

ASX/Media Release

QANTAS ZEROS IN ON EMISSIONS WITH INTERIM TARGET

Sydney, 31 March 2022: The Qantas Group today outlined the specific steps it is taking to achieve net zero emissions by 2050, including an interim target to reduce carbon emissions by 25 per cent by 2030.

The national carrier today released its *Qantas Group Climate Action Plan*, making sustainability a key pillar of decision making across all areas of the business.

As part of the plan, Qantas announced key targets for fuel efficiency and the uptake of sustainable aviation fuel (SAF), which will be critical for reaching net zero emissions, as well as reducing waste and continuing to grow the Group's industry-leading carbon offsetting program.

These targets for reducing its environmental footprint include:

- **Sustainable Aviation Fuel (SAF)** – 10 per cent use of SAF in the Group's fuel mix by 2030, and approximately 60 per cent by 2050.
- **Waste reduction** – Zero single-use plastics by 2027 and zero general waste (excluding quarantine waste) to landfill by 2030.
- **Fuel efficiency** – Increase fuel efficiency by an average of 1.5 per cent per year to 2030. Achieved through updating our aircraft fleet and using more efficient flight planning, while continuing research into next generation technologies, including hydrogen and battery power.
- **Offsets** – continue to build our offsetting program particularly into key Australian projects.

Qantas also announced today it is signing a Memorandum of Understanding with ANZ and INPEX for a major integrated reforestation and carbon farming project in Western Australia's wheatbelt region, an area the size of Belgium in the south west of the state (see separate release).

The project would see marginal farming land replanted with sustainable, drought-resistant native plant species, which aims to improve the environment and generate Australian carbon credits to help offset the three companies' future carbon footprints. Longer term, it would also create a potential source for sustainable aviation fuel production from cut back mallee trees.

Interim emissions target:

The Qantas Group was one of the first airlines to commit to net zero emissions by 2050. Today's announcement of an interim target of 25 per cent reduction by 2030 (based on 2019 levels) is designed to accelerate that progress and provide a short-term focus for the Group.

This includes integrating climate change considerations into the Group's financial framework and linking performance against targets to executive remuneration from FY23 onwards, including considering a cost of carbon in financial decisions.

Building a biofuels industry:

Sustainable aviation fuel (SAF) is critical to the decarbonisation of the industry. Qantas is today setting a target of 10 per cent SAF in fuel uptake by 2030, and approximately 60 per cent by 2050.



Qantas has already started flying with SAF sourced from overseas, with 15 per cent of fuel used out of London comprised of SAF since the beginning of 2022. A second major supply deal has been signed for almost 20 million litres a year of blended SAF out of Californian airports from 2025, with options to increase amounts as production increases. Negotiation on other offshore supply agreements are underway.

SAF is produced from certified bio feedstock, including used cooking oil, sugar cane, forestry residues, animal tallow and other waste products. It is blended with normal jet fuel and produces up to 80 per cent less emissions on a life cycle basis when compared with traditional jet kerosene.

The Qantas Group has committed an initial \$50 million towards establishment of an Australia-based SAF industry, and is calling on all levels of government to also lend support to ensure Australia manufactures the biofuel like the UK, US and Europe already are.

Waste reduction:

Qantas is today committing to a target of zero single use plastics before 2027, which means every Qantas or Jetstar flight will use products in compostable or recyclable packaging. A small number of health and safety items onboard will remain plastic, but we are committed to exploring alternatives.

By 2030, Qantas is targeting to have all of its Australian-based operations completely free of 'general waste', including flights, lounges and office buildings. This means any waste generated by Qantas operations is planned to be diverted through recycling or organic waste programs or converted into energy.

Before the pandemic, Qantas committed to reducing 75 per cent of onshore waste to landfill by 2021, as well as the removal of a total of 100 million single use plastic items. Due to COVID some of these initiatives were temporarily paused, and we now expect to reach this target by 2023.

Fleet renewal:

In [December](#) 2021 Qantas selected Airbus's A320neo and A220 families as the preferred aircraft for Qantas's long-term fleet renewal program, which should deliver up to 20 per cent fuel savings compared to the Boeing 717s and 737s it currently operates. A firm order is expected to be finalised by mid-2022. Jetstar will take delivery of the first of 18 A321LRs in July 2022.

The fleet renewal program has already seen Qantas's 747s fleet retired early and replaced by the Boeing 787s, which use 20 per cent less fuel than aircraft of similar size.

Carbon offsetting:

The Qantas Fly Carbon Neutral carbon offset program has one of the highest participation rates of any airline in the world.

Offsetting is an important tool towards reaching net zero targets, especially in the short to medium term until new low emission technology becomes available. Qantas is committed to growing its offsetting program and investing in Indigenous and Australian projects wherever possible.

Qantas recently launched its Green Tier, which has seen more than 90,000 frequent flyers take steps towards reducing their environmental footprint.

CEO comments:

"Aviation is a crucial industry, especially in a country the size of Australia. Having a clear plan to decarbonise Qantas and Jetstar so we can keep delivering these services in the decades ahead is absolutely key to our future," Qantas Group CEO Alan Joyce said.

"We've had a zero net emissions goal for several years, so today's interim targets are about accelerating our progress and cutting emissions as quickly as technology allows.



“Hydrogen or electric powered aircraft are several decades away, particularly for the length of most flights, so our plan is focused on the technology that is within reach today.

“We’re looking at new aircraft that burn approximately 15 to 20 per cent less fuel and we’re already using sustainable aviation fuel for our London flights that can cut emissions by up to 80 per cent.

“One benefit of setting these targets now is sending a clear signal that we’re in the market for large volumes of sustainable aviation fuel, for carbon offset projects and for products that can be recycled. That will hopefully encourage more investment and build more momentum for the industry as a whole.

“Responding to climate change is a big challenge, but we will get there. Partnerships with industry and all levels of government are going to be key to create the supply chains we need, and customers will have a role to play as well in supporting more sustainable options,” added Mr Joyce.

Media Enquiries: Qantas Media +61 418 210 005 qantasmedia@qantas.com.au

Investor Relations Enquiries: +61 416 058 178 filipkidon@qantas.com.au

Authorised for release by the Qantas Group CEO.





QANTAS GROUP CLIMATE ACTION PLAN



NET 
ZERO
BY 2050

MARCH 2022

TABLE OF CONTENTS

| | |
|---|----|
| Message from Chairman | 3 |
| Message from CEO..... | 4 |
| Qantas Group Sustainability Vision and Framework..... | 5 |
| Flying to Net Zero: Key progress since 2019 | 6 |
| Flying to Net Zero: Introducing our interim targets | 7 |
| Reducing our Emissions: Mitigation hierarchy..... | 8 |
| Climate Action Strategy..... | 9 |
| Emissions Profile | 10 |
| Pillar One: Operational and fleet efficiency..... | 11 |
| Pillar Two: Sustainable aviation fuels..... | 14 |
| Pillar Three: Offsetting | 17 |
| Customer Engagement | 19 |
| Governance | 20 |
| Looking Forward: Our key priorities over the next 12 months | 21 |

Disclaimer

This Climate Action Plan has been prepared for the purpose of providing investors in Qantas Airways Limited (Qantas) with information regarding our long-term planning with respect to climate change. It contains forward-looking statements and statements of opinion. These may include statements regarding climate change, transition scenarios, external enablers (including technology development and commercialisation, policy support, market support, and energy and offsets availability), and actions of third parties. Any such statements speak only at the date of this Climate Action Plan. Readers are cautioned not to place undue reliance on such statements, particularly in light of the long-time horizon which this Plan discusses and the inherent uncertainty in possible policy, market and technological developments in the future.

No representation or warranty is made regarding the accuracy, completeness or reliability of the forward-looking statements or opinions contained in this Climate Action Plan, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of Qantas, and actual results, circumstances and developments may differ materially from those expressed or implied in this Plan. Except as required by applicable laws or regulations, Qantas does not undertake to publicly update or review any forward-looking statements, whether as a result of new information or future events. To the maximum extent permitted by law, Qantas and its officers do not accept any liability for any loss arising from the use of the information contained in this Plan.

MESSAGE FROM CHAIRMAN



The Qantas Group has always shown leadership on issues important to Australia, and climate change is no different. For over a decade, we've been building one of the world's largest offsetting programs for customers, and we're driving the development of the sustainable aviation fuel industry in Australia. As we emerge from the pandemic, we're also focused on protecting the future of travel by continuing to value the planet, enabling our people and connecting our customers and communities.

We are committed to creating a stronger, more agile Qantas Group that can sustainably deliver value to our customers, people, and shareholders. This includes managing the risks and seizing the opportunities that climate action provides.

The Qantas Group's Climate Action Plan outlines our interim targets and initiatives to hit net zero emissions. Our ambition is to reduce net emissions by 25 per cent by 2030 and increase our uptake of sustainable aviation fuel by 10 per cent by 2030. This will be complemented by an average 1.5 per cent per annum efficiency target, driving a reduction in fuel burn through fleet modernisation and operational efficiencies in the air and on the ground. We are also targeting zero single-use plastics across our operations by 2027 and zero waste to landfill by 2030.

It's exciting to see technological advances overseas, particularly in the development of sustainable aviation fuel. Australia already produces significant amounts of feedstock for sustainable aviation fuel but exports it to other countries. In the future these feedstocks could be used to build a domestic industry, creating jobs and fuel security here in Australia. It is not just a huge opportunity; it is the right thing to do.

Achieving net zero emissions targets will not be easy, and it will take sustained and cooperative action by everyone at the Qantas Group as well as the entire global aviation value chain, governments and investors. Supportive government policy is critical for the aviation industry to transition to low and zero-emissions technologies.

Understanding sustainability and the impacts of climate change, promoting long-term value creation, and articulating our approach to our stakeholders, is not optional. It's built into how we do business.

We look forward to updating you on our progress.

A handwritten signature in black ink that reads "Richard Goyder". The signature is fluid and cursive, with a horizontal line underneath the name.

RICHARD GOYDER
Chairman

MESSAGE FROM CEO



In 2019, the Qantas Group was one of the first airlines to commit to net zero emissions by 2050. When the pandemic arrived, it artificially lowered our emissions, but unfortunately, it also slowed the industry's progress towards a long-term solution. We are now focused on accelerating our progress once more as we grow back stronger and more sustainable.

Three pillars support our interim target:

- **Operational and fleet efficiency:** Embracing new, low emission technology as it becomes available. Ongoing work to reduce fuel burn, including smarter flight planning and reducing our single-use plastic and waste-to-landfill contribution to zero.
- **Sustainable Aviation Fuels:** Working at pace with governments and other businesses to create a sustainable aviation fuel industry in Australia. This relies on creating biofuels from crops or waste materials that can power our existing fleet and emit 80 per cent fewer emissions, along with advancing new power-to-liquid technology.
- **Carbon offsets:** Offsetting emissions by investing in high-quality, high-integrity Australian and international projects with community co-benefits, including those led by traditional owners.

We also know we have a responsibility to educate and support our customers to make sustainable choices not only in the air but also on the ground and contribute to a greener future. We recently launched a new Green tier within the Qantas Frequent Flyer program to encourage, recognise and reward members making more sustainable choices in the air and on the ground.

By regularly updating our climate scenarios, we seek to ensure our plan is robust enough to manage and mitigate the impacts of climate change. In doing so, we'll consider all opportunities that may arise and deliver strategies to address them that can become embedded in our everyday thinking.

We are enhancing our strong governance measures, ensuring the way we do business continues to meet our investor and customer expectations, as well as our own high standards. Finally, we'll continue to be transparent about our progress through reporting aligned to the Taskforce on Climate-related Financial Disclosures and an annual standalone sustainability report.

A handwritten signature in black ink, appearing to read 'Alan Joyce', written in a cursive style.

ALAN JOYCE

Chief Executive Officer and Managing Director

QANTAS GROUP SUSTAINABILITY VISION AND FRAMEWORK

As we emerge from the pandemic as a more resilient business, we are also focused on how to ensure we are truly sustainable. Decarbonisation and driving sustainability are at the core of our Group strategy and vital for our people, customers and shareholders.

As part of our new framework, we are adding sustainability as a pillar in our broader corporate strategy which means it will be considered in decisions we make across the business.

Our Sustainability Framework is aligned to our strategic priorities and focuses on three key principles to support our vision for driving sustainability to protect the future of travel.

WE TAKE THE SPIRIT OF AUSTRALIA FURTHER

Our vision: Driving sustainability to protect the future of travel

Sustainability framework: Three key principles



Valuing our planet

We are committed to minimising our impact on the planet — in the air and on the ground — so that the future generations continue to experience the wonder of travel.

Climate action

Reducing our waste through circularity

Protecting nature through sustainable tourism



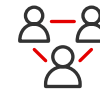
Enabling our people

We are committed to enabling our people to be and do their best in a safe and inclusive culture.

Supporting our people to feel safe and valued

Enhancing inclusion and diversity

Ethical labour supply chain monitoring



Connecting customers and communities

We are committed to connecting customers and creating value to strengthen the communities in which we operate.

Connecting the regions

Supporting communities

First Nations partnerships

Exemplary Business Practices

Safety first | Strong governance and risk management | Driving ethics and integrity
Protecting privacy and cybersecurity | Responsible capital allocation | Transparent data and reporting
Sustainable supply chain | Human rights due diligence | Education and awareness | Collaboration and partnerships

As climate change is one of our most material Environmental, Social and Governance (ESG) risks, this plan focuses on our path to achieving net zero emissions by 2050. Our Sustainability Report, to be released alongside our Annual Report later this year, will detail our broader sustainability strategy across our planet, people and customer and communities.

FLYING TO NET ZERO: KEY PROGRESS SINCE 2019

2019

The Qantas Group was one of the first airlines in the world to commit to **net zero**

WE ALSO COMMITTED TO:



Cap our emissions at **2019 levels**



\$50 million

Initial investment over the decade to develop a sustainable aviation fuel industry

Achievements to date

- ✓ Built one of the world's largest customer offsetting schemes.
- ✓ Accelerated retirement of legacy 747s and rightsized A380 fleet.
- ✓ Announced our first major international SAF purchases (SAF out of London and California).
- ✓ In September 2020, the oneworld alliance became the first airline alliance in which all member carriers committed to net zero emissions by 2050.
- ✓ Removed 80 million single-use plastic items from our service.
- ✓ Undertook a leadership role at International Air Transport Association to commit the airline industry to net zero emissions by 2050.
- ✓ Introduced the option of plant-based meals on our international inflight menu in 2021, reflecting the growing demand for more sustainable options from our customers.
- ✓ Appointed the Group's first Chief Sustainability Officer with a dedicated Sustainability office.
- ✓ Introduced a new Green tier to our loyalty program, to encourage members to make more sustainable choices, on the ground and in the air.
- ✓ From this year all Qantas Group buildings will be powered by 100 per cent renewable electricity in Australia.

FLYING TO NET ZERO: INTRODUCING OUR INTERIM TARGETS

We recognise human-induced climate change is a significant issue for the aviation industry. We are committed to reducing our emissions in line with the Paris Climate Agreement to limit warming to well below 2 degrees above pre-industrial levels.

We are committed to minimising our impact on the planet — in the air and on the ground — so that future generations continue to experience the wonder of travel.

INTERIM TARGETS TO 2030



25 per cent reduction in net emissions from 2019 levels by 2030



10 per cent of Sustainable Aviation Fuel (SAF) in fuel mix by 2030



Average of 1.5 per cent per year fuel efficiency improvements to 2030



Zero single-use plastics by 2027¹



Zero general waste to landfill by 2030²

To ensure progress towards our targets, we will implement a number of measures, including:

- Integrating climate change considerations into our financial framework.
- Continuing to update our climate scenario analysis to ensure our strategy supports risk mitigation and value generation under different climate futures.
- Enhancing our customer experience towards sustainable tourism through reduced emissions and zero waste.
- Introducing an internal carbon price to further guide investment decisions that are aligned to our targets.
- Conducting a detailed physical climate risk assessment across our domestic infrastructure.
- Engaging our people to enable the transition at all levels of the business.
- Linking climate performance against our targets to executive remuneration.
- Entering into catalytic partnerships that will drive innovative emission reductions across our supply chain.
- Continuing to work with state and federal governments to ensure policy frameworks support the acceleration of sustainable aviation, including the development of a SAF industry in Australia.

¹This target excludes items required for medical or health and safety reasons.

²This excludes quarantine waste, a highly regulated and specialised waste stream with limited waste diversion pathways. All waste associated with international ports (inbound and outbound) is treated as quarantine waste.

REDUCING OUR EMISSIONS: MITIGATION HIERARCHY

We will prioritise our emissions reduction investments accordingly to the hierarchy below:



DECARBONISE

Maximum effort into decarbonisation levers that balance our environmental ambitions with our financial framework.



Fleet modernisation



Operational efficiency



INNOVATE

Invest in innovative solutions that will scale and increasingly reduce our emissions over time and reduce our reliance on offsets.



Sustainable aviation fuel



Future technologies



OFFSET

Invest in offsets for any emissions that can't be reduced directly through low-carbon solutions that are high quality and deliver community co-benefits.



Credible offsets sourcing strategy focused on high-integrity credits

CLIMATE ACTION STRATEGY

AMBITION

Targets¹

**Reduce carbon emissions by 25 per cent by 2030 (from 2019 levels)
Reach net zero emissions by 2050**

Decarbonisation pillars



Operational and fleet efficiency



Sustainable aviation fuels (SAF)



Carbon offsets

Objective

- Reduce our environmental footprint by increasing our operational and fuel efficiency by an average of 1.5 per cent p.a. to 2030²
- Zero single-use plastics by 2027
- Zero waste to landfill by 2030
- Work with industry on step change technology

- Invest in SAF to enable:
- 10 per cent SAF in fuel mix by 2030
 - ~60 per cent by 2050

Invest in high quality carbon removal and avoidance projects across our network

ACTIONS

Initiatives

| | | |
|--|--|--|
| Fleet modernisation: Narrowbody Fleet renewal | Invest an initial \$50m in SAF domestic production | Continued growth in fly carbon neutral uptake |
| FlightPulse (pilot flight analytics) | | |
| Constellation flight planning | Developing SAF Corporate Program | Invest in high-quality offsets and Indigenous flagship Australian projects |
| 100 per cent Renewable Electricity to power all domestic Qantas Group buildings | Offshore SAF deals e.g. London and California | |
| Research partnerships to drive next gen technologies (electric aircraft, hydrogen) | Continuing to assess SAF investment opportunities | |
| Ground transport | | |
| Customer experience — developing sustainable options for customer products and service e.g. bamboo stirrers and compostable hot cups | | |

ENABLERS

Institutionalising climate considerations across the group

| | | | | | |
|--|---------------------------|------------------------|------------------------|----------------------------------|---------------------------|
| Governance | | | | | |
| Capital allocation (financial framework and internal carbon price) | Climate risk and policies | Executive remuneration | Empowering employees | Transparent data and reporting | Supply chain/ procurement |
| External levers | | Customer engagement | Catalytic partnerships | Industry and government advocacy | Investor engagement |

¹Progress towards targets to be reviewed annually.

²1.5 per cent per annum fuel efficiency improvement starting from 2023, baselined to 2019.

EMISSIONS PROFILE

Due to the COVID-19 pandemic, the Qantas Group's emissions have reduced over the past three years.

In this time, our use of aviation fuel, which makes up a majority of our scope 1 emissions, has consistently accounted for more than 95 per cent of Qantas Group's total emissions.

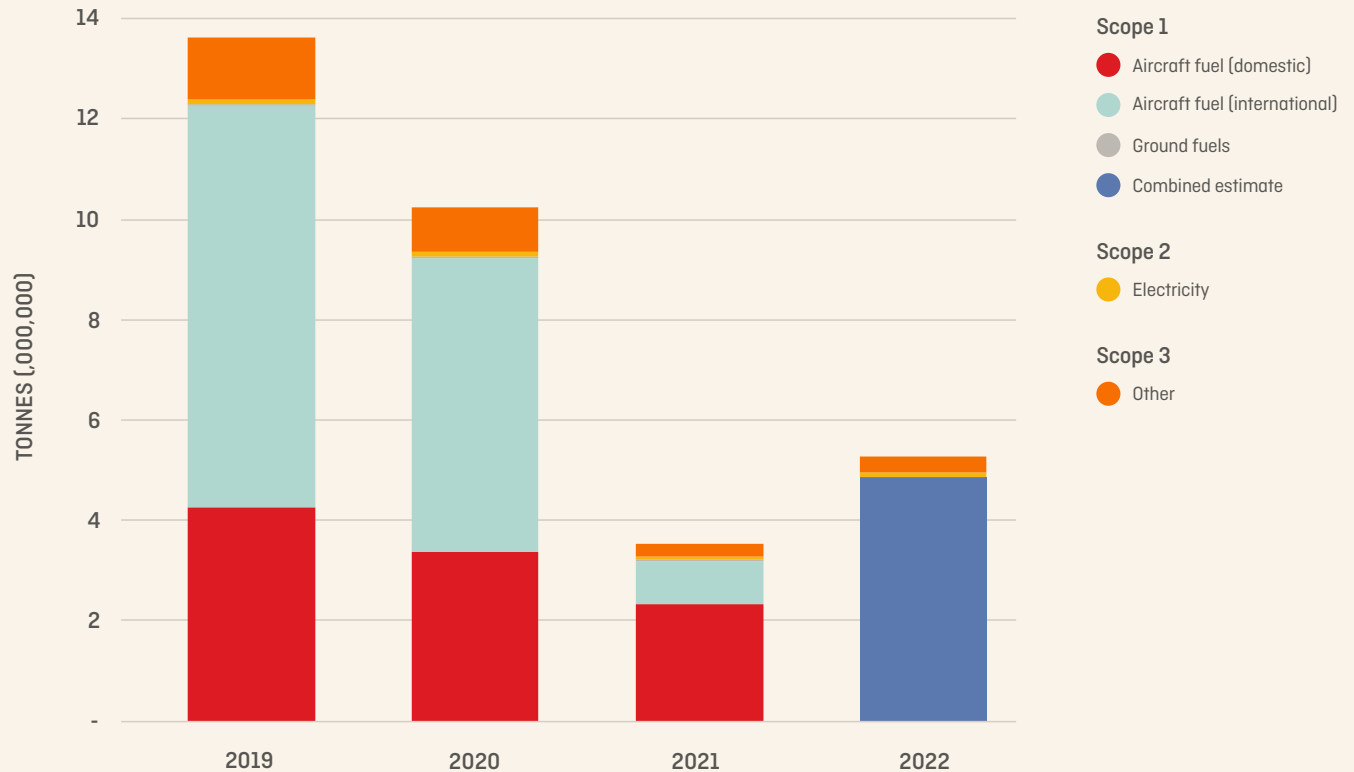
The remaining 5 per cent relates to our ground-based emissions sources, the largest of which is electricity (scope 2).

We have a range of activities in this plan to target emissions reductions across aviation fuel and ground operations.

Our scope 3 emissions account for a small percentage of the Qantas Group's emissions. We are addressing them through our waste and plastic reduction targets and electrification of ground transport where feasible.

From 2022, all Qantas Group buildings will be powered by 100 per cent renewable electricity in Australia.

CO₂-e EMISSIONS



PILLAR ONE: OPERATIONAL AND FLEET EFFICIENCY



IN THE AIR

Constellation Flight Planning System

In 2018, the Qantas Group launched the world's most sophisticated flight planning system, Constellation, that models thousands of flight paths across millions of data points to determine the optimal fuel plan and best route accounting for time, aircraft capability, weather and external constraints such as closed airspace or ash clouds.

FlightPulse

Since 2017, pilots within the Qantas Group have been using FlightPulse, a flight data application developed in partnership with GE Aviation. FlightPulse provides tailored flight analytics to pilots around fuel efficiency, thereby providing pilots with data to help them fly more efficiently and help reduce carbon emissions. FlightPulse was designed by pilots, for pilots, providing access to data like never before.

The Research Module provides aggregated data from across the operation for more informed fuel decisions and departure briefings, while the Postflight module provides secure access to data from a pilot's individual flight history, allowing them to analyse their own operation of the aircraft in relation to their peers and self-discover areas to optimise operations and efficiency.

ON THE GROUND

Renewable energy across our operations

In 2021, the Qantas Group sourced 50 per cent of its domestic electricity consumption from renewable sources. **From 2022, all Qantas Group buildings will be powered by 100 per cent renewable electricity in Australia.** We have achieved this by partnering with Lightsource BP to procure Large-scale Generation Certificates (LGCs) from Wellington Solar Farm.

Now we are focusing on our long-term renewable electricity strategy, including finding renewable sources for our overseas energy consumption and long-term domestic supply including onsite renewable sources. We are also focused on:



Electrification of our ground transport fleet



Continuing to develop tools that enable behavioural change and greater operational efficiency



Promoting Green tier among our employees to encourage sustainable behaviour at work, through their commute and at home

REDUCING OUR WASTE

In the process of carrying
50 million people
 each year, we deal with more than 30,000 tonnes of total waste. That's the same weight as more than 50 A380s.

By adopting a circular economy approach and reducing our waste we will reduce our Scope 3 emissions.

In FY19, we announced our commitment to reducing 75 per cent of Qantas Group onshore waste to landfill (including quarantine) by 2021, as well as the removal of

100 million
 single-use plastic items.

While we were on track to achieving our waste targets, from March 2020 COVID-19 health and safety requirements meant we had to temporarily pause some of our initiatives. We expect to achieve our single-use plastic target by 2023.

LOOKING FORWARD



HORIZON 1
 Innovate and implement
 (2022-2027)

- Working with suppliers to access innovative products that reduce waste.
- Group-wide waste training module and waste change management program introduced.
- Lay the foundations for acceleration in reduction of waste to landfill post FY23.



HORIZON 2
 Zero single-use plastic
 (2027)

- Zero single-use plastics by 2027. This means that every Qantas or Jetstar flight will be using compostable or recyclable packaging. There are some health and safety items onboard that will remain plastic, but we are committed to exploring alternatives for these products in the future.
- Review single-use plastics across our supply chain and collaborate with suppliers to remove plastic from our operations.



HORIZON 3
 Zero waste
 (2030)

- By 2030, all our operations will be completely general waste free. This includes our flights, our lounges and even our own offices.
- This excludes quarantine waste, a highly regulated and specialised waste stream with limited diversion pathways.

We will continue to work with governments and suppliers to reduce quarantine waste, particularly as we transition through our COVID-19 recovery, including expanding our international flights recycling program and investigating waste to energy solutions.



CASE STUDY

Slashing plastic and waste on our flights

From September 2021, Qantas progressively introduced Forestry Stewardship Council-certified wooden cutlery across its operations. This switch will result in millions of single-use plastic items being progressively eliminated from our supply chain.

The move is part of the airline's commitment to sustainability and waste reduction. In Q1 CY 2020, Qantas introduced bamboo stirrers and compostable hot cups, eliminating over 7.5 million single-use plastic inflight items as at February 2022. This followed the removal of plastic straws across the network in 2019.

Following these changes, Qantas also introduced the option of plant-based meals.

As we look to recovery from the pandemic, we have committed to eliminating general waste to landfill from our operations and operating free of single-use plastic. We are the first airline to make this commitment.

OPERATIONAL AND FLEET EFFICIENCY

In addition to operational efficiency, modernising our fleet with new, more efficient aircraft is critical to meeting our emission reduction targets. That's why we're aiming to improve our fuel efficiency by an average of 1.5 per cent per annum to 2030 and investing in next-generation fuel-efficient technologies as part of any fleet renewal across our network.

Jetstar's fleet renewal

Jetstar's fleet renewal commences in July 2022 with the introduction of its first (of 18) Airbus A321NEO-LR aircraft that are around 15 per cent more fuel efficient than the fleet they are operating today. These 18 aircraft will be used to replace a significant portion of Jetstar's fleet over the next 2 years in the domestic and short haul international (Bali, Fiji) markets.

This is the first tranche of aircraft that forms part of a longer term strategy to replace Jetstar's existing narrowbody fleet with NEOs over the next 10 years.

Jetstar's fleet renewal will contribute significantly to the Qantas Group's decarbonisation strategy over the next decade.

Project Winton

The Qantas Group is committed to continuing to invest in updating its fleet with next-generation fuel-efficient aircraft. In December 2021, the Qantas Group announced that Airbus was selected as preferred supplier of future narrow-body aircraft (pending Board approval), from the Airbus 220 and Airbus 320NEO families to replace Boeing 717s and Boeing 737s operated by Qantas in our domestic operations. During the COVID-19 pandemic, the Qantas Group retired the last of its Boeing 747 aircraft, replacing them with the more efficient Boeing 787 Dreamliner.

Project Sunrise

Qantas has previously announced the selection of the Airbus A350 to operate Project Sunrise (pending Board approval)—direct flights from the east coast of Australia to London and New York. These flights will be 100 per cent carbon neutral in line with the emissions cap commitments we've already made. The Airbus A350 is ground-breaking in terms of its fuel efficiency and complements the efficient Boeing 787s which the Group continues to introduce in its long haul fleet.

Future technologies

There is a critical need to explore new and innovative aircraft technologies. From battery-electric to hydrogen-powered designs, airlines, industry, and manufacturers will need to work together to introduce new technologies to ensure we can reach net zero by 2050.

While these alternative fuel technologies are not expected to become a commercial reality in aviation before 2030, they will play an important part in the Group's long-term sustainability strategy towards reducing our emissions and meeting our net zero commitment. The Group will explore partnerships to accelerate research and development of these new flying technologies.



PILLAR TWO: SUSTAINABLE AVIATION FUELS

The use of sustainable aviation fuels (SAF) is central to achieving our interim targets and net zero by 2050 goals. With long-haul routes accounting for the majority of the Group's emissions profile, SAF is currently the only viable technology/decarbonisation option available across all of our operations. That is why we are targeting 10 per cent of our fuel to come from SAF by 2030 and ~60 per cent by 2050.

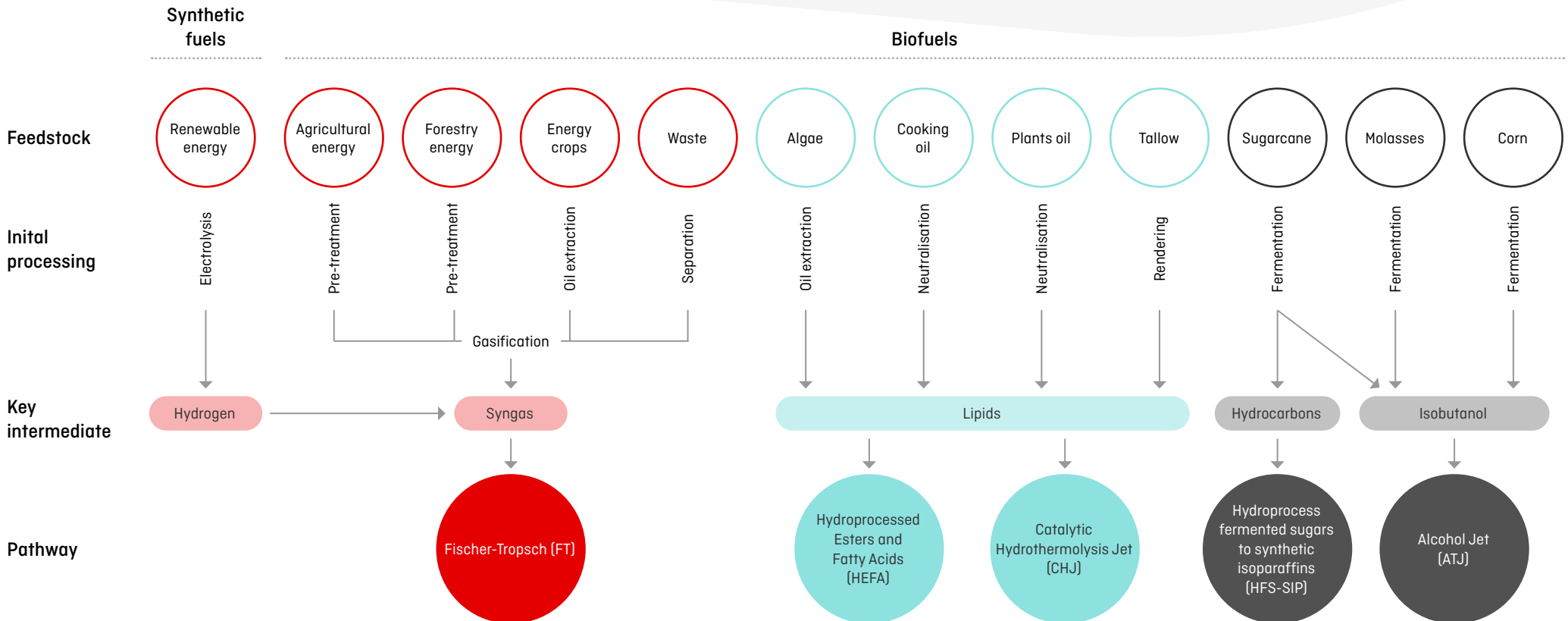
What is SAF?

SAF is non-conventionally derived aviation fuel that can be made from sustainable biogenic sources such as used cooking oils, council waste, plant oils, agricultural residues and non-biological sources. Biogenic SAF has the potential to reduce lifecycle emissions by up to 80 per cent compared to conventional jet fuel. Non-biogenic SAF — or synthetic fuel — is a pathway which utilises carbon dioxide, hydrogen and significant amounts of renewable electricity to synthesise a liquid fuel with favourable sustainability characteristics

(emissions are reduced by up to 90 per cent compared to fossil fuels).

In addition to the reduction of total life cycle CO₂ emissions, SAF reduces direct emissions: particulate matter by up to 90 per cent and sulphur by 100 per cent, compared to conventional jet fuel. Reducing these emissions improves local air quality, in particular in areas with a high density of flight movements, such as airports.

The key SAF production pathways are set out below.



SUSTAINABLE AVIATION FUELS

International procurement

The use of SAF is increasing globally — particularly in Europe, the UK and United States — as governments and industry work together to find ways to steadily decarbonise the aviation sector through government fuel subsidies, SAF blending mandates, financial incentives (e.g. capital grants, loans, tax incentives) and additional project-based funding.

The Qantas Group is adopting a cost optimised approach in acquiring SAF initially in international ports that are located in subsidised jurisdictions.

In December 2021 Qantas became the first Australian airline to purchase SAF on an ongoing basis for regular scheduled services out of London. The SAF will represent up to 15 per cent of our annual fuel needs out of Heathrow Airport, reducing carbon emissions by around 10 per cent on this route.

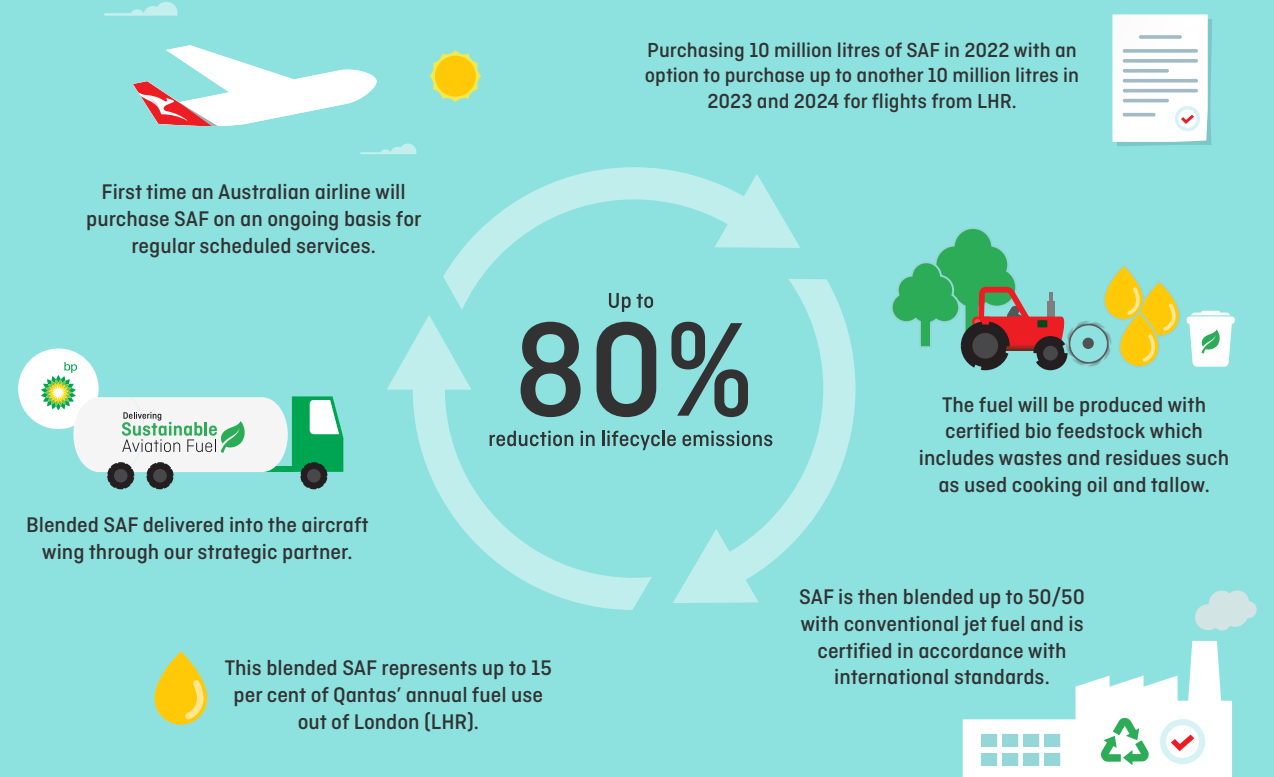
While Qantas and Jetstar have flown several demonstration flights using SAF — including a flight across the Pacific in 2018 powered by biofuel derived from mustard seeds — this is the first time an Australian airline will purchase SAF on an ongoing basis.

In March 2022, the Qantas Group agreed to purchase SAF for its operations from California (Los Angeles/San Francisco) from 2025.

These international procurement agreements are crucial to bringing the cost of SAF down, which unsubsidised can be several times more expensive than traditional jet kerosene.

The Qantas Group will look to maximise the amount of subsidised SAF it acquires at its international ports, particularly in the United States, in order to secure a pathway to 10 per cent SAF use in the fuel mix by 2030.

QANTAS' SAF LIFECYCLE – LONDON



SUSTAINABLE AVIATION FUELS

Developing a local SAF industry

Given the Qantas Group sources 70 per cent of its fuel in Australia, we recognise the important role we can play in developing a domestic SAF industry by committing to SAF volumes and supporting a portfolio of local projects to increase SAF supply. The Qantas Group has committed to investing an initial \$50 million in viable domestic SAF opportunities.

Three primary challenges to establishing a SAF industry in Australia include:

1. Securing sufficient quantities of appropriate feedstocks that can be integrated from a supply chain perspective with a biorefinery;
2. Challenging economics, particularly for an emerging industry whereby SAF will continue to be a multiple above the cost of fossil jet fuel if it is unsubsidised; and
3. The lack of a Government policy framework that encourages cross-sector development and investment whilst providing price signals.

The adoption of Government policies and sector wide financial incentives supporting the development of a domestic SAF sector will be critical to Australia’s aviation industry. Overseas experience has demonstrated that fuel subsidies, SAF blending mandates, financial incentives such as capital grants and loans as well as tax incentives, in addition to project based funding, are required to overcome the initial challenging economics of SAF.

With industry and Government working together to create a supportive environment, an Australian SAF industry could create more than 7,400 jobs by 2030, and contribute an additional \$2.8Bn in GDP per year by 2030¹. Additionally, if supported, a domestic SAF industry will have a number of strategic national co-benefits such as:

1. Ensuring future domestic liquid fuel security;
2. Support for Australia’s international emission reduction commitments; and
3. A potential regional economic development opportunity through the development of a SAF export market.



CATALYTIC PARTNERSHIPS WILL BE ESSENTIAL TO SCALE ACCESS TO SAF

Partnerships across the supply chain will be key to making SAF affordable. The Qantas Group will work with governments and private sector partners to support the development of sustainable aviation fuel in Australia and overseas to make it more viable and increase demand throughout the industry.

The Qantas Group will advocate for the establishment of a UK-style Jet Zero Council being a public/private representative body to be established that is empowered to make decisions on SAF policies in an accelerated timeframe.

A domestic SAF market will require significantly greater investment from the Federal and State governments. The Qantas Group’s advocacy will be focused on the following areas:



Stimulating demand



Increasing domestic production capability



Increasing domestic feedstock availability



Sending a strong demand signal to biofuel producers



DELIVERING SOLUTIONS FOR OUR CUSTOMERS

The Qantas Group is continuing to develop solutions for our corporate customers to decarbonise their own scope 3 emissions, while also engaging with our customers to drive awareness of SAF.

¹Frontier Economics analysis on SAF — Prepared for A4ANZ.

PILLAR THREE: OFFSETTING

The Qantas Group has been investing in carbon offset projects since 2007. Our carbon offset portfolio reflects the strategic priorities of the Qantas Group and the communities we serve, with our projects supporting positive social and economic empowerment of communities in Australia and across the globe.

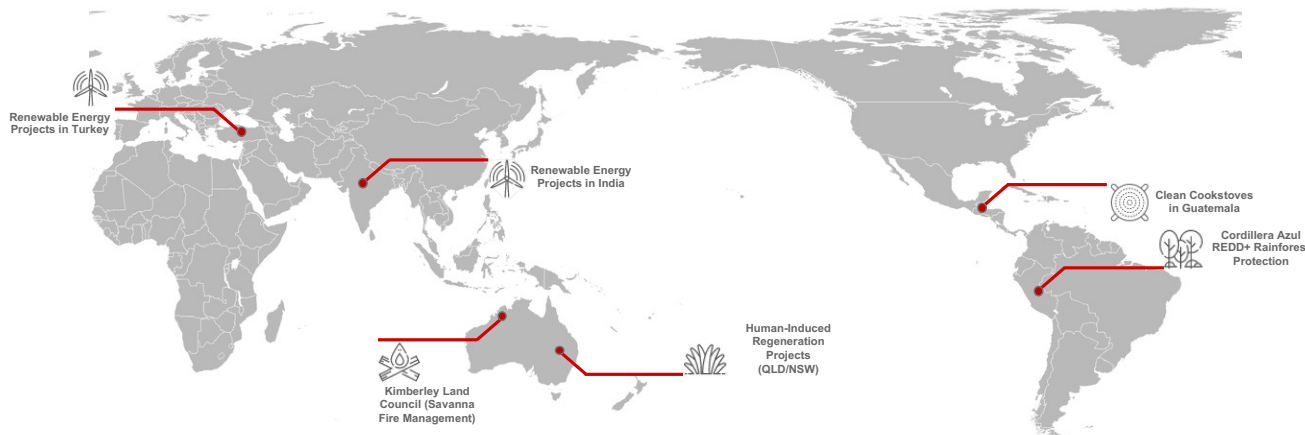
This includes our commitment to Indigenous economic development through our Reconciliation Action Plan, supported through our long-standing carbon-offset partnership with the Kimberley Land Council. This program employs Indigenous rangers in Northern Australia, who use traditional practices to promote the regeneration of native vegetation.

In addition to supporting indigenous and flagship Australian projects, our commitment to securing a high-quality supply of carbon offset credits will involve the continued strengthening and broadening of supplier relationships and exploring other investment opportunities.

All offsets sourced by the Group are subject to several layers of scrutiny. As a baseline, all projects are accredited from verified registries. Our Australian Carbon Credit Units (ACCUs) are certified by the Clean Energy Regulator and

Climate Active, while international projects are certified under the UNFCCC's Clean Development Mechanism. Our providers, TEM, subject all projects to additional layers of due diligence such as continual validation and other monitoring processes throughout the life of each project. The Group intends to examine methods in which it can further strengthen the integrity and transparency of its carbon portfolio.

The Qantas Group has offset over **3 million tonnes** of carbon through various Group, customer and corporate initiatives, of which 21 per cent are from Australian projects



CASE STUDY

Fire with Fire – Fire Management, Arnhem Land, the Northern Territory

In the absence of fire management by Aboriginal Traditional Landowners, Arnhem Land in the Northern Territory is prone to extreme, devastating wildfires that damage the landscape including rock art galleries, cultural sites and biodiversity. ALFA (Arnhem Land Fire Abatement) is an Aboriginal owned, not-for-profit carbon farming business, that supports Aboriginal Traditional Owners and rangers to utilise customary fire knowledge and skills in tandem with contemporary technology to accomplish highly sophisticated landscape scale fire management.

OFFSETTING



FLY CARBON
NEUTRAL

Fly Carbon Neutral

Our 'tick-the-box' to Fly Carbon Neutral offsetting program is one of the largest of any airline. And since 2007, we have offset our own ground and corporate travel emissions.

As a hard-to-abate sector, carbon offsetting will remain a key lever in aviation's global transition to a low carbon economy and in helping the Qantas Group meet our commitments of capping emissions at 2019 levels and reaching net zero emissions by 2050.

In 2019, we enabled Qantas Frequent Flyer members and Qantas Business Rewards customers to earn 10 Qantas Points for every dollar spent on offsetting. Qantas matches dollar-for-dollar every contribution a customer makes to offset their emissions on a passenger flight, effectively doubling the size of the program.



Qantas Future Planet

Since 2014, we've been partnering with other leading businesses to offset emissions through our B2B Qantas Future Planet program. Our Future Planet program provides a carbon offsetting solution for corporate businesses wanting to offset their operational or unavoidable emissions to reduce their environmental impact. We have built a network of sustainability leaders inspiring new ideas through collaborative innovation and action.

Through our Future Planet program we have offset emissions for more than 40 businesses since inception, including Australia Post, DHL, T2, Allens Linklaters and KFC.



Australia Post Partnership

In September 2019, Australia Post implemented carbon neutral delivery of every parcel sent through Post Offices and the MyPost system across Australia.

This significant announcement was made possible through Australia Post's partnership with the Qantas Future Planet program, which procures carbon offsets from reputable Australian and overseas projects, to compensate for corporate emissions. The purchase of carbon offset credits now matches the environmental impact of each parcel transferred and delivered through these Australia Post channels.



CASE STUDY

Restoring rainforest at headwaters to the reef, Atherton Tablelands, Queensland

The Thiaki Rainforest Restoration Project is returning long-cleared pasture to rainforest, in the wet tropics region of Far North Queensland. The project is a world-class demonstration site involving several universities. The project aims to preserve precious species such as the Lumholtz's tree-kangaroo, ringtail possums and all 13 native bird species including the cassowary and golden bowerbird, as well as filtering run-off to the Great Barrier Reef.

CUSTOMER ENGAGEMENT

Green tier

Qantas was the first airline in the world to announce (in November 2021) a recognition and rewards initiative, a new Green tier, as part of its Frequent Flyer Program, designed to encourage and recognise its members for making more sustainable choices both in the air and on the ground.

It is designed to educate, encourage and reward the 13 million Australian frequent flyer members for everything they do from offsetting their flights, staying in eco-hotels, and installing solar panels at home.

We know that lots of small changes when taken together can have a big impact, so to achieve Green, members simply need to complete at least five sustainable activities each year across the following six areas: flying, travel, lifestyle, sustainable purchases, reducing impact and giving back. Once achieved, members are rewarded with benefits like bonus Qantas Points or Status Credits, access to exclusive events and initiatives, and the ability to earn Qantas bonus points when purchasing eligible sustainable products or experiences.

These benefits are in addition to the rewards and status they get under their existing flying tiers. Other environmentally friendly behaviours, like walking to work, choosing an environmentally friendly diet and contributing to the purchase of sustainable aviation fuel, which significantly reduce the emissions from flying, will be progressively added to the program.

The initiative has been driven by feedback from members, with research showing almost two-thirds want to be more aware of their impact on the environment and would like support in their efforts to be more sustainable.

Achieving Green tier

Complete actions in 5 out of 6 categories



Offset Flying

Offset a flight booked on Qantas.com
Contribute to sustainable aviation fuel



Sustainable Travel

Stay in an eco hotel



Sustainable Lifestyle

Offset your Home and Car
Purchase solar panels



Choose Sustainable

Purchase wine from an eco vineyard
Make your Qantas Wine or Rewards Store delivery climate positive



Reduce Your Impact

Take our impact quiz to learn how



Give Back

Contribute to a sustainability organisation or project

Green tier rewards and recognition



Choose Your Reward

On attainment of Green tier choice of:
10,000 Bonus Qantas Points
50 Status Credits
Qantas purchases 3 tonnes of carbon offset on your behalf



Bonus Qantas Points

Earned when:
Purchase eligible sustainable products or experiences



Exclusive Events

Invites to special events such as:
Sustainability events and experiences



Digital Recognition

Including:
Unique digital card
Visual recognition in My Account and in the Qantas app

GOVERNANCE

Accountability and risk management

The Qantas Board has ultimate responsibility for overseeing the Group’s ESG Strategy, including climate-related risks and opportunities, with assistance from its Board Committees:

QANTAS BOARD

The Qantas 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. Key to this is responsible, ethical and sustainable business practices.

Safety, Health, Environment and Security Committee (CHES)

Assists the Board with oversight of the systems, policies and processes in place within its remit, including the performance of each, and undertaking the functions of a risk committee as set out in the ASX Principles, as they relate to operational, and other relevant non-financial risks.

Audit Committee

Assists the Board with matters relating to the integrity of the Group’s financial reporting, compliance with legal and regulatory obligations, the effectiveness of the Group’s enterprise-wide risk management and internal control framework (in conjunction with CHES), and oversight of the independence of the external and internal auditors.

Remuneration Committee

Assists the Board with matters relating to the remuneration framework for Non-Executive Directors, and the remuneration and incentive framework, and related recommendations and decisions, for the CEO, Executive Management, Senior Executives and other Group employees.

Nominations Committee

Assists the Board with matters relating to Board appointments, Director re-elections and performance, the Group’s diversity obligations, Directors’ induction programs and continuing development, Board Committee Memberships and succession of the Chief Executive Officer.

CEO AND GROUP MANAGEMENT COMMITTEE (GMC)

Management is accountable for the overall implementation of our Sustainability Framework and Climate Action Plan, including climate change initiatives and reports to the Board on a regular basis.

Chief Sustainability Officer and Group Sustainability Team

Responsible for driving climate action across the business, and preparing our sustainability disclosures including reporting in line with the TCFD* requirements.

ESG Management Board

Will be established to oversee the delivery of our Group sustainability targets and ensure the framework is being integrated across the business. The Board consists of the GMC and Executive representatives across the business and will meet regularly to ensure appropriate oversight of progress.

Sustainable Aviation Fuel (SAF) Futures Board

Oversees the delivery of the Group’s SAF initiatives. SAF Futures Board has been established in order to accelerate decision making while maintaining appropriate levels of governance.

*The Taskforce on Climate-related Financial Disclosures is a group of organisations across industry, government and NGOs established to develop a risk management and disclosures framework for organisations to manage and report on climate-related risks.

LOOKING FORWARD: OUR KEY PRIORITIES OVER THE NEXT 12 MONTHS

As a Group we will be implementing enhanced governance measures across the business to ensure the Group meets its targets, including:



Linking executive remuneration to our sustainability targets

By expanding the existing sustainability measures to also include a climate related performance measure in the FY23 annual incentive plan (commencing 1 July 2022).



Commitment to transparency of progress on our targets

Through regular public disclosures and reviews of our strategy and targets to reflect market developments and stakeholder expectations. Reporting will be in line with the Taskforce on Climate-related Financial Disclosures.

We will continue to work with investors through the CA100 to ensure we are continuing to align to market expectations.



Adapting the Group's Financial Framework

To ensure climate-related risks are embedded when making investment decisions. This will include introducing an internal carbon price.



Continuing to update our scenario analysis

To ensure the Group's strategy effectively and efficiently manages our climate risks and enables opportunities to be integrated into the way we do business and key findings disclosed as part of our annual sustainability report.



Focus on advocacy

Governments play an essential role in enabling the transition to sustainable aviation through supportive policy environments that enable scaling of low and zero-emission technologies that will help meet Australia and the Group's net zero goals. The Group will therefore prioritise advocacy to encourage policy change ensuring integrity and transparency across frameworks, engage investors, and forge partnerships across the value chain to manage financial risk and support the transition.

Valuing nature

A key emerging issue for the future of aviation is the preservation of natural capital. This is an ongoing priority for the Group as we ensure that we are valuing the planet through our operations, as reflected in the Group's sustainability framework.

Australia's unique natural environment is a key asset for the Qantas Group and Australian tourism and we have a key responsibility to ensure these assets are not degraded. It also presents new risks and opportunities for the business, which are summarised in the diagram below. We will continue evolving our approach to valuing nature as the recommendations of Taskforce on Nature-related Financial Disclosures* are developed.



*The Taskforce on Climate-related Financial Disclosures is a group of organisations across industry, government and NGOs established to develop a risk management and disclosures framework for organisations to manage and report on climate-related risks.

LOOKING FORWARD: OUR KEY PRIORITIES OVER THE NEXT 12 MONTHS

As a Group we will be implementing enhanced governance measures across the business to ensure the Group meets its targets, including:



Further developing our SAF and offset strategies

To ensure the Group can access supply to cost-effective SAF and high-quality offsets that are aligned to our strategy. See case study for an example.



Working with our people to embed sustainability considerations across the Group

The Group will be developing an employee engagement strategy that supports the implementation of our strategy across our diverse scope of operations. The aim will be to foster a community of sustainability champions across the organisation to drive change at all levels of the business.



Developing a ground transport strategy to reduce emissions

Although our most significant emissions impact occurs through flying, the Group will be developing a strategy to reduce ground emissions through electrification of ground transport and ground service equipment as part of our long-term electricity strategy.



Continue work with our supply chain to ensure that emissions and waste are reduced

This will include improving our understanding of the emissions and waste generation within our supply chain and subsequently partnering with our suppliers to establish targets to mitigate these sustainability risks.



CASE STUDY

Project Wheatbelt MOU

On 31 March 2022, Qantas signed a memorandum of understanding with Inpex and ANZ bank to investigate the Wheatbelt Revival Project. The Project involves the development of a large scale, native reforestation process which will support land care solutions and integrated carbon farming in targeted areas of the Wheatbelt region of Western Australia for the purpose of generating ACCUs and biodiversity credits. Further, the Project also includes the investigation of, and potential development of, a renewable biofuel business integrated with sustainably harvested native biomass and agricultural waste residues from the reforestation project, for the purpose of producing a low carbon intensity biofuel such as SAF.

The Project is designed to support the opportunity for landowners to benefit from:

- more drought resilient cash crops – which will support the diversification of current income;
- the opportunity to reduce volatility of existing farm incomes; and
- allow farmers the opportunity to gain direct exposure to new rapidly growing carbon and renewable biofuels markets.



NET 
ZERO
BY 2050