

**Qantas**  
Notice of Meeting  
**2019**



**Registered Office**

Qantas Airways Limited  
10 Bourke Road  
Mascot NSW 2020 Australia  
Telephone: +61 2 9691 3636  
Facsimile: +61 2 9490 1888

**Qantas Share Registry**

Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000 Australia or  
Locked Bag A14  
Sydney South NSW 1235 Australia  
Telephone: +61 1800 177 747  
(Toll free within Australia)  
Facsimile: +61 2 9287 0309  
Email: [registry@qantas.com](mailto:registry@qantas.com)

## Chairman's Letter to Shareholders

30 August 2019

Dear Shareholder

On behalf of the Board of Directors, I invite you to the 2019 Annual General Meeting (AGM) of Qantas Airways Limited (Qantas) to be held on **Friday 25 October 2019 at 11am ACDT (Adelaide time)** at the Theatre, Adelaide Entertainment Centre, 98 Port Road, Hindmarsh, Adelaide, South Australia.

The AGM is an important event for Qantas and provides shareholders with an opportunity to receive an update on Qantas' performance during the year, to ask questions of the Board and Management as well as Qantas' Auditor and to vote on items of business before the AGM.

Enclosed is the Notice of Meeting, including a tear out AGM Question Form and your personalised Proxy Form. A map of the AGM venue, detailing parking and public transport information, is also enclosed for your convenience.

If you are attending the AGM, please bring your personalised Proxy Form with you. This will allow Qantas' Share Registry to promptly register your attendance.

If you are unable to attend the AGM, you can:

- lodge a proxy vote, or appoint a proxy to attend and vote on your behalf at the AGM, by completing the enclosed Proxy Form and returning it to Qantas' Share Registry in the enclosed reply paid envelope or by lodging your vote online at <http://investor.qantas.com/investors/?page=annual-general-meeting>;
- submit questions to me or to Qantas' Auditor by completing the enclosed AGM Question Form and returning it to Qantas' Share Registry; and/or
- follow a live webcast of the AGM proceedings at <http://investor.qantas.com/investors/?page=annual-general-meeting>.

Following conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

The Board and I look forward to seeing you at the AGM and we thank you for your continued support.

Yours faithfully



**Richard Goyder**  
Chairman

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting (AGM) of Qantas Airways Limited ABN 16 009 661 901 (Qantas) will be held:

Date: Friday 25 October 2019  
Time: 11am ACDT (Adelaide time)  
Venue: The Theatre, Adelaide Entertainment Centre  
98 Port Road  
Adelaide, SA 5007

**Please refer to the enclosed map on page 18**

Shareholders who are unable to attend the AGM and who have access to the Internet will be able to access a live webcast of the AGM on the Qantas website at <http://investor.qantas.com/investors/?page=annual-general-meeting>.

### ITEMS OF BUSINESS

#### 1. Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of Qantas Airways Limited for the financial year ended 30 June 2019.

#### 2. Election of Directors

##### 2.1 Richard Goyder

To consider and, if considered appropriate, pass the following Ordinary Resolution:

"That Richard Goyder, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

##### 2.2 Paul Rayner

To consider and, if considered appropriate, pass the following Ordinary Resolution:

"That Paul Rayner, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

##### 2.3 Todd Sampson

To consider and, if considered appropriate, pass the following Ordinary Resolution:

"That Todd Sampson, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited."

## Notice of Annual General Meeting continued

### 2.4 Barbara Ward

To consider and, if considered appropriate, pass the following Ordinary Resolution:

“That Barbara Ward, a Non-Executive Director retiring in accordance with the Constitution, being eligible, is re-elected as a Non-Executive Director of Qantas Airways Limited.”

### 3. Participation of the Chief Executive Officer, Alan Joyce, in the Long Term Incentive Plan

To consider and, if considered appropriate, pass the following Ordinary Resolution:

“That Alan Joyce, the Chief Executive Officer of Qantas Airways Limited, is permitted to participate in the Qantas Long Term Incentive Plan as contemplated by the Explanatory Notes accompanying the 2019 Notice of Meeting.”

### 4. Remuneration Report

To consider and, if considered appropriate, pass the following Advisory Resolution:

“That the Remuneration Report for the year ended 30 June 2019 (set out in the Directors’ Report) is adopted.”

### 5. Resolutions sponsored by the Australian Centre for Corporate Responsibility and requisitioned by 102 shareholders

The Directors recommend that you vote **against** the following resolutions:

#### 5.1 Special Resolution to amend the Company’s constitution by inserting a new clause 5.10 as follows.

##### “Member resolutions at general meeting

The shareholders in general meeting may by ordinary resolution express an opinion, ask for information, or make a request, about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company’s business as identified by the company, and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company.”

## Explanatory Notes

### 5.2 Contingent Resolution – Human Rights Risks

“Shareholders request that the Board commission a review of our company’s policies and processes relating to involuntary transportation (**Review**) undertaken as a service provider to the Department of Home Affairs. Given our company’s commitment to aligning its business with UN Guiding Principles on Business and Human Rights (**UNGPs**), shareholders recommend that the UNGPs be used as a basis for the Review.

A report describing the completed Review should be prepared at reasonable cost and omitting confidential information, and made available to shareholders on the company website by 30 June 2020.”

Resolution 5.2 is subject to and contingent on Resolution 5.1 being passed by the required 75% of votes cast. If 5.1 is not passed, the Contingent Resolution will not be put to the meeting.

By Order of the Board



**Andrew Finch**  
Group General Counsel and Company Secretary

30 August 2019

## Explanatory Notes continued

### 1. Consideration of Reports

The Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2019 (which are contained in the 2019 Annual Report) will be presented for consideration.

A printed copy of the 2019 Annual Report, or an email advising that the 2019 Annual Report is available on the Qantas investor website at <http://investor.qantas.com/investors/?page=annual-reports>, has been sent to each shareholder who has requested a copy.

Following the Consideration of Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment upon, the management of Qantas.

The Chairman will also provide shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Auditor's Report;
- the accounting policies adopted by Qantas in relation to the preparation of the financial statements; and
- the independence of the Auditor.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders relating to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions to the Auditor submitted by shareholders, if any, will be made available to shareholders at the start of the AGM, and any written answers tabled at the AGM by the Auditor will be made available as soon as practicable.

### 2. Election of Directors

#### 2.1 Richard Goyder AO

Richard Goyder retires by rotation and, being eligible, offers himself for re-election as an Independent Non-Executive Director.

Mr Goyder was appointed to the Qantas Board in November 2017 and as Chairman in October 2018.

He is Chairman of the Nominations Committee.

Mr Goyder is also Chairman of Woodside Petroleum Limited, the Australian Football League Commission, JDRF Australia, the West Australian Symphony Orchestra, and of the Channel 7 Telethon Trust. He is an honorary member of the Business Council of Australia, and a Fellow of the AICD.

Mr Goyder was the Managing Director and CEO of Wesfarmers Limited from July 2005 to November 2017. He also previously held the roles of Finance Director between 2002 and 2004, and Deputy Managing Director and CFO between 2004 and 2005.

## Explanatory Notes continued

Mr Goyder was also formerly Chairman of the Australian B20 (the key business advisory body to the international economic forum, which includes business leaders from all G20 economies).

The Board believes that Mr Goyder provides effective leadership to the Board through his extensive commercial and management experience and brings considerable strength to the Board and its deliberations generally.

Mr Goyder says, "I am honoured to lead the Qantas Board. I look forward to continuing to apply my extensive skills and experience for the benefit of Qantas, its shareholders and stakeholders."

The Directors (with Mr Goyder abstaining) recommend that you vote **in favour** of this Ordinary Resolution.

### 2.2 Paul Rayner

Paul Rayner retires by rotation and, being eligible, offers himself for re-election as an Independent Non-Executive Director.

Paul Rayner was appointed to the Qantas Board in July 2008.

He is Chair of the Remuneration Committee and a Member of the Nominations Committee.

Mr Rayner is Chairman of Treasury Wine Estates Limited, a Director of Boral Limited and Chairman of its Audit Committee and a Director of the Murdoch Children's Research Institute.

Mr Rayner was formerly a Director of Centrica plc from 2004 to 2014 and Chairman of its Audit Committee from 2004 to 2013. From 2002 to 2008, Mr Rayner was Finance Director of British American Tobacco plc, based in London. Mr Rayner joined Rothmans Holdings Limited in 1991 as its Chief Financial Officer and held other senior executive positions within the Group, including Chief Operating Officer of British American Tobacco Australasia Limited from 1999 to 2001.

Previously, Mr Rayner worked for 17 years in various finance and project roles with General Electric, Rank Industries and the Elders IXL Group.

The Board believes that Mr Rayner's significant financial, operational and international experience, together with his experience as a professional director, enables him to make a considerable contribution to the Board, Remuneration and Nominations Committees.

Mr Rayner says, "I am very pleased to be involved with Qantas as an Independent Non-Executive Director and Chair of the Remuneration Committee. I look forward to using my executive and board experience to continue making a valuable contribution to the success of Qantas."

The Directors (with Mr Rayner abstaining) recommend that you vote **in favour** of this Ordinary Resolution.



## Explanatory Notes continued

### 2.3 Todd Sampson

Todd Sampson retires by rotation and, being eligible, offers himself for re-election as an Independent Non-Executive Director.

Todd Sampson was appointed to the Qantas Board in February 2015.

He is a Member of the Remuneration Committee.

Mr Sampson was Executive Chairman of the Leo Burnett Group from September 2015 to January 2017, and National CEO from 2008 to 2015.

Mr Sampson has over 20 years' experience across marketing, communication, new media and digital transformation. He has held senior leadership and strategy roles for a number of leading communication companies in Australia and overseas, including as Managing Partner for D'Arcy, Strategy Director for The Campaign Palace and Head of Strategy for DDB Needham Worldwide.

The Board believes that Mr Sampson's significant marketing and management experience enable him to make a valuable contribution to the Board and the Remuneration Committee.

Mr Sampson says, "I have valued the opportunity to serve as a Director of Qantas. I look forward to continuing to apply my extensive marketing and management skills and experience for the benefit of Qantas and its shareholders."

The Directors (with Mr Sampson abstaining) recommend that you vote **in favour** of this Ordinary Resolution.

### 2.4 Barbara Ward AM

Barbara Ward retires by rotation and, being eligible, offers herself for re-election as an Independent Non-Executive Director.

Barbara Ward was appointed to the Qantas Board in June 2008.

She is Chair of the Audit Committee, a Member of the Safety, Health, Environment and Security Committee and a Member of the Nominations Committee.

Ms Ward is a Director of Caltex Australia Limited and a number of Brookfield Multiplex Group companies.

She was formerly a Director of the Commonwealth Bank of Australia, Lion Nathan Limited, Multiplex Limited, Data Advantage Limited, O'Connell Street Associates Pty Ltd, Allco Finance Group Limited, Rail Infrastructure Corporation, Delta Electricity, Ausgrid, Endeavour Energy and Essential Energy. She was also Chairman of Country Energy, NorthPower and HWW Limited, a Board Member of Allens Arthur Robinson and The Sydney Opera House Trust and Sydney Children's Hospital Foundation and on the Advisory Board of LEK Consulting.

## Explanatory Notes continued

Ms Ward was Chief Executive Officer of Ansett Worldwide Aviation Services from 1993 to 1998. Before that, Ms Ward held various positions at TNT Limited, including General Manager Finance, and also served as a Senior Ministerial Advisor to The Hon PJ Keating.

The Board believes that Ms Ward's significant financial industry, operational and international experience, together with her experience as a professional director, enables her to make a considerable contribution to the Board, the Safety, Health, Environment and Security Committee, the Nominations Committee and as chair of the Audit Committee.

Ms Ward says, "It is a privilege to serve as a Director of Qantas. I believe my skills in finance, together with my extensive corporate business experience, enable me to bring broad and valuable experience to the Board's deliberations, for the benefit of all shareholders."

The Directors (with Ms Ward abstaining) recommend that you vote **in favour** of this Ordinary Resolution.

### **3. Participation of the Chief Executive Officer, Alan Joyce, in the Long Term Incentive Plan**

The approval of shareholders is sought to permit the Chief Executive Officer (CEO) to participate in the 2020-2022 Long Term Incentive Plan (2020-2022 LTIP) for FY2020 (2019 Grant).

Under ASX Listing Rule 10.15B, shareholder approval is not required where the CEO acquires securities under an employee equity incentive plan and those securities are acquired on-market.

While it is the Board's current intention that any shares that may be awarded to the CEO will be purchased on-market, shareholder approval of Mr Joyce's participation in the 2019 Grant is being sought, regardless of whether they are acquired on-market.

The 2020-2022 LTIP reward opportunity for the CEO for FY2020 has been set at 185% of Fixed Annual Remuneration (FAR) on a face value basis. In setting this target, the Board makes reference to external benchmark market data (also on a face value basis), including comparable roles in other listed Australian companies. Remuneration is benchmarked against ASX50 companies and a revenue-based peer group of other listed Australian companies. The Board believes these are the appropriate benchmarks, as it is these comparator groups whose roles best mirror the size, complexity and challenges in managing Qantas' businesses and are also the peer groups with whom Qantas competes for executive talent.

An overview of the 2019 Grant to Mr Joyce is set out below. Further details of Mr Joyce's remuneration package are set out in the Remuneration Report contained in the Directors' Report set out on 28 to 54 of the 2019 Annual Report which is available on the Qantas website at: <http://investor.qantas.com/investors/?page=annual-reports>.

## Explanatory Notes continued

### Maximum Entitlement under 2019 Grant

Subject to shareholder approval, Mr Joyce will be granted 743,000 Performance Rights (**Rights**) under the 2019 Grant.

At the end of the three-year performance period for the 2019 Grant (**Performance Period**), performance conditions (**Performance Conditions**) and service conditions (**Service Conditions**) for the 2019 Grant are tested.

If the Performance Conditions and Service Conditions are fully achieved, the Rights vest and convert to Qantas shares on a one-for-one basis and those shares are subject to a one year holding lock period. If the Performance Conditions are not achieved, the Rights lapse.

The Performance Conditions and Service Conditions are detailed below.

The face value calculation is as follows:

$$743,000 \text{ Rights} = \frac{\$2,170,000 \times 185\%}{\$5.40 \text{ per Right}}$$

Where:

- \$2,170,000 is Mr Joyce's FAR for FY2020.;
- 185% is the 'at target' percentage of FAR on a face value basis for the award of Rights for Mr Joyce's 2019 Grant; and
- \$5.40 is the face value (share price) of each Right as at 30 June 2019.

### Grant Date of Rights

If shareholder approval is obtained, the Rights will be granted to Mr Joyce no later than 30 days after the date of the AGM.

### Performance Period

The Performance Period commences on 1 July 2019 and ends on 30 June 2022.

### Performance Conditions

The Performance Conditions comprise two performance hurdles:

#### a) Companies with ordinary shares included in the S&P/ASX 100 Index (ASX100)

Up to one-half of the total number of Rights granted to the CEO may vest based on the relative growth in the Total Shareholder Return (TSR) of Qantas in comparison to the ASX 100 as follows:

Qantas TSR performance compared to the ASX100	Satisfaction of performance hurdle
Below 50th percentile	Nil
50th to 75th percentile	Linear scale: 50% to 100% satisfied
Above 75th percentile	100% satisfied

## Explanatory Notes continued

### b) Basket of Global Listed Airlines

Up to one-half of the total number of Rights granted to the CEO may vest based on the relative growth in the TSR of Qantas in comparison to the basket of global listed airlines selected by the Board (Global Listed Airlines) as follows:

Qantas TSR performance compared to the Global Listed Airlines	Satisfaction of performance hurdle
Below 50th percentile	Nil
50th to 75th percentile	Linear scale: 50% to 100% satisfied
Above 75th percentile	100% satisfied

The basket of Global Listed Airlines was selected with regard to its representation of international and domestic airlines, both full service and value based, operating in Qantas' key markets and taking into consideration the level of government involvement. The basket of Global Listed Airlines for 2020-2022 LTIP comprises:

- Air Asia
- Air France / KLM
- Air New Zealand
- All Nippon Airways
- American Airlines
- Cathay Pacific
- Delta Airlines
- Deutsche Lufthansa
- easyJet
- International Consolidated Airlines Group
- Japan Airlines
- LATAM Airlines Group
- Ryanair
- Singapore Airlines
- Southwest Airlines
- United Continental
- Virgin Australia

### Service Conditions

If the Performance Conditions are satisfied, the portion of the Rights that vest will be based on Mr Joyce's service during the Performance Period. Unless the Board determines otherwise, there will be a pro-rated reduction in the number of Rights that will vest if Mr Joyce: works less than full time hours during the Performance Period; works less than the full three year Performance Period; and/or takes a period of leave without pay of 30 days or more during the Performance Period.

### Price on Grant or Vesting

No amount will be payable by Mr Joyce in respect of the Grant or upon vesting of the Rights.

### Further Trading Restrictions

Any shares allocated on vesting of the Rights will be subject to a one year holding lock period. At the conclusion of the one year holding lock period, these shares may be traded, subject to the Qantas Employee Share Trading Policy.

## Explanatory Notes continued

### Cessation of Employment

#### Cessation of Employment - during performance period

In general, if Mr Joyce resigns, is terminated for cause or is terminated in other circumstances involving unacceptable performance or conduct, any Rights which have not vested will be forfeited. In limited circumstances (for example, retirement, employer-initiated termination (with no record of poor performance), death or total and permanent disablement) Rights will remain on foot on a pro-rata basis and may vest at the end of the Performance Period, subject to the satisfaction of the Performance and Service Conditions of the LTIP. Any shares allocated following vesting of the 2020-2022 LTIP would be subject to a one year holding lock period<sup>1</sup>. These vested shares would remain subject to the Board's clawback policy.

#### Cessation of Employment – during one year holding lock period

Mr Joyce would continue to hold vested shares<sup>2</sup> that are subject to the one year holding lock period. These vested shares remain subject to the Board's clawback policy.

The Board retains discretion to make some other determination in appropriate circumstances.

### Other Information

Mr Joyce is the only Qantas Director who is eligible to participate in Qantas' equity incentive plans. Mr Joyce was granted 651,000 Rights under the 2019-2021 LTIP, following shareholder approval at the 2018 AGM. These Rights are subject to performance hurdles which will be tested as at 30 June 2021. These Rights were provided at no cost to Mr Joyce.

### Voting on Ordinary Resolution 3

Qantas will disregard any votes cast in favour of Ordinary Resolution 3 by or on behalf of Mr Joyce and his associates, except if the votes are cast as a proxy for a shareholder entitled to cast a vote, in accordance with the directions on the Proxy Form or, if it is cast by the Chairman of the Meeting, as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

The Directors (with Mr Joyce abstaining) recommend that you vote **in favour** of this Ordinary Resolution.

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<sup>1</sup> On cessation of employment, a tax liability arises on vested shares subject to the one-year holding lock, notwithstanding that the holding lock continues to apply. Accordingly, a portion of the shares may be released, to assist with funding the tax liability that arises.

<sup>2</sup> As above

## Explanatory Notes continued

### 4. Remuneration Report

Section 250R (2) of the Corporations Act requires that the Company put to a shareholder vote, a resolution that the Remuneration Report be adopted. The vote is advisory only and does not bind the Directors or the Company, although the Company takes the outcome of the vote into consideration in determining remuneration policy going forward.

The Remuneration Report is contained in the Directors' Report set out at pages 28 to 54 of the Annual Report which is available on the Qantas website at: <http://investor.qantas.com/investors/?page=annual-reports>.

The Remuneration Report:

- explains Qantas' executive remuneration framework and objectives and the link between the remuneration of Executives and Qantas' performance;
- sets out remuneration details for each Director and for each named Executive; and
- makes clear that the basis for remunerating Non-Executive Directors is distinct from the basis for remunerating Executives, including Executive Directors.

The Chairman will give shareholders a reasonable opportunity to ask questions about, or comment upon, the Remuneration Report.

An Advisory Resolution that the Remuneration Report for the year ended 30 June 2019 is adopted will then be put to a shareholder vote.

### Voting on Advisory Resolution 4

Key Management Personnel (**KMP**) means Directors of Qantas and those persons having authority and responsibility for planning, directing and controlling the activities of Qantas, directly or indirectly.

KMP or their closely related parties cannot cast a vote as a proxy for a shareholder entitled to cast a vote if the proxy is not directed on how to vote on Advisory Resolution 4, unless:

- the KMP is the Chairman of the Meeting; and
- the appointment of the Chairman as proxy expressly authorises him to exercise the proxy in accordance with a direction to vote as he decides, even though Advisory Resolution 4 is connected directly with the remuneration of a KMP.

Qantas will disregard any votes cast on this Advisory Resolution by or on behalf of a KMP whose remuneration is detailed in the Remuneration Report, and their closely related parties, except if the votes are cast as a proxy for a shareholder, entitled to cast a vote, in accordance with the voting directions on the Proxy Form.

## Explanatory Notes continued

However, the Chairman of the Meeting may vote an undirected proxy as he decides on this Advisory Resolution if the proxy appointment expressly authorises the Chairman to exercise the proxy even though this Advisory Resolution is connected directly with the remuneration of a KMP.

The Directors recommend that you vote **in favour** of this Advisory Resolution.

### **5. Resolutions sponsored by the Australian Centre for Corporate Responsibility and requisitioned by 102 shareholders**

#### **Background**

A group of 102 shareholders, holding approximately 0.0103% of the Company's shares on issue, has proposed two resolutions pursuant to section 249N of the Corporations Act. The group of shareholders is sponsored by the Australian Centre for Corporate Responsibility (ACCR) and has requested that the supporting statements set out in the attachments on pages 20 to 23 of this Notice of Meeting be provided to shareholders.

Consistent with the Company's approach of inviting shareholder discussion, the Chairman will allow a reasonable opportunity at the AGM to discuss each of the proposed resolutions.

The Directors recommend that you vote **against** the proposed resolutions.

#### **5.1 Special Resolution to amend the Company's constitution.**

Resolution 5.1 proposes a new provision in the Company's Constitution to enable shareholders, by ordinary resolution, to put forward an opinion or request information about the way in which a power of the company partially or exclusively vested in the Directors, has been or should be exercised.

Under the Corporations Act, shareholders have existing rights to put forward resolutions to general meetings and are afforded opportunities at general meetings to convey opinions to or ask questions of Directors about the management and strategic direction of the company. Shareholders may choose to do this at the general meeting or may submit questions in advance if unable to attend in person.

This resolution is a Special Resolution and requires support from 75% of votes cast.

#### **The Board's response**

As outlined last year, the Board respects the rights of shareholders to seek to amend the Company's Constitution, however, the Board does not consider the requisitioned resolution to be in shareholders' best interests.

## Explanatory Notes continued

The Board considers the existing rights sufficiently support and enable shareholder discussion, and that the proposed changes to the Company's Constitution may result in the general meeting being utilised to promote ideological positions by smaller shareholder groups, rather than advancing the interests of the broader shareholder group.

Qantas participates in meaningful bilateral communication and constructive engagement with a wide range of stakeholder groups, the outcomes of which are communicated publicly through the Group's corporate site and made available to shareholders with AGM materials. This engagement provides Qantas with invaluable insight as to stakeholders' perspectives of the Company's operations. For instance, since the last AGM, the Group has maintained dialogue with the ACCR, including meetings between the Group's Chief Executive Officer, Alan Joyce, and key representatives from ACCR.

ACCR has again outlined in its supporting statement, the avenues for shareholder advisory resolutions available in other countries. The Board's position remains that if specific shareholder groups perceive a benefit in the adoption of international regulatory approaches into Australian company law, these groups should seek regulatory reform from the Australian Government, rather than proposing changes to the Constitutions of individual companies on a fragmented basis. However, given existing shareholder rights enshrined in Australian company law, the Board does not believe that the case for such reform has been made.

The power to manage the business of the Company is conferred upon the Board by the Constitution. It is neither tenable nor practical for the Board's power to manage the Company, to be potentially qualified or compromised by a series of annual advisory resolutions promoted by narrow interest groups, which will necessarily fail to consider the interests of the Company's many stakeholders. The Directors maintain that it is in the best interests of its shareholders as a whole, that they are able to exercise their decision making regarding the business and affairs of the Company to deliver outcomes for the greater good of its shareholders holistically, as opposed to a piecemeal approach acceding to isolated demands of interest groups. Shareholders have the ability to hold directors to account for their decisions and actions by voting on the appointment and removal of directors. For these reasons, the Board considers that the proposed amendment to the Group's Constitution is not in the best interests of all shareholders.

The Directors recommend that you vote **against** this Special Resolution.



## Explanatory Notes continued

### 5.2 Contingent Resolution – Human Rights Risks

Resolution 5.2 is a contingent resolution and will only be put to the meeting for a vote if resolution 5.1 is passed by special resolution.

Resolution 5.2 is a shareholder advisory resolution requesting that the Board commission a review of the Group's policies and processes relating to involuntary transportation, at the request of the Department of Home Affairs and that the UN Guiding Principles on Business and Human Rights be used as a basis for this review. A report describing the completed Review should be prepared at reasonable cost and omitting confidential information, and made available to shareholders on the company website by 30 June 2020.

#### The Board's response

The legislative, policy and procedural settings of Australia's immigration policy are complex, and your Board respects that they generate differing views in the community.

Qantas takes human rights issues very seriously. The Group has invested heavily in technology and resources to mitigate the risk of adverse human rights impacts, within its operation and across its supply chain. The Group has committed to align our policies and practices with the UN Guiding Principles on Business and Human Rights. The Group will continue to evolve our broader human rights program in line with international standards and the Group's corporate responsibility strategy. In demonstration of our commitment, over the last 18 months the Group has:

- completed an independent assessment of the Groups salient human rights issues as per guidance issued by the UN Guiding Principles on Business and Human Rights (UN Guiding Principles);
- established a dedicated sustainability team that focuses on the wider sustainability strategy;
- broadened our stakeholder engagement with investors, shareholders, non-government organisation (including the ACCR), to better understand their perspectives on the role of the aviation industry in the protection of human rights;
- participated in a number of key events, including the Global Compact Network Australia (member sessions);
- been a key sponsor of the International Air Transport Association's June 2018 Annual General Meeting Resolution that denounced human trafficking and reaffirmed airlines' commitment to support governments and law enforcement to prevent human trafficking through awareness raising, staff training and reporting suspicious behaviour; and
- held focus sessions with Professor John Ruggie who was instrumental in establishing the UN Global Compact and is the author of the UN Guiding Principles on Business and Human Rights.

## Explanatory Notes continued

As a part of the Group's wide-ranging contract with the Australian Government, on rare occasions the Group transports persons out of Australia who have been unsuccessful in obtaining asylum. The Group has considered that transport through multiple lenses, including the human rights salience assessment mentioned above, a risk assessment of the transportation of involuntary deportees and the Group's capacity and qualification to "second guess" a complex and comprehensive regulatory and judicial process. While the Group remains open and committed to ongoing and measured engagement on this and other issues, the Board does not believe that another review of its position is warranted.

The Group's position remains that the Government and the Australian Courts are best placed to make decisions on the legal immigration status of people seeking to remain in Australia. Airlines and private enterprise are not positioned to adjudicate on complex immigration decisions, particularly as information and intelligence used in governmental and judicial determination processes are not publicly available.

The Directors recommend that you vote **against** this Advisory Resolution.

### **INFORMATION FOR SHAREHOLDERS – Entitlement to attend and vote**

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Shareholders can appoint a body corporate or an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of Qantas or in the capacity of a shareholder's proxy at general meetings of Qantas. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all the powers that the appointing body could exercise at a general meeting or in voting on a resolution.
2. A shareholder who is entitled to cast two or more votes may appoint two proxies and may state on the Proxy Form what proportion or number of the shareholder's votes each proxy is being appointed to exercise. If a shareholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half the shareholder's votes.
3. If a shareholder has appointed two proxies and if a resolution is to be decided on a show of hands, only the first person named on the Proxy Form may vote. If two Proxy Forms have been completed, the person whose name is earlier in alphabetical sequence may vote.
4. A proxy need not be a shareholder of Qantas.

## Explanatory Notes continued

5. Either the original, facsimile or electronic transmission of the Proxy Form(s) and any Power of Attorney or authority under which the Proxy Form(s) is signed must be received at least 48 hours prior to the AGM (that is, by no later than **11am AEDT on Wednesday 23 October 2019**) or any adjournment. Any Proxy Form received after this deadline, including at the AGM, will be invalid.
6. A personalised Proxy Form accompanies this Notice of Meeting.
7. To ensure the timely and cost effective receipt of the proxy, Shareholders are encouraged to use the online voting facility that can be accessed on the Qantas website at <http://investor.qantas.com/investors/?page=annual-general-meeting>.
8. Alternatively, you can send your completed and signed Proxy Form by mail in the enclosed reply paid envelope, or by facsimile. Details are shown on the Proxy Form.
9. Additional Proxy Forms will be supplied by Qantas' Share Registry, Link Market Services, on request.
10. If a corporate representative is to attend the AGM on behalf of a corporation, a formal Notice of Appointment must be brought to the AGM.
11. In accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at **7pm (AEDT) on Wednesday 23 October 2019**. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.
12. If you wish a question to be put to the Chairman or Auditor and you are not able to attend the AGM, please complete the AGM Question Form which accompanies this Notice of Meeting.
13. Either the original or a facsimile transmission of the AGM Question Form must be received at least five business days prior to the AGM (that is, by no later than **5pm (AEDT) on Friday 18 October 2019**) or any adjournment. This is to allow time to collate questions and to prepare answer.

### ENCLOSURES

The following are enclosed:

- A personalised Proxy Form to be completed if you would like to be represented at the AGM by proxy. To ensure the timely and cost effective receipt of your proxy, Shareholders are encouraged to use the online voting facility that can be accessed on the Qantas website at: <http://investor.qantas.com/investors/?page=annual-general-meeting>.
- A reply paid envelope for you to return either or both the Proxy Form and AGM Question Form.

## Venue Map

The 2019 Qantas Annual General Meeting will be held at the Theatre, Adelaide Entertainment Centre, 98 Port Road, Hindmarsh, Adelaide, SA 5007.



## Public Transport and Parking Information



### Train

The Bowden train station is within approximately 150 metres of the Adelaide Entertainment Centre and provides easy pedestrian access to and from the Centre, with trains running regularly.



### Tram

Tram services between the city and the Adelaide Entertainment Centre are free of charge, and services operate with a good level of frequency. The tram station is located immediately in front of the Adelaide Entertainment Centre.



### Bus

Bus stops are within approximately 80 metres of the Adelaide Entertainment Centre. Route 115, 150 and 157 services all stop on Port Road, Hindmarsh.



### Taxis

Taxi stands are located on both sides of Port Road in close proximity to the Adelaide Entertainment Centre's entry.



### Parking

The Adelaide Entertainment Centre has more than 1,400 car park spaces available on-site. Parking in the multi-deck car park is advised. Entry/Exit is via Port Road, Manton Street or Adam Street only. A \$4 parking flat fee applies.



### Accessible parking

Accessible parking is also available on site and can be booked by phoning the Adelaide Entertainment Centre on (08) 8208 2222.

Tram, train and bus timetables, and additional information is available online at [www.adelaidemetro.com.au](http://www.adelaidemetro.com.au).

**ATTACHMENT — SUPPORTING STATEMENTS PROVIDED BY AUSTRALIAN CENTRE FOR CORPORATE RESPONSIBILITY - RESOLUTION 5.1**

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia.

The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of an AGM. In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.

Australian legislation and its interpretation in case law means that shareholders are unable to directly propose ordinary resolutions for consideration at the AGMs of Australian companies. In Australia, the *Corporations Act 2001* provides 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution<sup>1</sup>. However, section 198A specifically provides that management powers in a company reside with the Board<sup>2</sup>.

Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised<sup>3</sup>.

Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires 75% support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.

It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this, in this instance. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.

We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful barriers to the actualisation of any concern that such a mechanism could 'open the floodgates' to a large number of frivolous resolutions.

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<sup>1</sup> sections 249D and 249N of the Corporations Act 2001 (Cth)

<sup>2</sup> S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

<sup>3</sup> *National Roads & Motorists' Association v Parker* [1986] 6 NSWLR 517; *ACCR v CBA* [2015] FCA 785. *Parker* turned on whether the resolution would be legally effective, with *ACCR v CBA* [2016] FCAFC 80 following this precedent

ACCR urges shareholders to vote for this proposal.

**ATTACHMENT – SUPPORTING STATEMENTS PROVIDED BY AUSTRALIAN CENTRE FOR CORPORATE RESPONSIBILITY - RESOLUTION 5.2**

The ACCR favours policies and practices which protect the long term value of our company.

This resolution is a modification of one raised by ACCR at last year's AGM. It is tailored to assist our company by constraining parameters for the Review sought, so that limited disclosures, pertinent to the examination of risk, can be made to shareholders.

As shareholders, we are concerned about the material, reputational, financial and legal risks of our company's participation in involuntary airline deportation, removal and transfer activities, as a service provider to the Australian Department of Home Affairs (the Department). ACCR is concerned that these activities expose our company to the probability of complicity in serious human rights violations.

**Risks associated with involuntary transportation activities**

Our company has a contract with the Department to provide various airline services, including the involuntary transportation of refugees and asylum seekers. This transportation occurs between sites of immigration detention (onshore and offshore), as well as in instances of deportations from Australia. The risks associated with our company's commercial decision to participate in these activities would be mitigated by the implementation of a commensurate human rights due diligence process. Human rights due diligence is the cornerstone requirement of UN Guiding Principles on Business and Human Rights (UNGPs), a standard that Qantas committed to in 2017<sup>4</sup>.

Serious information gaps remain in relation to our company's approach to involuntary transportation:

- Our company has confirmed to ACCR that it has undertaken a commercial risk assessment of undertaking these activities. Our company has not disclosed the results of this assessment to shareholders.
- Our company has noted that it does 'not receive detail relating to the immigration status of an individual'<sup>5</sup> being transported on behalf of the Department, and has confirmed that it does not request this information, even though it is entitled to do so under the Department's guidelines on carriage of persons in custody.<sup>6</sup>
- Our company has declined to provide details on the nature of its contractual arrangements with the Department, and has not disclosed (or assessed) the revenue associated with involuntary transportation.

<sup>4</sup> <https://www.qantas.com/au/en/qantas-group/acting-responsibly/our-governance.html#enhancing-human-rights>

<sup>5</sup> <https://www.qantas.com/au/en/qantas-group/acting-responsibly/our-governance.html#targetText=Ensuring%20Board%20commitment%20to%20the,responsibilities%20and%20reporting%20lines%3B%20and>

<sup>6</sup> <https://www.homeaffairs.gov.au/about/transport-security/aviation-security/movements-persons-custody>

The UNGPs note that business enterprises have a responsibility to avoid adverse human rights impacts in their operations, and that this responsibility exists 'over and above compliance with national laws'.<sup>7</sup> Making exceptions for certain clients, including governments, even where business relationships are important or lucrative, is not permissible under the UNGPs.

### **Insufficiency of Australian immigration system against compliance with human rights standards**

Numerous international authorities have found that Australia's refugee law system contravenes international human rights law in a number of respects. Centrally, section 197C of the *Migration Act 1958* (Cth), which was introduced in 2014, provides that the requirement to remove unlawful non-citizens from Australia is not limited by Australia's *non-refoulement* obligations under the *Refugee Convention*. This represents a significant step by Australia away from honouring its international obligations. Hence the Australian legal system can no longer be relied upon to ensure compliance with international human rights law.

As the Refugee Advice & Casework Service (RACS) has noted, significant human rights risks can arise from commercial airlines' participation in the forced transportation of refugees and people seeking asylum, including: those who have been unreasonably barred from making a temporary protection application; families which are being separated; those who face deportation to countries whose conditions are deteriorating; those suffering from prolonged and arbitrary detention; those at risk of deportation where non-refoulement obligations have not been correctly considered.<sup>8</sup>

### **Our company's approach to risk**

Our company acknowledges that the 'Transportation of persons in custody at the request of Government' is one of its five most 'salient human rights risks'<sup>9</sup>, but does not have a process in place to mitigate these specific risks.<sup>10</sup>

Our company's participation in involuntary transportation also produces material brand risk, potentially undermining its social licence to operate. This was acknowledged by a group of human rights, law and business experts, as well as other prominent Australians, in an expert statement published in 2018<sup>11</sup>.

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<sup>7</sup> United Nations, Office of the High Commissioner, 2011, 'Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework' available at: <https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR EN.pdf>, 13.

<sup>8</sup> Refugee and Advice Casework Service, August 2019, Briefing note: Qantas and the deportation or forced movement of people seeking asylum and refugees.

<sup>9</sup> <https://www.qantas.com/au/en/qantas-group/acting-responsibly/our-governance.html#targetText=Ensuring%20Board%20commitment%20to%20the,responsibilities%20and%20reporting%20lines%3B%20and>

<sup>10</sup> Our company's Non-Negotiable Business Principles, which are set out in the company's 2019 Code of Conduct and Ethics, include a commitment to 'proactively manage risk' and to 'to safeguard the Qantas Group's reputation, brands, property, assets and information'.

<sup>11</sup> <https://accr.org.au/qantas-expert-statement/>



Further to this, the International Transport Workers Federation (ITF) has become 'increasingly concerned about the role of commercial airlines in forced deportations', and the adverse impacts that this has on front-line airline staff<sup>12</sup>, who are often struggling with their own opposition to these activities. The ITF notes that involuntary transportation activities are often highly controversial, and may involve protests and resistance from deportees, increasing risks for all.

Finally, we note that deportation activities are receiving increasing public attention. Concern over the complicity of airlines in involuntary transportation is a highly topical and growing area of disruptive activism.<sup>13</sup> Refugee support groups have been protesting outside our company's offices, and these groups are also coordinating social media campaigns targeting our company around this issue. These activities undermine our corporate image, which is of considerable value to our company.

ACCR encourages our company to commission a review of its policies and processes in relation to involuntary transportation activities, undertaken as a service provider to the Department, and disclose the results of that review to shareholders, in order to mitigate and manage the above risks.

ACCR and Mercy Investment Services, Inc urge shareholders to vote for this proposal.

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<sup>12</sup> <https://www.airport-technology.com/features/forced-deportations-commercial-airlines/>

<sup>13</sup> See eg The Nation "Stopping Deportations by Blocking Flights" 22 August 2018 <https://www.thenation.com/article/stopping-deportations-by-blocking-flights/> and Sydney Morning Herald, 27 July 2018, 'Swedish Student Protest of refugee deportation on plane goes viral' <https://www.smh.com.au/world/europe/swedish-student-s-protest-of-refugee-deportation-on-plane-goes-viral-20180725-p4zt1g.html>

