

QANTAS AIRWAYS LIMITED

www.qantas.com

The Qantas Group is committed to actively managing its operations and growth in a sustainable manner and reducing its environmental impact, while balancing the concerns and interests of all its stakeholders. A coordinated and sustainable development approach is taken in managing risk in this area, where actions to mitigate one environmental impact may have an adverse effect on other areas. The Group has a specialist team responsible for advising on environmental and fuel efficiency issues and implementing programs across the business.

Water Management

- Implementation of innovative process changes to decrease water consumption

Waste Management

- The introduction of waste minimisation initiatives and improved recycling facilities across the business
- Use of alternative waste treatment facilities to reduce the amount of waste to landfill.

Programs currently participating in

Carbon Offset Program

In September 2007, the Qantas Group launched a Carbon Offset Program that allows Qantas and Jetstar passengers to offset their share of flight emissions when making a booking. The offset cost is based on a full life cycle assessment of all operations and a calculation of the emissions associated with carrying a passenger from one point to another. An online calculator advises customers of their emissions and the cost of offsetting them.

As at 30 June 2008, Jetstar's carbon offset program had become one of the most successful programs across the airline industry and had collected almost \$600,000 to contribute to department of Climate Change approved carbon abatement projects. Approximately 12% of all passengers booking at jetstar.com in Australia choose to offset their share of flight emissions.

Under the program, Qantas also offsets the emissions for all staff travelling for business purposes as well as those generated by the Group's ground transport vehicles.

On the inaugural day of the program's operation, Qantas pledged to offset the carbon emissions of every international and domestic Qantas, QantasLink and Jetstar flight. The result of 'Fly Carbon Neutral day' was that the greenhouse gases associated with 950 flights across the worldwide network, carrying over 100,000 passengers were to be offset by Qantas over time.

In agreement with CO2 Australia, almost 90,000 Mallee Eucalyptus trees are currently being planted in three locations to achieve the offset of 40,000 tonnes of carbon over a 30-year period. All passenger offset contributions go towards Australia-based Greenhouse Friendly approved abatement programs, which may include energy efficiency measures, generation of renewable energy and tree planting projects. The programs have been independently verified and subsequently authenticated by the Commonwealth Government's Australian Greenhouse Office and either remove greenhouse gases from the atmosphere or avoid their release in the first place.

Qantas has signed an agreement with Fieldforce, a Greenhouse Friendly accredited provider, to supply the equivalent of 140,000 tonnes of emissions for the Group's carbon offset programs. Fieldforce operates across Australia and generates carbon offsets by providing energy efficient light bulbs and water saving showerheads to eligible homes and businesses. For further information visit Qantas.com and jetstar.com.

Strategies Implemented

The Group's environmental sustainability and fuel efficiency strategy includes:

- Improved fuel efficiency, emissions reduction, and noise abatement
- A multi-billion dollar investment in new fleet, including the A380 and B787, to take advantage of the latest airframe and engine designs
- Optimising cruise speeds, flight paths and operational procedures
- Utilisation of advanced satellite navigation technology approach and departure procedures
- Working with air navigation service providers to improve air traffic management
- Aerodynamic and engine cleanliness
- Improved utilisation of Auxiliary Power Units (APUs) to supply electrical power and air-conditioning whilst aircraft are on the ground



- Revision of schedules and flight planning procedures
- Introduction of aircraft weight reduction initiatives
- Detailed analysis and monitoring of fuel efficiency initiatives across the business
- Tailored carbon offset tools
- Development of a management system to minimise environmental risk by identifying and managing significant environmental impacts and encouraging continual improvement in environmental performance
- Transparent reporting of environmental risks and progress in managing them
- Compliance with all relevant laws and regulations.

Projects to be completed

The Qantas Group is working towards a range of environmental performance improvement targets to be achieved by 2011. These include:

- Aviation fuel - a 7.5% improvement in fuel efficiency (litres of fuel per 100 revenue tonne kilometres)
- Carbon dioxide emissions- the prevention of two million tonnes of emissions
- Water - a 25% reduction
- Waste - a 25% reduction in waste to landfill
- Electricity - a 10% reduction.

Other

The Qantas Group supports a number of environmental groups and initiatives, including Clean Up Australia and Landcare. Qantas also supports research to help save the Tasmanian Devil from extinction.

In addition to applying the Group's environmental strategy, the Qantas Environment and Fuel Conservation department:

- Works with local communities to minimise aircraft noise around airports
- Ensures consideration is given to green building design principles
- Provides environmental management training, advice and support to Qantas Group employees
- Provides recommendations on acquisition evaluations, including new business and new aircraft purchases

- Provides specialised environmental advice for major projects
- Develops and oversees the environment audit program
- Liaises with key stakeholders, including State and Federal Government agencies, the community, customers and supply chain partners on environmental issues
- Implements and integrates environmentally efficient practices to ensure continual improvement in operational performance.

The Group has achieved a range of environmental and fuel efficiency improvements in recent years, including:

- \$100 million in fuel efficiency savings over the past three years
- The publication of environmental performance data in the 2008 Qantas Sustainability Report using Global Reporting Initiative G3 guidelines and participating in the Carbon Disclosure Project
- The implementation and continued expansion of the Group-wide environmental improvement program "begreen" to raise employee awareness and embed environmental management systems across all segments of the business
- The achievement of certification of Snap Fresh's (part of Qantas catering Group) Environmental Management system to the AS/NZS ISO 14001 international standard
- The expansion of the Qantas 'Green Team', a group of volunteer employees from across the Group who are committed to environmental initiatives
- The launch of an internal staff recognition program 'eXcel' Environment' designed to recognise and reward environmental innovation by Qantas employees.

