to the safety of our airline operations, we are 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.

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

Employee health and wellbeing remains a focus, with ongoing programs, such as onsite heart health checks, aimed at educating employees on the risk factors for chronic disease and to engage them into healthier lifestyles.

Seminars covering 'Wellbeing in Transformational Times' were arranged to raise awareness of mental health issues and promote healthier minds. The seminars were separately designed for managers and employees, providing participants with the tools to build personal resilience and better cope with stress and anxiety.

Total Recordable Injury Frequency Rate (TRIFR) for 2013/2014 was reduced by 6% against 2012/2013



Lost Work Case Frequency Rate (LWCFR) and Duration Rate (DR) reduced by 5% over 2012/13



CUSTOMER SERVICE

The Qantas Group's approach to customer service has been revitalised over the past two years.

We know that for the accelerated Qantas Transformation program to succeed, we need to both reduce costs and continue lifting service levels – and we have made a deliberate decision to continue investing in fleet, product and technology.

In a competitive market, world-class service is a competitive advantage and a source of brand strength; it supports the brand and yields premiums that will drive the Group's earnings recovery.

Fleet investment

Our comprehensive fleet renewal process is delivering a better experience for our customers with next-generation product across our international, domestic and regional networks.

For example, by the end of 2014, our A330 refresh program will be underway – a major initiative that will see 28 international and domestic aircraft equipped with world-class interiors, seating and entertainment.

Lounge network

In 2013/2014 we launched new premium lounges in Hong Kong and Los Angeles, plus a new regional lounge in Broome. More recently, we opened a significantly expanded lounge in Darwin, doubling the space of the facility.

Overall, we offer customers a choice of 28 Qantas-branded domestic lounges and 19 Qantas-branded international lounges, plus a further 15 associated lounges operated by our partner airlines.

Operational reliability

Through a business-wide focus on operational performance, Qantas Domestic has led its major competitor in on-time departures for 20 consecutive months.

Jetstar has also improved its on-time performance significantly, and by August 2014 had become Australia's second most punctual major domestic airline behind Qantas.

Service metrics

During 2013/2014, customer satisfaction or advocacy¹ scores were at record levels in all parts of the Group.

- Qantas Domestic retained an 80 per cent share of the domestic corporate travel market by revenue, as well as earning record customer advocacy and customer satisfaction ratings.
- Qantas International earned record customer advocacy, with a 10 point increase in Net Promoter Score over the two years to the end of 2013/2014.
- Jetstar earned record customer advocacy on its Australian domestic and international networks.
- Qantas Loyalty earned record annual customer advocacy.
- Our Domestic network was rated the most reliable Domestic network for 20 consecutive months, and the 5th consecutive year of on-time performance leadership, with Jetstar rated as the second most punctual major domestic carrier in August 2014.



Below: Qantas Hong Kong Lounge (left) and Los Angeles Business Lounge (right). Opposite page: Qantas A380 First cabin.



¹ Customer advocacy measured as Net Promoter Score.

COMMUNITY

Qantas serves the Australian community in many different ways in our role as a national carrier.

- We work with charities and community organisations across Australia to advance good causes of all kinds, from Indigenous education to young social entrepreneurs and Jetstar's Starkids anti-poverty initiative.
- We generate jobs and economic activity through procurement spend with Australian suppliers.
- With a network of 57 destinations around Australia, Qantas connects regional communities to our capital cities and overseas travel opportunities in a way that no other airline can match.
- We are a major sponsor of sports and arts organisations that help enrich Australia's cultural life.
- We are a strategic partner for Australia's armed forces and provide the Government with logistical support in times of crisis, drawing on our 300-strong aircraft fleet and wide aviation skill base.
- We strive to emulate best practice in corporate community investment through our membership with London Benchmarking Group; a global standard for more than 300 companies measuring and benchmarking the value and achievements of contributions they make.

Commitment to reconciliation

Qantas has a long and proud history of working with Indigenous Australia and is committed to reconciliation between Aboriginal and Torres Strait Islander peoples and other Australians.

Qantas' Reconciliation Action Plan (RAP) focuses on supporting the education to employment journey, educating employees and the travelling public about Indigenous culture and heritage and building a supplier diversity program which fosters economic development for Indigenous-owned businesses.

Currently 330 Aboriginal and Torres Strait Islander employees are employed by the Qantas Group across all areas of the business and the country. The Qantas partnership with Career Trackers' Indigenous Internship program will see 20 Indigenous interns take placements at Qantas over the next two years. In recognition of our commitment, in 2013/2014 Qantas was named Corporate Member of the Year by Career Trackers and Indigenous Employer of the Year at the 2014 Maxima Awards.

Qantas also supports a number of community programs across Indigenous Australia, including the Clontarf Academy and the Indigenous Marathon Project Foundation.

Through the creation of local, relevant and inspirational community role models in an urban, regional and remote context, these organisations assist Qantas in achieving positive and progressive change for Indigenous individuals and communities.

Qantas employees are also provided with vocational development and volunteering opportunities across a network of Indigenous charities and community.

Introducing 'Mendoowoorji'

Qantas has a long and proud record of representing Indigenous art through distinctive aircraft liveries. These aircraft are the most visible symbol of Qantas' commitment to supporting employment pathways and economic development for Indigenous Australians through one of corporate Australia's most well-established Reconciliation Action Plans. In 2011/2012, we farewellled our iconic Boeing 747 in Indigenous livery, *Wunala Dreaming*, and in 2013/2014 we welcomed *Mendoowoorji*, a brand new Boeing 737-800 featuring the art of West Australian Aboriginal painter Paddy Bedford. Together, Qantas, Boeing and the Balarinji Design Studio interpreted Paddy Bedford's work *Medicine Pocket* – a representation of the Kimberley landscape – into a striking livery that, for the first time, altered the iconic red tail to incorporate it within the design.

QantasLink recognises the first Australians

To generate public awareness and recognise Aboriginal and Torres Strait Islander peoples in the Australian Constitution, QantasLink unveiled a large RECOGNISE logo on its Q400 livery in August 2014. Qantas Ambassador and Australian of the Year Adam Goodes was present for the Sydney launch to talk about Qantas' long-standing contribution to supporting and celebrating the unique history and heritage of one of the world's oldest continuing cultures. You can give your support to the RECOGNISE campaign by signing up to the movement today at recognise.org.au.

AS AUSTRALIA'S NATIONAL CARRIER, WE WILL FLY THIS LIVERY WITH GREAT PRIDE. IT NOT ONLY REFLECTS OUR RICH HISTORY AS A COUNTRY, IT HIGHLIGHTS THE OPPORTUNITIES WE HAVE TO PROMOTE OUR INDIGENOUS CULTURE TO THE AUSTRALIAN PUBLIC AND OUR INTERNATIONAL VISITORS.

QANTAS CEO ALAN JOYCE



COMMUNITY continued

Commitment to community

The Qantas Group has a strong commitment to strengthen the communities in which we live, serve and work through partnerships, charitable fundraising, employee volunteering and emergency humanitarian aid.

Connecting regional communities – standing up for Moree

When regional carrier Brindabella Airlines was put into administration in December 2013, the NSW town of Moree was left without its vital air link to Sydney. QantasLink stepped in to provide daily services on a temporary basis and, after an enthusiastic campaign from the Moree community, the NSW Government awarded QantasLink the contract to operate the route permanently. The end result was the resumption of a 21-year partnership between Qantas and Moree, and a snapshot of Qantas' role in supporting regional economies around Australia.

Shared value with Mission Australia

Following the launch of Qantas' new Martin Grant-designed uniforms in December 2013, Mission Australia has diverted 100 tonnes of outgoing uniforms from landfill, created employment opportunities and provided cost savings for Qantas.

Qantas has funded additional machinery and three apprenticeships, enabling Mission Australia's social enterprise, Featherweight, to recycle the outgoing uniforms into sporting equipment. These products are sold to the general public, generating a sustainable revenue stream for Mission Australia's employment services. The initiative has generated savings of \$100,000 for Qantas and the opportunity for annual savings of \$22,000 from ongoing recycling.

Frequent Flyer Points donations

In 2013/2014, Qantas launched an innovative program aimed at engaging Frequent Flyer members to donate points via the Qantas store. The program highlights Qantas' commitment to drive community outcomes through core business. Since inception, in excess of \$250,000 worth of Qantas Points have been donated by members to nominated charity groups in Australia.

UNICEF

In May 2014, UNICEF Australia and Qantas launched a campaign encouraging passengers to donate as little as five cents to change the life of an underprivileged child. 5Fund is an extension of the Change for Good program, focusing on domestic travellers with spare change rather than international currencies. Our partnership with UNICEF raised over \$1.4 million in 2013/2014 and almost \$29 million since its inception 23 years ago.

Jetstar

Jetstar teamed up with the Auckland City Mission to make the festive season a little brighter for thousands of marginalised Kiwis by sponsoring the annual Christmas Day lunch. Jetstar staff gave up their own time to support the Mission by fundraising, serving food and gift-wrapping 500 brand new books donated by Jetstar as presents for the children attending the lunch.

Jetstar's Flying Start program is a localised grassroots initiative run in the Australia and New Zealand Jetstar markets. Local not-for-profit organisations are invited to apply for a Jetstar Flying Start grant made up of \$15,000 flights and \$15,000 cash to help with a project that will benefit their community. Each quarter, one organisation in Australia and one organisation in New Zealand is awarded a grant with the aim of funding a project that will enrich the lives of people in the community. Running since 2012, a total of 20 grants have now been awarded.

*Below:
Moree's enthusiastic community (left) and Qantas uniforms being recycled by Mission Australia's social enterprise, Featherweight (right).*



*Below:
Jetstar Australia and New Zealand CEO David Hall and crew celebrate with Chris McCarthy and Dr Dimity Dornan of Flying Start grant recipient Hear & Say.*

ENVIRONMENT AND CLIMATE CHANGE

213,406 MWh
Electricity (Australia)
(2020 target: 20% reduction)

9.2%
reduction
realised

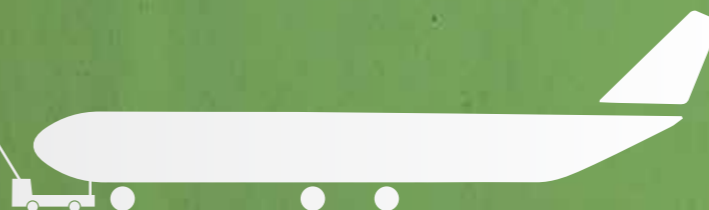
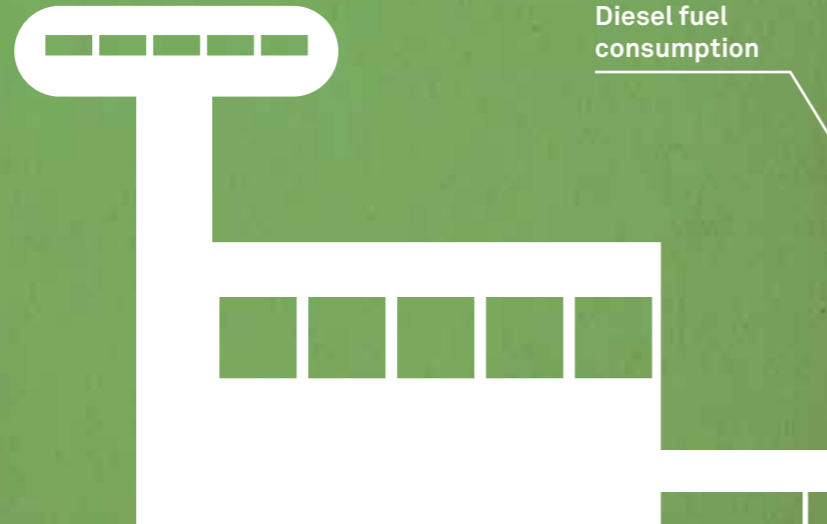
892.5m litres
Water (Australia)
(2020 target: 20% reduction)

10.7%
reduction
realised

22,328 tonnes
Direct waste to landfill (Australia)
(2020 target: 30% reduction)

20.1%
reduction
realised

7.7m litres
Diesel fuel
consumption



11.7m tonnes
CO₂e emissions: Group
(928,232 tonne reduction)

98%
of emissions a result of
jet fuel combustion



4.6b litres Aviation fuel consumption

11.5m tonnes
CO₂e emissions:
Aviation fuel

222,382 tonnes
CO₂e emissions: Ground
(including electricity,
natural gas and diesel)

ENVIRONMENT AND CLIMATE CHANGE continued

The Qantas Group acknowledges that in order to be sustainable and grow in the longer term, it needs to address its environmental impact – which presents some significant challenges.

The aviation industry is within touching distance of an historic agreement to implement a global market-based measure for international aviation emissions – no other industry is in that position. However, this global measure is just one part of a broader package of initiatives to address our environmental impacts in the air and on the ground.

In the air

Our biggest environmental challenge is jet fuel combustion, which accounts for around 98 per cent of our total 11.7 million tonne annual carbon footprint. Due to mitigation activity and capacity reduction in our international network, our footprint reduced by 7 per cent in 2013/2014.

While our industry has fewer mitigation options compared to other sectors, we are addressing our emissions at an operational level through continued investment in fuel efficiency and fleet renewal in the short-medium term and aviation biofuel development over the longer term.

During 2013/2014, the Group accelerated the retirement of older, less fuel-efficient aircraft including the Boeing 737-400 and Boeing 767, while Jetstar took delivery of four fuel efficient Boeing 787 Dreamliners.

A Group Fuel Optimisation Program was established to provide industry best practice fuel management and coordinate fuel conservation activities across Qantas, QantasLink and Jetstar.

Since it was established, the program has saved over 96,000 tonnes of carbon per year through a range of initiatives including aircraft weight reduction, electrical ground-power utilisation and air traffic management (in collaboration with Airservices Australia). The program is on track to deliver further savings of a similar magnitude in 2014/2015.

In order to deliver absolute emissions reductions over the medium to long term, Aviation biofuel remains an important strategic goal for our business. During 2013/2014, Qantas and Shell Australia launched landmark research into the economic viability of producing aviation biofuel in Australia on a commercial scale. The study found that an aviation biofuel industry in Australia is technically viable but significant obstacles remain in relation to feedstock availability and price, infrastructure and government policy. The study is available at qantas.com.au/infodetail/about/environment/aviation-biofuel-report.pdf.

On the ground

On the ground, we continued to reduce our impacts and are well on track to meet our electricity, water and waste to landfill targets, which were all increased by a further 10 per cent during the year.

We launched Australia's largest tri-generation power plant to supply our Sydney headquarters, jet base and catering centre with low carbon energy for electricity, heating and cooling. The plant is helping cut carbon emissions by around 14,000 tonnes per year – the equivalent of taking 3,500 cars off the road.

We also completed a major refurbishment of our corporate headquarters. The refurbishment and tri-generation plant will result in our four multi-storey office buildings reaching a NABERS Energy rating of 5 Stars compared to the previous rating of 1.5 Stars.

Recognition

In 2014 Qantas was recognised by CDP (formally known as The Carbon Disclosure Project) for our work to reduce our environmental impacts. Qantas scored 96 out of 100 for carbon disclosure, placing us in the top 10 leading ASX companies and the CDP ASX 200 Climate Disclosure Leadership Index for the fifth year in a row. This follows recent news of our continued inclusion on the Dow Jones Sustainability Index and FTSE4Good Index Series, which acknowledges Qantas as a sustainability leader in aviation.

Climate change and policy

The Qantas Group recognises our responsibility to take action on climate change by focusing on reducing our emissions and working with others, including our global industry and governments, to enhance the global response to climate change.

The aviation industry has demonstrated a strong commitment to address emissions at a global industry level. In October 2013 the ICAO made a commitment to implement a global market-based measure from 2020 and we are actively participating in its design. International agreement with regards to this measure is anticipated in 2016. This global industry measure is intended to mitigate the otherwise fragmented policy approach to aviation emissions. In 2013/2014, the Qantas Group had direct and indirect obligations under three national carbon price policies – the European Union Emissions Trading Scheme, New Zealand Emissions Trading Scheme and the Australian Carbon Pricing Mechanism.

The implementation of Australia's carbon price came at a significant cost to the business. In 2013/2014 (prior to its subsequent repeal), we opted-in to the Australian scheme. This enabled us to directly manage our liability and meet 5 per cent of our liability through offsets purchased from the North Kimberley Fire Abatement Project under the Australian Government's Carbon Farming Initiative.

Engaging our people

We recognise that it has been our people who have helped make us a great airline group. When it comes to setting and achieving our environmental objectives, engaging our people is fundamental. Our internal Green Team now has over 700 members and in 2013/2014 we continue to celebrate our group-wide *begreen* Day on 5 June.

Our annual Environment eXcel Award recognises outstanding environmental action by Qantas employees and in 2013/2014 it was awarded to three QantasLink cabin crew – Carlene Stapley, Crystal Mita and Caris Noack – who trialled and implemented an inflight recycling process for QantasLink Q400 aircraft.

We continue to support and participate in the ZooX Ambassadors Program, which was created by the Great Barrier Reef Foundation to educate our employees about the link between coral reefs, climate change and sustainability in business.

Engaging our partners

We strongly believe that partnerships with governments, our suppliers, customers and civil society is key to addressing aviation's environmental challenges and to allow the economies of the 2020s and beyond to take full advantage of the benefits that aviation has delivered to the world over its first 100 years.

We have taken a leadership position in this respect, with continued innovation through our voluntary carbon offset strategy and our continued investment in Fly Carbon Neutral for our customers and a bespoke offsetting service for Qantas' corporate customers – Future Planet. With over 1.8 million tonnes offset since 2007 and 7 per cent of our passengers voluntarily electing to offset their flights we understand Fly Carbon Neutral to be the largest airline offsetting program of its kind in the world.

The year ahead is full of new and exciting innovations in environmental sustainability for the Qantas Group as we aim to educate, motivate and inspire change through collaboration and strategic partnerships.

PEOPLE

In 2013/2014 we announced the details of the accelerated Qantas Transformation program. As part of the program Qantas is reducing its workforce by 5,000 full-time equivalent (FTE) positions. 2,500 FTEs had left the business on or before 28 August 2014.

In redesigning business processes and organisation design, we have ensured that we retain the right people and right skills for the future of our organisation. The restructuring of the management team provided an opportunity for identified talent to take on new or expanded portfolios.

As Qantas is taking action to transform our business, job losses have been necessary. Through this process Qantas remains committed to avoiding compulsory redundancies where possible.

Before Qantas considered compulsory redundancies for employees covered by our Enterprise Bargaining Agreement (EBA), we consulted with affected employees and union(s) and explored measures to mitigate and avert compulsory redundancy. Where practical, Qantas may ask impacted employees to 'express an interest' in options such as:

- Voluntary redundancy;
- Job swaps;
- Redeployment;
- Relocating; and
- Accessing leave.

For those who leave Qantas via a redundancy we provide access to career transition services. These services help employees manage the impact of the redundancy, provide career planning guidance, job search assistance and access to financial advisors.

We recognise that the transformation has a significant impact on our people and therefore it is fundamental that we keep our employees informed throughout. This communication occurs through a number of channels, including:

- 'Town Halls', where the CEO and other senior leaders address an open forum to provide business and transformation updates and an opportunity for employees to ask questions.
- Forums held locally within business units, which include updates on initiatives that directly impact employees in those business units.
- Direct communications between managers and employees in various team forums and directly one-on-one.
- Communication through media channels such as email, the Qantas Intranet (the Terminal), social media (Yammer) and in-house TV (Qtube).

Each business unit has also focused on engaging employees through the change process. Engagement activities, such as targeted learning programs, promoting the accessibility of leaders and strategy days were integrated into business plans. These engagement activities focus on communicating the need for change, the celebration of everyday successes as well as the future vision for the business.



SUPPLY CHAIN

Qantas continues its commitment to Sustainable Procurement, ensuring that sustainability is embedded in our procurement policy and processes.

Supplier Code of Conduct

In 2013/2014, Qantas released our Supplier Code of Conduct, which outlines our expectations of our suppliers in aligning to our Non-Negotiable Business Principles. This document provides clear guidance on what we expect, and sets the framework for our approach.

The Supplier Code of Conduct is available on qantas.com, and the expectations therein apply across our supply chain.

Embedding sustainability in our processes

Sustainability is a key element of our procurement process, and therefore includes questions covering environment, supplier diversity and human rights in all our sourcing events. Doing so enables us to better understand the risks in our supply chain, and determine how best to manage those risks. We are committed to working with businesses that align with our Non-Negotiable Business Principles, and we use our sourcing process to help achieve that objective.

Sustainable procurement audit program

Where we identify sustainability risk, we continue to carry out audits on our suppliers, both during the sourcing process and afterwards. These audits are conducted by a specialist third-party sustainable audit provider, against a framework that aligns with our Supplier Code of Conduct, as well as recognised sustainability standards.

Supplier diversity

Qantas continues to support supplier diversity through our membership of Supply Nation, as well as our participation in the Male Champions of Change Supplier Multiplier initiative. Through these activities, we are able to identify opportunities to positively contribute to our broader community through our purchasing activity, whilst remaining focused on achieving outcomes that are commercial and provide our business with value.

Looking ahead

In the coming year, we anticipate the following key areas of focus:

- Continuing our commitment to key organisations such as Supply Nation; and
- Further enhancing our sourcing process to include additional sustainability considerations such as Animal Welfare and Gender Diversity.



RECOGNITION

- Eco-Pioneer Award from Air Transport World (2013)
- Dow Jones Sustainability Indices:
 - Dow Jones Sustainability Asia/Pacific Index (since 2009) and one of only two airlines included
 - Dow Jones Sustainability Australia Index and the only airline included
- FTSE4Good Index Series (since 2009)
- Career Trackers Corporate Member of the Year (2014)
- Maxima Awards: Indigenous Employer of the Year (2014)
- Inclusion in CDP ASX 200 Climate Disclosure Leadership Index (2010-2014)
- Inclusion on the Pax Ellevate Global Women's Index Fund (PXWEX), the first broadly diversified mutual fund that invests in the highest-rated companies in the world in advancing women's leadership (2014)

- TripAdvisor Travellers' Choice Awards: Best Airline in Australia, Qantas (2014)
- AirlineRatings.com: Best Economy and Best Lounge offerings in a review of more than 450 international airlines, Qantas (2014)
- Skytrax World Airline Awards: Best Airline - Australia/Pacific, Qantas (2014, 2013)
- National Travel Industry Awards: Best Domestic Airline, Qantas (2014, 2013, 2012, 2011 and 2010)
- AirlineRatings.com: Best Low-Cost Carrier in the Asia Pacific, Jetstar (2014)
- Skytrax World Airline Awards Best Low-Cost Airline - Australia/Pacific, Jetstar (2014, 2013, 2012 and 2011)
- AsiaOne People's Choice Awards: Best Low-Cost Carrier, Jetstar Asia, (2014)



FTSE4Good



MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM

OUR FUTURE

Our strategy today seeks to reinforce our position as an industry leader with an integrated approach to sustainability across all levels of our business.

We will continue to reduce our environmental impacts in line with our targets to reduce emissions, electricity, water consumption and waste to landfill by 2020.

The accelerated Qantas Transformation program is about more efficient use of our assets, giving even more to our customers, and reshaping our operations for long-term sustainable success.

Through Longreach we are strengthening our commitment to environmental sustainability as agent for change by engaging customers, partners and suppliers.

As we move forward, we will continue to reduce costs in Qantas International, Qantas Domestic and the Jetstar Group, while investing in our people to lift service to new levels.

There is a lot of hard work ahead. But despite significant challenges and times of rapid change, we are confident that the way we engage with our people, our community, and our environment continues to evolve for the better.

We will continue to serve our community through the following strategic pillars:

- Reconciliation - our long-standing commitment to Indigenous inclusion throughout Qantas' Reconciliation program;
- The Best of Australia - nurturing and showcasing the best of Australia through our brand ambassadors, arts sponsorships, Qantas heritage and iconic Australian community organisations; and
- Community and Social Impact - supporting our employees in their community endeavours and encouraging youth-led solutions to big social issues.

CORPORATE GOVERNANCE AND STANDARD DISCLOSURES

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

Governance documents

The Qantas Constitution is Qantas' key governance document. It contains a number of principles to which Qantas must adhere, including limitations to foreign ownership as addressed in the Qantas Sale Act 1992.

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

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. Qantas endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition.

The Board lays solid foundations for management and oversight

The Group 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 Group CEO and meets fortnightly to review the performance of the Group and make decisions that impact more than one Group business segment.

The Qantas Group comprises a number of operating 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 GMC. The segment management board reviews their respective segments' performance, budgets, strategy and outlook.

The Board promotes ethical and responsible decision-making

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

BOARD		BOARD OF DIRECTORS			
BOARD COMMITTEES ¹	Audit Committee	Safety, Health, Environment and Security Committee	Remuneration Committee	Nominations Committee	
	EXECUTIVE MANAGEMENT				
	Group Management Committee				
MANAGEMENT	Qantas Domestic Management Board	Qantas International Management Board	Jetstar Management Board	Loyalty Management Board	Freight Management Board

THE QANTAS BOARD



Leigh Clifford

Appointed to the Qantas Board in August 2007 and as Chairman in November 2007.



Alan Joyce

Appointed Chief Executive Officer and Managing Director of Qantas in November 2008.



Maxine Brenner

Appointed to the Qantas Board in August 2013.



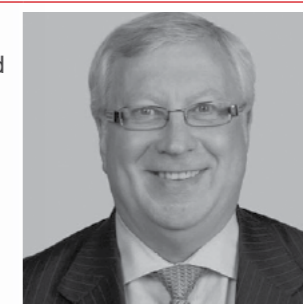
Richard Goodmanson

Appointed to the Qantas Board in June 2008.



Jacqueline Hey

Appointed to the Qantas Board in August 2013.



Garry Hounsell

Appointed to the Qantas Board in January 2005.



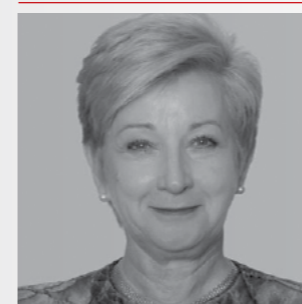
William Meaney

Appointed to the Qantas Board in February 2012.



Paul Rayner

Appointed to the Qantas Board in July 2008.



Barbara Ward, AM

Appointed to the Qantas Board in June 2008.

CORPORATE GOVERNANCE AND STANDARD DISCLOSURES continued

The Qantas Non-Negotiable Business Principles¹ 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 the Qantas Group reputation, brands, property, assets and information.
8. We proactively manage risk.

A supporting mandatory training program ensures that Qantas Group employees understand and effectively apply the Principles.

Qantas Group Policies apply to Qantas Group entities and employees in line with the Group's Corporate Governance Framework. The Group Policies, in line with the Non-Negotiable Business Principles, manage business risks and set the minimum expected standards across a range of governance areas where compliance is necessary for legal reasons and to protect our brand and reputations.

The Qantas Group Policies² are:

1. Code of Conduct and Ethics
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

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.

Qantas Group Behaviours guide how our employees behave every day at work.

The Qantas Group Behaviours³ 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.

All Qantas Group employees and contractors must complete mandatory training to ensure Group Behaviours are followed. Confidential channels, including a whistleblower 'hotline', are available for anyone who wishes to report illegal, unethical or improper conduct, anonymously if they wish. We encourage reporting of concerns and do not tolerate retaliation in any form. If violations occur, we take appropriate action.

Safety is our first priority

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.

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.

The Board recognises and manages risk

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.

Qantas Group Audit and Risk provides independent, objective assurance and advisory services on Qantas' Risk Management Framework, 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 the Qantas Board via the Audit Committee.

Group Audit and Risk is accountable for the design of the Qantas Group Risk Management Framework. Group Audit and Risk maintains expertise in risk management framework design and implementation and works alongside the business to design the framework that creates and protects value and generates strategic advantage for the Qantas Group.

Implementing risk management

Business Segments and Qantas Group functions units (Finance, People, Brand, Marketing and Government Affairs) 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

Group Audit and Risk maintains a continuous improvement plan for the Group Risk Management Framework in order to keep the Framework aligned to the Qantas business context.

Independent reviews of the Qantas Group Risk Management Framework design and implementation are conducted periodically to assure the Audit Committee that the Framework continues to be sound and to support the maintenance of the continuous improvement plan.

The Qantas Group has an industry leading Business Resilience Framework, which is coordinated centrally from the Office of the CEO through a dedicated Business Resilience team. The framework brings together the disciplines of crisis management, business continuity and corporate contingency planning and allows the identification and implementation of risk mitigation options.

The Qantas Group operates in an environment of evolving and adaptable security threats. Security is recognised as everyone's responsibility, and this capability is nurtured, enhanced and supported by a robust security system, which provides for effective lines of reporting, assurance, leadership and continuous improvement. Group Security, Facilitation & Resilience manages the Group's integrated security coordination, threat monitoring and assurance model to ensure operational continuity and the protection of the Group's people, customers, assets, brand and other interests.

Qantas continues to be recognised by IATA as a world leader in the development of a Security Management System, including best practice research into aviation security culture. As a result, Qantas acts as Vice Chair of the IATA Security Executive Group, is a member of the Chair of the oneworld Security Committee, and an associate member of the Association of Asia Pacific Airlines (AAPA) Security Committee. Qantas also continues to be a member of the International Sub-Committee of the US Department of Homeland Security Aviation Security Advisory Committee.

1 Qantas Business Practices 2014, page 3: qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf
2 Qantas Business Practices 2014, page 4: qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf
3 Qantas Business Practices 2014, page 3: qantas.com.au/infodetail/about/corporateGovernance/BusinessPracticesDocument.pdf

PERFORMANCE METRICS

	GRI INDICATOR	UNIT	2013/2014	2012/2013	2011/2012	NOTES
FINANCIAL						
Underlying PBT	EC1	\$M	-646	192	95	1
Net Underlying Unit Cost	EC1	Cent/ASK	5	5.15	5.3	2
Free Cash Flow	EC1	\$M	-	372	-472	3
National Export Revenue	EC1	\$M	4,872	5,277	5,372	4
Domestic Traveller Expenditure	EC1	\$M	22,987	22,732	22,255	5
Average Fleet Age – Scheduled Passenger Fleet	NA	Years	7.7	7.9	8.3	6
SAFETY AND HEALTH						
Total Recordable Injury Frequency Rate	LA6	TRIFR	27.2	29.5	35.5	7
Lost Work Case Frequency Rate	LA7	LWCFR	8.9	9.6	11.6	8
Duration Rate	LA7	DR	49.2	52.1	53.3	9
COMMUNITY						
Total community investment	EC1	\$M	4.6	7.9	-	10
Proportion of Aboriginal and Torres Strait Islander investment	EC1	%	15	14.7	-	11
Total UNICEF donations facilitated through Change for Good program	EC1	\$M	1.4	1.5	-	12
CUSTOMER						
On-time Performance	NA	%	81.6	78.9	79.6	13
PEOPLE						
Number of full-time equivalent employees	LA1	#	30,845	33,265	33,584	14
Percentage of part-time employees	LA1	%	17	15.5	14.1	14
Percentage of women	LA13	%	41	41.2	41.6	15
Percentage of women in senior positions	LA13	%	32	31.3	31.5	15
Percentage of women Directors on the Qantas Board	LA13	%	33	22.2	25	15
Number of women Directors on the Qantas Board	LA13	#	3	2	3	15
Percentage of female graduates recruited	LA13	%	50	57.1	61.5	15
Number of Indigenous Australian employees	LA13	#	330	354	354	15
Employees by age group (permanent employees)						
16–24 Years	LA13	%	5.5	4.6	4.1	15
25–34 Years	LA13	%	20.5	19.9	19.8	15
35–44 Years	LA13	%	28.2	29.7	30.4	15
45–54 Years	LA13	%	30.7	30.8	30.9	15
55–64 Years	LA13	%	19.9	13.8	13.6	15
65 Years +	LA13	%	1.2	1.2	1.2	15

	GRI INDICATOR	UNIT	2013/2014	2012/2013	2011/2012	NOTES
ENVIRONMENT						
Aviation fuel consumption	EN3	'000 Litres	4,571,605	4,834,093	4,877,000	16
Electricity (Australia)	EN3	MWh	213,406	222,667	228,361	17
Natural Gas (Australia)	EN3	GJ	246,166	270,937	306,739	17
Diesel (Australia)	EN3	Litres	7,680,579	7,807,186	7,792,299	17
Fuel per 100 RTKs (Group)	EN5	Litres	39.5	38.8	38.8	18
Water (Australia)	EN8	'000 Litres	892,470	901,917	975,412	19
CO ₂ e emissions – Scope 1	EN15	Tonnes	11,520,444	12,422,703	12,534,020	20
CO ₂ e emissions – Scope 2	EN16	Tonnes	183,826	209,799	216,478	21
CO ₂ e emissions – Total	EN16	Tonnes	11,704,270	12,632,502	12,750,498	22
CO ₂ e per 100 RTKs (Group)	EN18	Kilograms	101.2	99.5	99.3	23
Change in emissions (year on year)	EN19	%	-7%	-0.9%	3.9%	24
Direct waste to landfill (Australia)	EN23	Tonnes	22,328	22,563	24,306	25

Footnotes to GRI performance indicators

- EC1: Underlying profit before tax (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 3 to the Financial Statements on page 74 of the 2014 Qantas Annual Report: qantas2014.reportonline.com.au/annual-report/financial-report/notes-financial-statements/notes-1-10.
- EC1: 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 2014 comprise Qantas and its controlled entities and the Qantas Group's interest in associates and jointly controlled entities. The 2013/2014 Group Underlying Income Statement including Net Underlying Unit Cost has been restated as a result of the application of new or revised accounting standards, please refer to Note 38 on page 120 of the 2014 Qantas Annual Report: qantas2014.reportonline.com.au/annual-report/financial-report/notes-financial-statements/notes-29-38.
- EC1: 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 2014 comprise Qantas and its controlled entities and the Qantas Group's interest in associates and jointly controlled entities.
- EC1: National Export Revenue is calculated as the number of inbound visitors brought to Australia by Qantas and Jetstar (including Jetstar Asia) for the financial year multiplied by the estimated average visitor expenditure of \$3,210 (Source: Tourism Australia's June 2014 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.
- EC1: 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 \$674 (Source: Tourism Australia's June 2014 National Visitor Survey). 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'.
- Average Fleet Age – Scheduled Passenger Fleet is calculated by determining 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.

- 7 LA6: Total Recordable Injury Frequency Rate (TRIFR): Lost time injuries per million hours worked. The total number of injuries or illnesses during work hours (1 July 2013 to 30 June 2014) 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. This metric includes employees and embedded contractors of wholly owned entities of the Qantas Group.
- 8 LA7: Lost Work Case Frequency Rate (LWCFR): Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and gender is limited to lost work case frequency rate and duration rate (see below). Lost work case frequency rate is described as the total number of injuries or illnesses during work hours (1 July 2013 to 30 June 2014) 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) and employees of wholly owned entities of the Qantas Group.
- 9 LA7: Duration rate indicates 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 and employees of wholly owned entities of the Qantas Group.
- 10 EC1: Total community investment, excluding voluntary logistical support provided to the Australian Government in times of crisis. Qantas joined the London Benchmarking Group for the first time in 2013, with our community investment for that year above the index average (London Benchmarking Group Australia and New Zealand index average of total contributions as a percentage of pre-tax profit in 2013 is 0.59%). London Benchmarking Group Australia and New Zealand 2014 data available in November 2014.
- 11 EC1: Proportion of total community investment donated to benefit Aboriginal and Torres Strait Islander communities. During 2014 Qantas donated 15% of total community investment to benefit Aboriginal and Torres Strait Islander communities. The London Benchmarking Group's Australia and New Zealand index average for 2013 is 3.7%. London Benchmarking Group Australia and New Zealand 2014 data available in November 2014.
- 12 EC1: Total UNICEF donations facilitated through Change for Good program.
- 13 On-time Performance as measured by the percentage of flights departing within 15 minutes of scheduled departure for Total Group operations including Qantas International, Qantas Domestic, Qantas Link, Jetstar International and Jetstar Domestic. Customer metrics include Customer Satisfaction referenced on pages 11 and 13 throughout the report.
- 14 LA1: Total number of employees as at 30 June 2014 by employment type – full-time or part-time.
- 15 LA13: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity is limited to total workforce of wholly owned entities of Qantas Airways Limited broken down by gender, age group and indigenous employees as well as women in the following positions: Non-Executive Directors and Senior Management Positions. Gender diversity indicators are consistent with diversity policy and targets, measured as at 30 June 2014. Indigenous employees refer to team members who have identified as Aboriginal or Torres Strait Islander.
- 16 EN3: The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July 2013 to 30 June 2014. 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.
- 17 EN3: The total amount of electricity consumed as measured in megawatt hours (MWh), Natural Gas measured in gigajoules (GJ) and Diesel measured in litres (L) where separately billed within Australia for the period 1 July 2013 to 30 June 2014.
- 18 EN5: Fuel per 100 Revenue Tonne Kilometres (RTK). RTK 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.
- 19 EN8: Total municipal water supplies withdrawn at metred Australian locations, measured in kilolitres ('000 L) where water is separately billed for the period 1 July 2013 to 30 June 2014.
- 20 EN 15: Direct greenhouse gas emissions (Scope 1) measured in tonnes. Scope 1 emissions include aviation fuel and aircraft engine oil from international and domestic operations as well as ground fuel (unleaded petrol and diesel) from airport operations in Australia. The Qantas Group applies the NGA Factors conversions and methodology for the calculation of gas emissions (CO₂e).
- 21 EN16: Total indirect greenhouse gas emissions measured in tonnes. Scope 2 emissions include electricity use from Australian facilities. The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO₂e.
- 22 EN16: Total direct and indirect greenhouse gas emissions measured in tonnes. The Qantas Group applies the NGA Factors conversions and methodology for the calculation of CO₂e.
- 23 EN18: Greenhouse gas emissions intensity measured in kilograms of CO₂e per 100 RTK converted to CO₂e tonnes by the NGA Factors.
- 24 EN19: Percentage change in total greenhouse CO₂e compared with the previous financial year.
- 25 EN23: Total waste generated 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 by a waste service provider.

