

QANTAS ANNUAL REVIEW 2017

POSITIONING FOR SUSTAINABILITY
AND GROWTH



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Financial Performance¹

Qantas reported an Underlying Profit Before Tax of \$1,401 million in 2016/17 — the second highest performance in our 97-year history.

This result shows the Qantas Group's margin advantage over local and global competitors, which has been underpinned by completion of its three year Transformation Program.

In the domestic market, Qantas and Jetstar combined reached a record \$865 million Underlying EBIT, making them again the two most profitable Australian airlines.

Qantas International, which has faced high levels of capacity growth in the broader market, saw an improvement of conditions in the second half; it posted an Underlying EBIT of \$327 million.

Continued strength in its core markets helped the Jetstar Group

deliver the second highest profit in its 13 years of operation at \$417 million of Underlying EBIT.

Qantas Loyalty booked a record \$369 million Underlying EBIT on a 4 per cent increase in revenue as it continued to diversify its earnings.

A drop in the Group's Statutory Profit Before Tax of \$243 million reflects that our 2015/16 result included the gain on sale from the Sydney Domestic Terminal.

In total, this performance means Qantas is able to reward shareholders, recognise the hard work of its people and invest for customers.

FINANCIAL HIGHLIGHTS

Underlying Profit Before Tax: \$1,401 million
(second highest in Qantas' history)

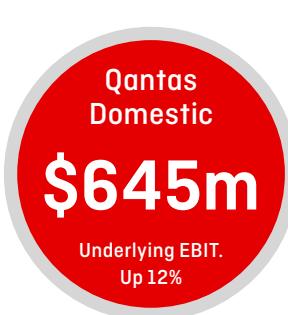
Statutory Profit Before Tax: \$1,181 million

Statutory Earnings Per Share: 46c

Return On Invested Capital: 20.1%

Net free cash flow: \$1,309 million

Up to \$500 million shareholder return:
announced 7 cents per share ordinary unfranked dividend,
plus an on-market buy-back of up to \$373 million



¹ Refer to the Review of Operations section in the Qantas Annual Report 2017 for definitions and explanations of non-statutory measures. Unless otherwise stated, amounts are reported on an underlying basis.

Financial Framework

Qantas' Financial Framework continues to guide how we create value for our shareholders. Our overarching goal is to achieve sustainable earnings-per-share growth through the cycle, and in turn deliver total shareholder returns in the top quartile of global airline peers and the ASX100.

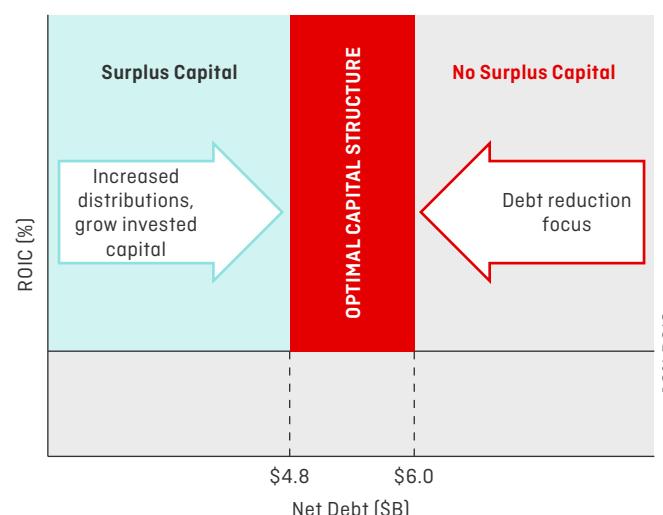
The three core objectives of the Framework are:

- Maintaining an optimal capital structure that minimises the Group's cost of capital.
- Achieving return on invested capital (ROIC) above 10 per cent through the cycle.
- Growing invested capital with disciplined investment, returning any surplus to shareholders.

Our performance against each of these objectives in 2016/17 is outlined below.

Optimal Capital Structure

In 2016/17 the Group further strengthened its capital position through sustained positive free cash flow. Net debt fell by \$434 million to \$5.2 billion compared to the prior year, which is at the lower end of the target range. More than 60 per cent of the Group's fleet is now debt-free, representing an unencumbered asset base of around US\$3.8 billion.



➤ Where debt is within the target range and surplus capital exists, it will be returned to shareholders.

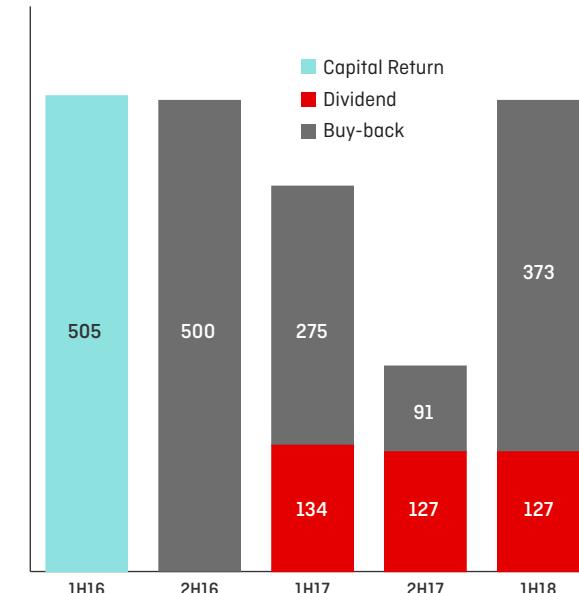
Short-term liquidity remains strong at \$1.8 billion of cash, plus another \$1 billion in undrawn facilities.

Improving Return on Invested Capital

All parts of the Group delivered a return above their weighted average cost of capital. As a whole, the Group achieved a 12-month return on invested capital of 20.1 per cent. This is supported by disciplined capacity management and improved fleet utilisation across Qantas and Jetstar, as well as new businesses within Qantas Loyalty providing new revenue streams.

Another \$470 million in transformation benefits were delivered in 2016/17, completing the three year program and outperforming the \$2 billion target by \$125 million.

Track Record of Delivering Shareholder Returns (\$M)



Shareholder Returns

In 2016/17 a total of \$627 million was distributed to shareholders through an on-market share buy-back and ordinary dividends.

In August 2017, the Directors declared an unfranked final dividend of 7 cents per share and announced a further on-market share buy-back of up to \$373 million. Once this latest buy-back is completed, the number of Qantas shares is expected to have been reduced by more than 20 per cent since October 2015.

Chairman's Report

The Qantas Group posted the second highest profit in its long history for 2016/17. This follows on from the record profit the prior year and comes despite some challenges in our international markets that have pushed some of our global peers into losses.

The result coincides with the successful completion of the Qantas Transformation Program. This three year initiative delivered \$2.1 billion in benefits and achieved our goal of putting the Group in a more stable financial position, enabling us to remain sustainably profitable through the economic cycle.

Benefits of the turnaround

The turnaround of Qantas over the past few years has been remarkable. It's a testament to the strategy executed by Alan Joyce and his Management team, and to the 30,000 people working across the Group to make it better every day.

These efforts have delivered significant benefits for our shareholders and customers. Since the start of transformation, the Group has generated \$3.5 billion in cumulative underlying profit and returned more than \$9 billion to shareholders through buy-backs, dividends and share price appreciation. Qantas was the top performing company on the ASX100 in 2016/17.

Customers have benefited from our continued investment in better product and service, from new aircraft to new lounges.

Our people have also shared in the benefits. As part of our financial results, we announced a Turnaround Bonus of \$2,500 for 25,000 non-executive staff. This is the third bonus in as many years for our frontline employees, worth a cumulative total of more than \$220 million.

Drivers of performance

Beyond Transformation, the drivers of the Group's performance in 2016/17 remained its diversified portfolio.

In the domestic aviation market, Qantas and Jetstar combined had around 90 per cent of the profit pool from just over 60 per cent of the market share. This outperformance was achieved by the competitive strength of the network we offer, record levels of customer satisfaction and a constant focus on cost control.

Internationally, we increased our focus on Asia as the fastest growing aviation market in the world. The Group now has more than 50 per cent of its capacity directed towards Asia in response to the strong demand we're seeing in the region.

Qantas Loyalty continued to expand into new enterprises using the common currency of

Qantas Points. This is opening up new revenue streams in a range of segments, including financial services, health insurance and online retail.

Underpinning the Group's performance is our continued commitment to safety. Operational safety remained strong. However, we didn't meet all our targets on occupational safety. This will continue to be an area of focus in the year ahead.

Board developments

I was pleased to announce Richard Goyder AO will join the Board as a Non-Executive Director from November 2017, pending shareholder approval at the Annual General Meeting. Richard has worked for many years at the highest levels of Australian business and his experience will be a significant asset to the Qantas Board.

Looking ahead

Our forward strategy is shaped by the four global forces that we believe will influence our operating environment into the future — the growth of Asia, big data, shifting customer expectations and the implications of resource constraints like energy. The Annual Review maps out some of the ways we are responding to these trends.



Discipline towards our Financial Framework remains key. This means balancing our capital expenditure with returning surplus funds to shareholders and keeping debt within our target range. Maintaining strong free cash flow is critical. We are targeting an average of \$400 million in benefits per year as part of our ongoing Transformation to help achieve this.

This will keep the Qantas Group on a path of sustainable, profitable growth.

Leigh Clifford AO

CEO's Report

Three years ago we started an ambitious turnaround plan at the Qantas Group. It saw us tackle some difficult structural issues, become a lot more efficient and improve what we offer to our customers.

Those efforts — which are an absolute credit to our people — have certainly paid off.

In 2016/17, Qantas Domestic and Qantas Loyalty recorded their best ever financial results. For Jetstar and Qantas International it was their second highest. Qantas Freight, while posting a lower profit than the year prior, performed well in a challenging market.

The Group's strong financial performance was coupled with record levels of customer satisfaction and employee engagement — two key indicators that are deeply linked.

Investing for future performance

These strong foundations mean we can continue investing in the future. And the pipeline of projects that is improving the experience for our customers as well as the return on investment for our shareholders is very exciting.

Our Airbus A380 fleet will receive a major upgrade, with plans to install next generation

seats from 2019 onwards. This refit will also improve the overall economics of the aircraft through smarter use of space and an overall increase in premium seating.

We are accelerating the rollout of inflight Wi-Fi across our domestic A330 and 737 aircraft. This follows a successful trial that showed very positive customer feedback and potential productivity gains in flight planning and disruption management.

We're welcoming the game-changing Dreamliner into Qantas International — an aircraft that will open up unique routes, such as Perth–London direct, and deliver significantly lower operating costs.

Jetstar is upgrading the cabins of the A320 aircraft that make up the backbone of its fleet, increasing capacity by 3 per cent without compromising interior comfort.

All of these improvements are designed to contribute to the Qantas Group's margin advantage in key markets, which is central to driving our future financial performance.

Leveraging our strengths

With the balance of economic power in our region shifting increasingly to Asia, the Qantas Group is well positioned. In 2016/17 we opened new markets, including Sydney–Beijing and Melbourne–Ho Chi Minh, as well as adding capacity on existing routes. The strength of Jetstar-branded airlines in Japan, Singapore and Vietnam is a platform for further growth as these markets develop.

Accountability and integrity

The Qantas Group is conscious of the social, economic and environmental footprint of our operations. We took several important steps in 2016/17 in this regard, including formalising our support for the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to the ten principles laid out in the Compact and this Annual Review outlines some of the ways these principles are embedded into how we do business.

Towards 100 years of Qantas

Qantas has been serving Australia for almost a century. Innovation has been at the heart of



our success throughout that time — from the invention of business class to creating Jetstar. We have now set our sights on a new horizon. We plan to offer direct services from the east coast of Australia to London and New York by 2022, and we have challenged the aircraft manufacturers to provide an aircraft with the range to do so.

This is the kind of pioneering spirit that the national carrier is built on. And it's the kind of spirit that we want to take us forward.

Alan Joyce AC



Building and Protecting Value

Aviation is often viewed as an industry that is especially susceptible to shocks. From oil prices to economic cycles through to major weather events and geopolitical changes, it has always been true that aviation can be impacted by many different forces.

But it's also true that few industries have proven as resilient, or are more experienced at managing risk.

On top of this is the growing demand for aviation services. This year, more than 3.8 billion people stepped onto an aircraft somewhere in the world. Over the next 20 years this number is expected to double, led by a growing middle class in Asia.

The Qantas Group is focused on the long-term sustainability of its business, which relies on being able to manage — as well as capitalise on — changes in the broader environment. Achieving this requires an ability to look ahead, plot a course and make adjustments when things change.

We have identified the four global forces that are likely to have the biggest impact on what we do, both positively and negatively over the short- and long-term. And we have mapped several different scenarios for the aviation industry in light of these forces.

In 2017, we used these global forces as part of scenario planning to stress test our strategy, to ensure the future success of the Qantas Group. This strategy is delivered through six pillars.

For consumer brands especially, protecting value is also about maintaining a social licence to operate. Central to this is maintaining high operational standards, acting responsibly and being transparent.

In May 2017 we launched the Qantas sustainability [portal](#) which provides details and regular updates on how we are positioning for the four global forces, how we embed future thinking through scenario planning, how we determine materiality and how we hold ourselves accountable to the highest standards in everything we do.

- Our model for building long-term value hardwires future trends and responsible actions into our strategy.

LOOKING AHEAD

Through four global forces



New centres of customer demand and geopolitical influence



Rapid digitalisation and the disruption from big data



Shifting customer and workforce preferences



Resource constraints and climate change

DELIVERING TODAY

Through clear strategic pillars



Maximising leading domestic position through dual brand strategy



Building a resilient and sustainable Qantas International, growing efficiently with partnerships



Aligning Qantas and Jetstar with Asia's growth



Investing in customer, brand, data and digital



Diversification and growth at Qantas Loyalty



Focus on people, culture and leadership

ACTING RESPONSIBLY AND TRANSPARENTLY

Through our Financial Framework and non-negotiable business principles

Delivering Against Clear Strategic Pillars

MAXIMISING OUR LEADING DOMESTIC POSITION

The Qantas Group maintained its strong position in the Australian domestic market in 2016/17.

Through our dual brand strategy, Qantas continued to service the premium leisure and business market segments, while Jetstar provided low fares to millions of customers in the price-sensitive market. Between them, these two airlines have approximately 90 per cent of the domestic profit pool from two-thirds capacity share.

As the Australian economy continues to transition from the resources boom, we redirected some of our domestic capacity to the growing tourism markets on the east coast of Australia. This has offset the Group's exposure to the resources sector in Western Australia and

Queensland, ensuring continued earnings growth while still meeting the needs of our fly-in/fly-out customers.

Qantas Domestic maintained a clear lead as the airline of choice in the corporate travel market, and continues to grow in the small business and premium leisure markets. Our extensive network, premium on-time performance and service earned record customer satisfaction levels. Looking ahead, we are rolling out free, fast inflight Wi-Fi on our domestic A330 and 737 aircraft, which will further strengthen our position in the domestic market.

Jetstar is the preferred low-cost carrier in Australia for domestic travel¹ and is ranked as one of the world's safest low-cost carriers.²

¹ House of Brands Tracker, June 2017

² AirlineRatings.com





BUILDING A RESILIENT QANTAS INTERNATIONAL

We have continued to build a more resilient and sustainable Qantas International by transforming the business, as well as leveraging opportunities with key partners including Emirates, China Eastern and American Airlines.

Through transformation, we have improved our cost base, increased aircraft utilisation and redesigned our network to high-growth markets, largely in Asia. At the same time, we've achieved record customer satisfaction levels and have continued to invest in product and service.

During 2016/17, we prepared to welcome the first Boeing 787-9 Dreamliner to our fleet, which will replace our older Boeing 747 aircraft. The Dreamliner is a game-changer for Qantas International. It provides unprecedented flying range, substantial cost efficiency and unrivalled customer experience, giving us a sustainable long-term advantage. It also allows us to change the structure of our network, and use our geography to our advantage.

A prime example is the new Perth–London route using the Dreamliner. The 17-hour flight will be the first regular, non-stop passenger service to link Australia with Europe when it commences in March 2018.

QANTAS 787-9 DREAMLINER FACTS



Responsive cabin lighting
The lighting in a Qantas Dreamliner will be adjustable to suit the time of day and service activity and includes a simulated sunrise to gently wake customers on morning flights.



Fuel savings
The Qantas Dreamliner uses up to 20 per cent less fuel than other aircraft of equivalent size.



Lower CO₂ and NOx emissions
Carbon dioxide (CO₂) is produced as a result of fuel burn and reduced fuel consumption means fewer CO₂ emissions. The next generation engines in the Qantas Dreamliner also reduce nitrogen oxide emissions by up to 20 per cent.



Smooth ride technology
The Qantas Dreamliner is equipped with a system that senses turbulence and commands wing control surfaces to counter it, smoothing out the ride so customers can enjoy a more comfortable flight.



Calmer cabin
A holistic approach to cabin noise quality which implements multiple solutions throughout the aircraft addresses the causes of annoying noise and vibrations.



Dreamliner windows
Windows on the 787-9 are 65 per cent larger than comparable aircraft and customers can adjust the amount of light that comes through electronically.

INTRODUCING
DREAMLINER

VIDEO

ALIGNING QANTAS AND JETSTAR WITH ASIA'S GROWTH

Asia remains the world's fastest growing aviation market, and is expected to be bigger than the North America and Europe markets combined by 2035. By 2030, two-thirds of the world's middle class will be in the Asia-Pacific region.

Our strong partnerships in the region, as well as our geography, ensure we are well placed to capitalise on this growth.

More than 50 per cent of the Qantas Group's international capacity is currently focused on Asia, with daily services into the major business hubs of Singapore, Shanghai, Beijing, Hong Kong and Tokyo.

This year, Qantas launched Sydney–Beijing and Melbourne–Narita and increased capacity to Singapore, Hong Kong, Bali, Jakarta and Manila to meet growing demand. Jetstar launched services to Ho Chi Minh City from Melbourne and Sydney and will start services between Melbourne and the Chinese city of Zhengzhou in 2017/18.

JETSTAR
STRATEGY

VIDEO

Focusing on Greater China, we have a three-pronged strategy to take advantage of the country's huge growth:

1. Serve the key business hubs: Hong Kong, Shanghai and Beijing (with a population of 53 million between them).
2. Further strengthen our partnerships with China Eastern and China Southern, which provide the Group with 22 destinations in China.
3. Funnel inbound Chinese tourists — who take an average 2–3 domestic flights when visiting Australia — onto the Group's domestic network.

Jetstar-branded airlines based in Asia now have 54 aircraft in the region. This growing network — which remained profitable in FY17 — gives the Group a strong presence in key markets.

Jetstar Japan, which has entered its sixth year of operation and has grown to 21 aircraft, was ranked 58th in the top 100 most recognised brands in that country.¹

During 2016/17, Jetstar Japan launched flights from Tokyo to Shanghai and announced plans for a third base for Nagoya.

Jetstar Asia continues to evolve its network out of Singapore and Jetstar Pacific has grown to tap into the increasing travel market both in and out of Vietnam.

¹ Campaign Asia Top 1000 Brands (Japan category)





Qantas Loyalty is more than the Frequent Flyer program. It's one of the world's most diverse airline loyalty businesses.

DIVERSIFICATION AND GROWTH AT QANTAS LOYALTY

Qantas Loyalty continues to provide a diversified, stable earnings stream for the Group, while strengthening loyalty to the Qantas brand.

The core Frequent Flyer program grew its membership by almost 4 per cent to 11.8 million, helped by the addition of 22 new partners (including Airbnb, Jaguar Land Rover and Samsung) as well as a renewed partnership with supermarket chain Woolworths.

We also have an extensive partner coalition network of over 270 partners across multiple sectors — including 50 airlines — that delivers a global network for airline redemption.

At the same time, Qantas Loyalty is taking advantage of business opportunities in other segments to grow revenue through a pipeline of new ventures. The Qantas Business Rewards Program strengthened our presence in the small business market. Red Planet and our equity stake in Data Republic have seen us continue to invest in big data services.

Looking ahead, Qantas Loyalty will continue to innovate and diversify for stable, non-cyclical earnings growth to achieve annual growth of 7–10 per cent through to FY22.

Now in its 30th year, Qantas Loyalty has diversified and expanded into new areas, bringing members fresh opportunities to earn Qantas Points. This includes travel, life and health insurance (Qantas Assure) and a travel money card that has captured 17 per cent of the market in four years (Qantas Cash).

In June 2017, we launched the Qantas Premier credit card, which offers a high rate of points earn as well as a number of travel benefits.

The credit card provides our business with another revenue stream and our customers with more choice and more ways to earn points.

Around 35 per cent of credit card spending in Australia currently earns Qantas Points.

INVESTING IN CUSTOMER, BRAND AND DIGITAL

The Qantas Group aims to be the first choice among customers in every market we serve.

Across our airline brands (Qantas and Jetstar) and the world-leading Qantas Loyalty programs, our investment in customer, product and service has translated into a clear premium over our competitors.

During 2016/17, we have kept investing to maintain this advantage.

Investing in New Technology

Our investment in data and digital transformation has enabled more targeted and personalised communications, and allowed us to realise additional revenue opportunities. Coupled with further enhancements to the Qantas and Jetstar online process, we're able to deliver improved booking flows and a more personalised experience.

A major upgrade to the Qantas App allows our customers to keep track of their Qantas Frequent Flyer benefits, with a personalised news feed providing additional offers and news features.

We launched a Facebook Messenger bot called Qantas Concierge to give customers 24/7 personalised travel inspiration, along with faster responses and more relevant information.

► At the same time as Perth-London flights went on sale, Qantas launched the third wave of our Feels Like Home brand campaign.

The introduction of free, fast inflight Wi-Fi started midway through 2016/17 with a trial on a Boeing 737. Almost 90 per cent of customers rated their Wi-Fi experience as positive, with reliability of the service at 98 per cent.¹ The rollout will ramp up during 2017/18 with around 80 domestic aircraft equipped by the end of calendar 2018.

Our intention is to extend the service to our regional and international fleets as Wi-Fi technology improves.



¹ Qantas/Viasat user data, June 2017

Investing in a New Experience

We announced or delivered a number of customer improvements during 2016/17:

- Unveiled cabins for the 787-9 Dreamliner, including a class-leading Premium Economy, an updated Business Suite and an all-new Economy seat.
- Opened new international and domestic lounges in Brisbane.
- Announced direct Perth–London flights on the Dreamliner, which will be the first regular direct air link between Australia and Europe when it starts in March 2018.
- Started construction on a new lounge at London Heathrow, opening in late calendar 2017.
- Began work on an integrated domestic–international passenger hub at Perth Airport to save passengers significant connection time. This includes construction of a new transit lounge.
- Announced a refresh of Jetstar A320 cabin interiors with new seating and better overhead storage.

Investing in a New Brand

In preparation for the Boeing 787-9 Dreamliner and our centenary in 2020, we are refreshing our iconic kangaroo brand. The new brand symbolises a new era of new destinations, new technology and a new standard of service.

This change is only the fifth time the red-and-white image on the tail of Qantas aircraft has been updated since it was first introduced in 1944. The last update was in 2007 to coincide with the introduction of the Airbus A380 to the Qantas fleet.

The Qantas Group continues to outperform against key brand and customer metrics. 70% of Australians prefer to fly with Qantas Group brands for domestic travel and over 50% prefer to fly Qantas to the USA.¹

¹ House of Brands Brand Tracker, June 2017

FOCUS ON PEOPLE, CULTURE AND LEADERSHIP

Airlines rely on multiple tasks and supply chains coming together at the right time to deliver a safe, reliable service for customers. Our people are central to making this happen and that's why we continue to invest heavily in training, engagement and leadership.

In 2017, engagement across the Qantas Group reached a record level. Based on our annual independent survey, around 80 per cent of employees understand and support the objectives of the organisation. Nearly 70 per cent said being part of Qantas and Jetstar inspired them to do their best work.

Growth within the Group is creating new career opportunities for our people, particularly as we continue to invest in new products and services. The introduction of the Boeing 787-9 Dreamliner into the Qantas fleet means building additional capability amongst our pilots, cabin crew and engineers.

Our program of ongoing customer service training has continued across Qantas and Jetstar. Around 10,000 Qantas and Jetstar customer-facing team members have participated in a program aimed at creating meaningful connections with our customers. This training has included staff in New Zealand, Australia, Singapore and Japan.

The focus on strengthening our desired culture continues and a program dedicated to this has been rolled out to over 8,500 of our employees. Around 1,000 leaders and supervisors received training to help them grow in their roles as part of our active investment in leadership development, and over 400 senior leaders participated in a residential experience designed to develop and engage this level of leadership.



Diversity and Inclusion

We believe that embracing diversity helps us attract the best talent and leads to a more innovative mindset for the organisation.

In 2017, we improved our parental leave scheme to help address the gap in superannuation many women (in particular) experience by taking time out of the workforce to raise a family. This involves offering a further two weeks' paid parental leave that is paid directly into superannuation by default.

We provided over 2,000 leaders with tools to mitigate unconscious bias, creating a more inclusive culture and place to work. We also continued to roll out our Flex@Q program to offer greater flexibility in where and when our people work.

This flexibility is helping increase wellbeing and reduce absenteeism.

We expanded our policy on domestic violence to offer better support to people experiencing what is a significant issue in the broader community.

Our focus on recruitment and promotion processes has delivered our gender diversity objective of 35 per cent of female representation in senior management one year ahead of target. We will continue to embed these practices across all levels of our organisation to build strong pipelines and a platform to further improve the gender balance of our senior leadership team.



QANTAS GROUP BELIEFS



Everyone has the right to return home safely



Customers determine our success



Being a fit, agile and diverse organisation drives innovation and simplicity



Working together in an inclusive manner always delivers the best Group outcome



Each employee deserves respect, trust and good leadership

Operating Responsibly and Transparently

SAFETY AND SECURITY

The safety and security of our customers and our people is our first priority, underpinning the trust of our customers and stakeholders, the health and wellbeing of our workforce, and the way we operate. We take a vigilant, proactive and systematic approach to protect the Qantas Group against a range of risks and strive for continuous improvement in our safety and security practices and performance.

Governance

Safety and security performance and risks are monitored and reported at all levels of the Qantas Group — from Board-level oversight by the Committee for Health, Environment, Safety and Security through to our business unit safety committees. Our governance structure allows safety- and security-related information to flow freely throughout the organisation, ensuring that our risks are openly discussed and best practice shared across our businesses.

Qantas Group businesses operate integrated management systems, which have the necessary organisational structures, accountabilities, policies and procedures to ensure risks are identified and mitigated to protect our customers and our people.

Leader in Aviation Security

Qantas operates within a Security Management System, a systematic approach to managing security, including the necessary organisational structures, accountabilities, policies and procedures. The system is recognised globally by the industry as an example of best practice and forms the foundation of our risk management approach. To support this, Qantas has a specific focus on proactive collaboration with its stakeholders, our global partners across the industry and the various governments and regulators worldwide.

Qantas is at the forefront of improving security outcomes for our passengers, customers and employees. We work with law enforcement agencies, regulators, major corporates, as well as security suppliers and vendors to build a security framework that is proportionate, agile and responsive to changing threats and risks across our network.





Aviation Safety

Aviation remains the safest form of travel and, to maintain this, the entire industry needs to continue to work together. We continue to reinvest and build our capability in safety management systems.

As part of a constant drive towards continuous improvement, individual airlines in the Group are now introducing additional technology solutions and tools. These aircraft- and ground-based systems will improve the robustness of how we manage operational risk helping those who interact with, maintain and fly our aircraft to do their work with increasing safety and efficiency. As an example, we are in the final stages of rolling out a new safety database. This will allow our employees and contractors to use mobile devices to communicate any safety issues and potential deficiencies which they observe.

In 2016/17, we hosted a number of industry safety meetings and conferences, including the IATA Safety Meeting and the Qantas Group Safety Conference, which some of our competitors attended. Collaboration across our own businesses supports our philosophy of sharing lessons with a safety benefit or learning. With a focus on standardisation and best practice, liaison groups have been formed covering: Flying Operations, Flying Training, Ground Operations, Cabin Services, plus Engineering and Airworthiness.

Workplace Health and Safety

Workplace safety was a key area of focus for the Group in 2016/17 and our performance for Total Recordable Injury Frequency Rate improved compared to last year. However, our Lost Work Case Frequency Rate and Duration Rate both rose slightly.

Our frontline leaders and their teams continue to collaborate to drive improvements in safety performance. The Qantas Group has also established a number of new initiatives to improve and enhance workplace health, including:

- **Fitness for Work Framework** — a holistic framework to ensure our staff remain fit for work.
- **Ergoanalyst** — a risk assessment tool to improve understanding of our ergonomic risks and establishing more effective controls to mitigate them.
- **MyLife Hub** — a 24/7 online platform providing all Group employees with resources and services to support them through key stages of their working life.
- **Healthier Places; Healthier Bodies; Healthier Minds; Healthier Culture** — our Health and Wellbeing program.
- **Our Minds Matter** — a program that supports employees with mental health issues and creates a mentally healthy workplace culture.

Business Resilience

In an ever-changing global environment, the ability to identify, assess and effectively respond to risks is the cornerstone of the Qantas Group's industry-leading business resilience and crisis management frameworks.

Cyber Security

The Qantas Group is constantly improving its cyber and data privacy capabilities. Like many large organisations, we operate in an environment of ever-evolving cyber threat, where external attackers are always adopting new and more sophisticated techniques. Protection from these attacks – and the potential financial and public reputation implications associated with unauthorised access to the Group's information – is central to our strategy.

As part of an ongoing cyber transformation initiative and cyber safety educational and cultural program, we work to constantly expand employee awareness of cyber risks, including through simulations.

The Qantas Group continues to support key external initiatives under the Australian Government's Cyber Security Strategy, the voluntary ASX100 Cyber Health Check, and joint Commonwealth and private sector

meetings, including the inaugural Australia-United States Cyber Security Dialogue to discuss ways to collaborate on better security outcomes.

Cyber security risk assessments have also been conducted on our higher risk third party suppliers. Where appropriate, we continue to work with these suppliers to ensure risks identified through this process are addressed.

Capacity Building

With our partners, Qantas has played a leading role in capacity building programs across the region, resulting in significant improvements. As a consequence, the passenger experience has been significantly enhanced, and importantly, the security outcome has improved. Qantas continues to work with governments and security suppliers to explore additional opportunities in the region.



CLIMATE CHANGE AND ENVIRONMENT

As a major consumer of fossil fuels, we recognise our responsibility to reduce our emissions, work with partners, governments and industry, and contribute to the global response to climate change and resource constraints. Our comprehensive environment strategy ensures that we play a positive role in the community while reducing cost and risk.

— Measures of performance: fuel and energy use, carbon emissions and waste to landfill

Measure, Reduce, Offset and Influence

Human-induced climate change and resource scarcity is impacting natural environments and communities around the world, influencing consumer behaviour and reshaping government policies and regulations at a global and local level. Qantas supports the world-wide priority of limiting the rise in global temperatures to below 2 degrees above pre-industrial levels and recognises our responsibility to reduce our impact on the environment.

Environmental performance and risks, including climate change, are monitored and reported at all levels of the Qantas Group — from Board-level oversight by the Committee for Health, Environment, Safety and Security through to our business unit safety committees.

10-YEAR CARBON OFFSET ANNIVERSARY

VIDEO

We take responsibility for our environmental impact seriously. We also believe we have a responsibility to influence and enable others to act.

Four pillars through which we deliver on our commitment to environmental sustainability.



Measure our impact with best practice analytics



Reduce our impact with industry-leading innovation



Offset our impact with world leading initiatives



Influence and inspire others to act

Environmental Performance

	Fleet age	9.6 years (Qantas Group) 10.6 years (Qantas) 7.4 years (Jetstar)
	Fuel efficiency	6.2% improvement achieved against 2009 baseline (on track for 2020 target of 16.5%)
	Total emissions (scope 1 & 2)	12,387,666 tonnes CO ₂ -e [0.5% efficiency improvement against prior year]
	Total fuel consumption	4,873,267 litres [increase of 1.4% against prior year]
	Electricity	23.1% reduction achieved against 2009 baseline (on track for 2020 target of 35%)
	Water	10.4% reduction achieved against 2009 baseline (on track for 2020 target of 20%)
	Waste to landfill	24.5% reduction achieved against 2009 baseline (on track for 2020 target of 30%)

We continue to work with General Electric to embed enhanced fuel analytics into our operations to reduce fuel consumption. In 2016/17, we developed the FlightPulse iPad application to deliver individualised fuel use data to pilots to give them better access to data on fuel consumption and fuel efficiency practices.

While our absolute emissions increased in 2016/17 due to increased flying, our fuel efficiency continues to improve, with initiatives across the Group delivering 30.2 million litres in fuel savings. We are on track to meet our 2020 target of 1.5 per cent per annum average increase in fuel efficiency, and the introduction of the Boeing 787-9 Dreamliners to Qantas International in 2018 will deliver a step change.

In 2016/17, we conducted a feasibility study with the Crucible Group into converting quarantine waste to energy which demonstrated the technical, engineering, environmental, bio-security and economic perspectives. The focus in 2017/18 will be on the commercialisation pathway.



We are also investing in:

- The electrification of our ground fleet, with 12 electric belt loaders ordered and due into service in 2017 to replace diesel powered units.
- Innovative flight planning systems to deliver operational and fuel efficiency benefits.
- Technology enablers to accelerate the fuel efficiency benefits of our over 100 initiatives across the airline businesses.

We have the world's largest airline offset program and have now been carbon offsetting for over 10 years. In 2016/17, we reached three million tonnes offset.

We continue to offset the emissions from our own business travel and ground operations and give customers the choice to offset when they fly.

We are now commercialising and sharing this capability with other businesses. Through commercial partnerships we provide customers with carbon offsets from high quality projects, scalable technology that allows their customers to offset purchases, and market research insights on sustainability from Qantas Frequent Flyers. This is adding new value to our customers and scaling our internal carbon market capability.





OPERATING RESPONSIBLY AND TRANSPARENTLY

Three Global Industry Emissions Targets

1

1.5% average annual fuel efficiency improvement from 2009 to 2020

2

Carbon neutral industry growth from 2020

3

50% reduction in net emissions by 2050 (2005 baseline)

Around 80% of consumers expect that businesses will act to solve environmental challenges.

— 2017 Qantas consumer environment benchmark study

Every 53 seconds a Qantas customer flight is offset.

International Action

Aviation has been on the front line of the global business response to climate change, becoming the first industry to voluntarily commit to emissions targets out as far as 2050.

In October 2016, an historic agreement was reached to meet the industry's commitment of carbon neutral growth from 2020. The Carbon Offset and Reduction Scheme for International Aviation (CORSIA), commencing in 2021 under the United Nations body for aviation, will require airlines to purchase offsets to meet their share of the industry's growth emissions. Qantas strongly advocated in support of the Australian Government opting into the first phase of the scheme to avoid the alternative patchwork approach to carbon pricing.

In June 2017, we supported the IATA resolution calling for governments to implement policies to accelerate the deployment of aviation biofuels. We continue to work with Australian federal and state governments on the design of policies to support commercialisation of aviation biofuels in Australia, which is currently sub-scale.

Protecting Against Pollution

PFAS is a group of chemicals that have been used in a range of industrial and consumer products for many decades, including fire fighting foams. There is an increasing move away from these chemicals because they may pose a potential risk to human health and the environment.

We have committed to installing aviation accredited PFAS-free fire-fighting foam in all Qantas Group sites over the next 12 months. We are the first major Australian airline to do so.

A spill of fire-fighting chemicals (containing PFAS) at our Brisbane hangar in April 2017 fell well below the environmental standards that the Qantas Group sets itself and has been followed by an extensive clean-up and investigation, in collaboration with Queensland and federal regulators as well as Brisbane Airport.

BUSINESS INTEGRITY AND SUSTAINABILITY IN OUR SUPPLY CHAIN

In response to rapidly evolving regulatory and reputational needs, we have established a dedicated function responsible for managing risks associated with:

- Bribery and corruption
- Trade sanctions
- Human rights
- Privacy compliance

The function, with Board-level oversight through the Audit Committee, is responsible for the implementation of a coherent and effective strategy for managing corporate compliance and will focus on enhancing the Group's ability to prevent, detect and address gross unethical conduct whilst meeting the growing expectations of global regulators and stakeholders.

As part of the business integrity and compliance function, Qantas is a member of TRACE International, a business association funded by over 500 members that leverage a shared-cost model to develop anti-bribery compliance tools, services and resources.

Human Rights

Qantas recognises the wide reaching impact of our business on people in Australia and around the world. We believe that business has a significant role in ensuring that customers, employees and people within the global supply chain are treated with dignity and respect, as expressed in the International Bill of Rights.

With an estimated 30.4 million people enslaved in the Asia-Pacific region¹, the blight of modern slavery is a particular focus of the Qantas Group, and we are committed to meeting our moral and ethical obligation to help end modern slavery.

In 2016, we released our first Modern Slavery Statement in line with the UK Modern Slavery Act. We welcome similar legislation currently under consideration in Australia.

The newly formed business integrity and compliance function will align the UN Guiding Principles on Business and Human Rights and the OECD Guidelines with the Qantas Group's policies and business practices over the next 12 months.

¹ Global Slavery Index 2016





Ethical Supply Chain

Qantas takes a proactive approach to managing ethical risks in our supply chain.

Where necessary, we have requested independent due diligence or audits for new suppliers and secondary audits for existing suppliers to ensure that the organisations from which we procure align with our compliance and ethical standards.

In 2016/17, we initiated 90 due diligence reports relating to anti-corruption and bribery, workplace health and safety and environmental and social practices.

To further strengthen confidence that our supply chain matches our ethical standards, we have launched a Supply Chain Assurance (SCA) program. This program aims to formalise risk governance throughout our supply chain and has a clear focus on five key risk areas:

1. Anti-bribery & corruption
2. Modern slavery and child labour
3. Environmental impact
4. Workplace health and safety
5. Cyber security (particularly in terms of data protection)

The program will be implemented during financial year 2017/18.

Herb Smith, Founder, Dreamtime Tuka, visits Qantas headquarters as part of National Reconciliation Week 2017. Herb supplies baked slices for QantasLink's morning and afternoon tea services.

Supplier Diversity

As the national carrier, we are proud to support Australian businesses by showcasing their products across the country and around the world. We spent \$6.6 billion with Australia-based suppliers in 2016/17, representing 65 per cent of total procurement expenditure.

With our origins in outback Australia, we recognise the importance of supporting regional communities. We do business with more than 1,200 suppliers in regional areas.

As a founding member of Supply Nation — an Australian leader in supplier diversity that connects Australian companies and government with Indigenous businesses — we continued to support Indigenous suppliers. We have made great progress towards our Reconciliation Action Plan (RAP) target, having tripled our spend with Indigenous suppliers from last financial year.

We are also proud supporters of small businesses, and have signed up to the Australian Supplier Payment Code. This is a commitment to change our payment terms for small businesses from the standard 45 days to 30 days.

Giving Back to the Community

Our community strategy governs the high-level investments we make and the partnerships we form to champion Australia at home and internationally, with four core focus areas:

- Showcasing the best of Australia.
- Reconciliation Action Plan.
- Supporting communities and engaging our people.
- Demonstrating the intrinsic Australian values of fairness and equality.

RECONCILIATION ACTION PLAN

We are proud to be one of only eight companies in Australia to have achieved Elevate status for our Reconciliation Action Plan — the highest level endorsed by Reconciliation Australia.

Our plan outlines our commitment to growing economic opportunity for Aboriginal and Torres Strait Islander people, growing Indigenous supply chains and telling the stories of the First Australians.

We are continuing to achieve our targets in our Reconciliation Action Plan, which are:

- Lift our proportion of Indigenous employees from 1.2 per cent to 1.8 per cent by 2018.
- Grow our spend with Indigenous suppliers to \$1.75 million over the same period.
- Create more than 200 internships for young Aboriginal and Torres Strait Islander people over the next 10 years, through partnership with Career Trackers.

HELPING POWER THE AUSTRALIAN ECONOMY

The Qantas Group plays an integral role in the Australian economy, both as the national carrier and as one of the largest employers in the country.

A Deloitte Economics report found that the Qantas Group had a \$22 billion impact on the Australian economy in 2015/16.

This includes indirect economic impact adding up to \$11.6 billion, or 0.7 per cent of Australian GDP, as well as \$10.4 billion of tourism spending throughout the country. We also directly and indirectly support almost 60,000 jobs, or 0.6 per cent of total Australian employment.

QANTAS AVRO
ACCELERATOR

VIDEO

SUPPORT FOR TOURISM

We are the largest investor in Australian tourism, with \$80 million in marketing agreements with Tourism Australia and state tourism bodies.

Following the success of last year's safety video — which had more than 90 million views across Qantas' in-flight and social media platforms — we launched a new safety video showcasing some of Australia's most stunning landscapes and locations.

QANTAS SAFETY
VIDEO 2017

VIDEO

WORKING WITH COMMUNITIES AND ENGAGING OUR PEOPLE

The Qantas Group has long-standing partnerships with organisations that have a positive impact on the community. For Qantas, these partners include Make-a-Wish-Australia, the National Australia Day Council, the Australian Olympic and Paralympic Committees, and UNICEF Australia. Over the past 25 years, Qantas passengers have raised over \$32 million for UNICEF through the Change for Good initiative.

Jetstar's community activities include StarKids, which has raised more than \$9 million for World Vision, and Flying Start, which offers grants of up to \$30,000 to charitable initiatives.

We also re-launched our Side by Side program to support our employees who donate their time and skills to good causes. Through this program, our staff can apply for grants for the organisations they are actively involved with.



CHAMPIONING THE BEST OF AUSTRALIA

Australia is a sporting nation, and we are proud to support Australian Rugby Union, the Football Federation of Australia and Cricket Australia as they compete on the global stage.

We also partner with the best Australian arts and cultural organisations including Bangarra Dance Company, Opera Australia, The Australian Ballet, National Gallery of Australia, Museum of Contemporary Art, National Gallery of Victoria and Museum of Old and New Art. The funding for the International Acquisition of Contemporary Australian Art Program established with the MCA and Tate saw further works acquired and the announcement that the first of these acquisitions will be hung in London's Tate in late 2017.

► *Bennelong*, Bangarra 2017. Photo by Edward Mulvihill

BEING THERE FOR AUSTRALIANS

As the national carrier, we have a long and proud history of helping Australians in their time of need. With the devastating impact of Cyclone Debbie throughout Queensland and Northern NSW, we assisted in transporting emergency services personnel to the areas that were hardest hit, as well as transporting residents out of the disaster area.

A FAIR GO

Qantas, alongside many other Australian companies, engages on a number of social issues from gender diversity, Indigenous reconciliation and marriage equality. Our identity is the Spirit of Australia, and one of the most fundamental values in this country is the notion of a 'fair go', which is why we speak up on important social issues — just as we do on economic matters.

Our Reporting Approach

Qantas believes in a process of continuous improvement towards integrated reporting, with a view to delivering more meaningful corporate reporting. Our objective is to drive better outcomes for our business and better transparency for stakeholders.

In line with best practice, a materiality assessment was performed to validate the issues most relevant to our stakeholders – including investors, aircraft and engine manufacturers, airline and industry peak bodies, peers, government agencies, non-government organisations and employee and customer representatives.

The key issues identified are reflected in this document.

2017 Reporting Suite

Annual Report	A detailed account of our FY17 financial performance
Annual Review	Focusing on strategy, corporate governance and our integrated financial, social and environmental performance
Investor Relations Portal	Our in-depth sustainability performance, case studies, disclosure on management approaches, periodically updated here

United Nations Global Compact

In February 2017, we formalised our support of the Ten Principles of the United Nations Global Compact (UNGC) on human rights, labour, environment and anti-corruption.

This Annual Review also serves as our first UNGC Communication on Progress, describing our actions and measures to embed the Global Compact principles into the way we do business. We will continue to restate our commitment to public accountability and transparency across the four Global Compact areas in the coming years.

Open Source Disclosure

This financial year, Qantas exceeded performance in sustainability benchmarking indices, moving from the bottom to the top tier of the Macquarie Environment Social Governance (ESG) ratings, achieving CDP A List and CDP Supplier Climate Change A List and rated at a 'Leading' level by the Australian Council of Superannuation Investors.

From 2017/18, we will shift our reporting to open source disclosures, leveraging our sustainability [portal](#) as a single source of publicly available policies, procedures, initiatives and performance indicators across our material issues, starting with our Climate Change and Carbon Disclosures. From 2018, we intend our climate change disclosures to align with the recommendations of the Taskforce on Climate-related Financial Disclosures.

'For Qantas, doing business responsibly isn't just the right thing to do — it's also the smart thing to do. A clear social purpose helps attract new generations of customers and employees; a proactive response to climate change gives us the licence to grow over the long-term; robust supply chain policies help us expand responsibly into emerging markets – the list goes on.'

— Alan Joyce, Qantas Group CEO, letter to UN Secretary General

Performance and Metrics

	Unit	2016/17	2015/2016	2014/2015	Notes*
ECONOMIC INTEGRITY					
Underlying PBT	\$M	1,401	1,532	975	1
ROIC	%	20.1	22.7	16.2	2
Net free cash flow	\$M	1,309	1,674	1,104	3
Optimal capital structure – FFO/net debt	%	58	52	45	4
Optimal capital structure – Debt/adjusted EBITDA	x	2.3	2.5	3.0	5
SAFETY AND SECURITY					
Total Recordable Injury Frequency Rate	TRIFR	24.7	25	30.3	6
Lost Work Case Frequency Rate	LWCFR	9.1	8.6	10	7
Duration rate	DR	66.7	56.9	60.3	8
Fatalities	#	0	0	0	
CUSTOMER AND BRAND					
On-time performance	%	81.2	83.0	83.4	9
Brand preference – Best Products and Services	%	74	72	65	10
Domestic Operational NPS – Gap over major competitor	Score	23	16.5	20.2	11
Total number of suppliers	#	9,933	10,128	11,194	12
Total supplier spend	\$M	10,089	9,887	10,365	13

PERFORMANCE AND METRICS

	Unit	2016/17	2015/2016	2014/2015	Notes*
Australian supplier spend	\$M	6,603	6,395	6,814	14
Total community partnerships investment	\$M	3,671	6,806	3,300	15
Proportion of Aboriginal and Torres Strait Islander investment	%	32.6	41.0	22.5	16
Total UNICEF donations facilitated through Change for Good program	\$M	1,429	1,500	1,400	17
Total World Vision donations facilitated through Starkids program	\$M	1,655	2,600	1,600	18
PEOPLE AND CULTURE					
Number of full-time equivalent employees	#	29,596	29,204	28,622	19
Percentage of part-time employees	%	18.5	17.0	16.8	20
Percentage of employees under a collective bargaining agreement	%	80.6	80	-	20
Percentage of women	%	42.6	41.7	40.6	20
Percentage of women in senior positions	%	35.0	34.0	31.6	20
Percentage of women Directors on the Qantas Board	%	30.0	30.0	33.3	20
Number of women Directors on the Qantas Board	#	3	3	3	20
Percentage of women recruited into the graduate program	%	52.4	61.0	N/A	20
Percentage of temporary or casual employees	%	8.7	9.9	7.5	20
Number of Indigenous Australian employees	#	384	369	329	20
EMPLOYEES BY AGE GROUP (PERMANENT EMPLOYEES)					
16–24 years	%	6.5	4.8	4.9	20
25–34 years	%	20.9	20.0	20.6	20
35–44 years	%	24.5	26.2	27.5	20
45–54 years	%	29.8	31.5	31.4	20
55–64 years	%	16.7	16.3	14.5	20
65 years +	%	1.7	1.2	1.1	20
Voluntary employee turnover	%	4.9	4.4	4.7	
Total employee turnover	%	8.4	7.8	11.6	

	Unit	2016/17	2015/2016	2014/2015	Notes*
ENERGY AND EMISSIONS					
Average aircraft age – scheduled passenger fleet	Years	9.6	8.6	7.7	21
Aviation fuel consumption	'000 Litres	4,873,267	4,805,045	4,635,760	22
Electricity (Australia)	MWh	169,466	172,092	191,459	23
Natural gas (Australia)	GJ	218,797	229,630	316,198	23
Diesel (Australia)	Litres	6,115,161	6,370,835	7,199,289	23
Fuel per 100 RTKs (Group efficiency)	Litres	37.6	37.7	37.9	24
Water (Australia)	'000 Litres	902,545	973,611	874,929	25
CO ₂ -e emissions – Scope 1	Tonnes	12,248,233	12,070,474	11,707,259	26
CO ₂ -e emissions – Scope 2	Tonnes	139,433	142,227	155,826	27
CO ₂ -e emissions – Total	Tonnes	12,387,666	12,212,701	11,863,085	28
CO ₂ -e emissions – Domestic	Tonnes	4,503,746	4,569,452	4,613,753	29
CO ₂ -e emissions – International	Tonnes	7,883,921	7,643,249	7,249,332	30
CO ₂ -e per 100 RTKs (Group efficiency)	Kilograms	96.0	96	97	31
Change in emissions (year on year)	%	1.4	3.0	-2.1	32
Direct waste to landfill (Australia)	Tonnes	20,635	21,972	20,115	33

Footnotes:

Scope includes Qantas Airways Limited and controlled entities, including Qantas International, Qantas Domestic, QantasLink, Network Aviation, Jetstar International, Jetstar Domestic and Jetstar Asia unless stated otherwise.

- 1 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, for the purpose of assessing the performance of the Group. Underlying PBT is derived by adjusting Statutory PBT for the impacts of ineffectiveness and non-designated derivatives relating to other reporting periods and certain other items which are not included in Underlying PBT. For the reconciliation of Underlying PBT to Statutory PBT, refer to Note 1A to the Financial Statements in the Qantas Annual Report 2017.
- 2 Return on Invested Capital (ROIC %) is a non-statutory measure and is the financial return measure of the Group. ROIC is calculated as Return on Invested Capital EBIT (ROIC EBIT) divided by Average Invested Capital. ROIC EBIT is derived by adjusting Underlying EBIT to exclude non-cancellable aircraft operating lease rentals and include notional depreciation for these aircraft to account for them as if they were owned aircraft. Invested capital includes the net assets of the business other than cash, debt, other financial assets and liabilities, tax balances and includes the capitalised value of operating leased aircraft assets. Average invested capital is equal to the 12-month average of the monthly invested capital.
- 3 Net free cash flow is a measure of financial performance calculated as operating cash flows net of investing cash flows (excluding aircraft operating lease refinancing).
Scope: The Consolidated Financial Statements for the year ended 30 June 2017 comprise Qantas and its controlled entities and the Qantas Group's interest in investments accounted for under the equity method.
- 4 Funds from Operations/net debt: Management's estimates based on Standard & Poor's methodology.

PERFORMANCE AND METRICS

- 5 Debt/Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation. Management's estimates based on Moody's methodology.
- 6 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 to 30 June) with an accepted workers' compensation claim for Australian-based personnel, or equivalent in other jurisdictions, per million hours worked. Journey and slip port injuries are excluded from this calculation. This metric includes embedded contractors that work exclusively for the Qantas Group and perform work that is considered core business. When considering lost time, Qantas Group injury metrics are calculated using medically certified calendar days, including partial days, for which the injured worker is unable to fulfil the duties for which they are employed regardless of roster (partial days are counted as one full day).
- 7 Lost Work Case Frequency Rate (LWCFR): Described as the total number of injuries or illnesses during work hours (1 July to 30 June) with an accepted workers' compensation claim for Australian-based personnel, or equivalent in other jurisdictions, which resulted in total incapacity, per million hours worked. Total incapacity is defined as any injury or illness that results in an injured worker being unfit for work. Journey and slip port injuries are excluded from this calculation. This metric includes embedded contractors (as described above) and employees of wholly-owned entities of the Qantas Group. When considering lost time, Qantas Group injury metrics are calculated using medically certified calendar days, including partial days, for which the injured worker is unable to fulfil the duties for which they are employed regardless of roster (partial days are counted as one full day).
- 8 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. When considering lost time, Qantas Group injury metrics are calculated using 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.
- 9 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, QantasLink, Jetstar International and Jetstar Domestic, including Jetstar Domestic New Zealand.
- 10 Brand Preference – Best Products and Services indicates percentage of customers who agree with the statement 'Qantas is focused on providing the best products and services to its customers'. Source: Brand Tracking Research (House of Brand Group).
- 11 Domestic operational NPS – Average Qantas Domestic Gap to Competitor, based on internal Qantas reporting.
- 12 Total number of suppliers has been restated for 2015/16 and 2014/15.
- 13 Total supplier spend excluding payments processed through IATA clearing account and direct bank deposits for the purposes of aircraft lease payments.
- 14 Australian supplier spend where supplier headquarters are located in Australia. Australian supplier spend has been restated for 2015/16 and 2014/15.
- 15 Total Qantas community partnerships investment excludes donations facilitated through other areas of the business and voluntary logistical support provided to the Australian Government in times of crisis. The Group has transitioned from the Qantas Foundation into an internal Grant Giving program, managed by Good 2 Give. This transition has impacted the disbursement of cash compared to 2015/16. Next year will reflect the disbursement of grants donated to employees' chosen organisations, estimated at \$200,000 per year.
- 16 Proportion of total community investment donated to benefit Aboriginal and Torres Strait Islander communities. Proportion of total community investment donated to benefit Aboriginal and Torres Strait Islander communities has been restated for 2015/16.
- 17 Total UNICEF donations facilitated through Qantas' Change for Good program.
- 18 Total World Vision donations facilitated through Jetstar's StarKids program.
- 19 Total number of employees of wholly-owned entities of the Qantas Group as by employment type, full-time or part-time.
- 20 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. Gender diversity indicators are consistent with diversity policy and targets, measured as at 30 June 2017. Indigenous employees refer to team members who have identified as being Aboriginal or Torres Strait Islander.
- 21 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.
- 22 The total volume of aviation kerosene consumed by the Qantas Group's flying businesses from 1 July to 30 June.
Scope: Aviation fuel consumption includes Qantas, Jetstar, QantasLink, Network Aviation, Jetconnect and Qantas Freight, for both domestic and international operations. Aviation fuel consumption does not include consumption by Jetstar Asia or codeshare partners.
- 23 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 to Qantas wholly-owned entities within Australia for the period 1 July to 30 June.
- 24 Fuel per 100 revenue tonne kilometres (RTK). RTK quantifies Group fuel efficiency, described as 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.
Scope: Fuel per 100 revenue tonne kilometres (RTK) includes Qantas, Jetstar, QantasLink, Jetconnect, Network Aviation and Qantas Freight for both domestic and international operations.

PERFORMANCE AND METRICS

- 25 Total municipal water supplies withdrawn at metered Australian locations, measured in kilolitres ('000 L) where water is separately billed to Qantas wholly-owned entities for the period 1 July to 30 June.
- 26 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 National Greenhouse Accounts (NGA) emissions factors and methodology for the calculation of CO₂-e.
Scope: All activities under the control of the Qantas Group.
- 27 Total indirect greenhouse gas emissions measured in tonnes. Scope 2 emissions include electricity use from Australian facilities. The Qantas Group applies the NGA emissions factors and methodology for the calculation of CO₂-e.
Scope: All activities under the control of the Qantas Group.
- 28 Total direct and indirect greenhouse gas emissions measured in tonnes. The Qantas Group applies the NGA emissions factors and methodology for the calculation of CO₂-e.
Scope: All activities under the control of the Qantas Group.
- 29 CO₂-e emissions – Domestic: Total direct and indirect greenhouse gas emissions measured in tonnes. The Qantas Group applies the NGA emissions factors and methodology for the calculation of CO₂-e with the exception of aviation fuel.
Scope: Australian operations.
- 30 CO₂-e emissions – International: Total direct and indirect greenhouse gas emissions measured in tonnes. The Qantas Group applies the NGA emissions factors and methodology for the calculation of CO₂-e.
Scope: International operations.
- 31 Greenhouse gas emissions intensity measured in kilograms of CO₂-e per 100 revenue tonne kilometres (RTK) converted to CO₂-e tonnes by the NGA emissions factors.
Scope: All activities under the control of the Qantas Group.
- 32 Percentage change in total greenhouse gas emissions (CO₂-e) compared with the previous financial year.
Scope: All activities under the control of the Qantas Group.
- 33 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 to Qantas wholly-owned entities by a waste service provider.