Australian Shareholders' Association

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The 100th year was like none of the previous 99.

Company/ASX Code	Qantas (QAN)
AGM date	Friday October 23, 2020
Time and location	11:00 am a Virtual meeting Log in https://agmlive.link/QAN20.
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Allan Goldin and Richard McDonald
Pre AGM Meeting?	Yes, with Chair Richard Goyder and Frances van Reyk Head of Investor Relations

ASA WILL BE ATTENDING THE VIRTUAL AGM VOTING PROXIES AND ASKING QUESTIONS AS NORMAL

Please note any potential conflict as follows: The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Item 1	**Consideration of accounts and reports**
ASA Vote	No vote required

Covid -19 Restrictions unquestionably hit Qantas the hardest of any Australian listed company both in terms of total financial cost and personal loss for the all the people losing employment.

Putting aside the 2,500 ground staff over whom there is currently ongoing discussions, a minimum of 6,000 staff have lost their jobs. It is hoped that most of the 17,500 other staff who were stood down will have a job in the future. When that future is, is a big unknown.

What is probable is that the future Qantas will be a much slimmer organisation, with the A380's not returning for at least 3 years.

After enjoying a strong first half year Qantas acted quickly to the COVID-19 crises grounding planes, cutting timetables and terminating or standing down staff. As we discuss in the remuneration report the CEO, senior executives and the board immediately shared some of the pain.

However, the pain still goes on as 2021 will see at least a $624 million recovery plan and restructuring cost, which in a large part is due to the redundancy payments.

At the same time, Qantas received some $525 million from the government half of which was in the form of Jobkeeper, the rest from the Australian Aviation Financial Relief Package (AAFRP), the payment for rescue flights, compensation for continuing some domestic flights and carrying freight.

Now they are cash positive with government support, flying over 20% of their normal domestic traffic and with a big boost from the Qantas loyalty program and freight haulage.

Qantas generated a great deal of media speculation with the recent announcement that they are contemplating moving some operations interstate. The company says it is not a cynical attempt to grab some state subsidies but a genuine attempt to reduce the amount they spent on property and that with the slimmed down operation they don’t need all the space they currently occupy at the Mascot campus.

Qantas is of the opinion that the new Virgin owners are focused on making money so do not think there will be undisciplined pricing. At the same time if Virgin negotiates substantial lower wages and conditions with staff, Qantas will be in immediate talks with the unions.

Qantas believes that the Australian domestic market should be one of the world’s most profitable and they are targeting a 70% share, which means that even although the business market will probably be smaller they will have a bigger share of it.

Alan Joyce has taken a very strong role previously rebuilding Qantas but after 12 years it was somewhat surprising that the board believing he is they key man for the near future signing him on for another three years. Shareholders must hope that he continues to have the energy and enthusiasm to remain in the same role for such a long time.

With 10 people, Qantas has a large board and with two of them now there for 12 years it is hoped that we will shortly see a slimmed down board to match their new shape.

We hope many ASX companies follow Qantas who in 2019 created a plan whereas Non Executive Directors Fee sacrifice in return for shares.

Summary

(As at FYE)	**2020**	**2019**	**2018**	**2017**	**2016**
NPAT ($m)	(1,964)	840	953	853	1,029
UPAT ($m)	124	1,326	1,565	1,401	1,532
Share price ($)	3.78	5.40	6.16	5.72	2.82
Dividend (cents)	-	25	17	14	7
TSR (%)	(11)	(8.2)	10.6	111	(5.6)
EPS (cents)	(129.6)	51.5	54.4	46.0	49.4
CEO total remuneration, actual ($m)	2.63	11.1	10.87	24.6	13

For FY2020, the CEO’s total actual remuneration was **28.6 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Item 2.1	Re-election of Maxine Brenner as a Director
ASA Vote	**For**

Maxine Brenner was appointed to the Qantas Board in August 2013. Ms Brenner was formerly a Managing Director of Investment Banking at Investec Bank (Australia) Limited. She has extensive experience in corporate advisory work, particularly in relation to mergers and acquisitions, corporate restructures and general corporate activity. She also spent a number of years as a corporate lawyer and law lecturer.

Ms Brenner is a Director of Origin Energy Limited, Orica Limited and Growthpoint Properties Australia Limited. She is a Member of the Council of the University of New South Wales.

The Board believes that Ms Brenner provides, through her considerable strategic, financial and legal experience, great strength and leadership to the Board and its deliberations generally. Additionally, these skills add to the strength of the Audit and Remuneration Committees on which she serves

Maxine Brenner has 39,498 shares showing alignment with retail shareholders and as we have no reason to question the Board's choice will vote our undirected proxies in her favour

Item 2.2	Re-election of Jacqueline Hey as a Director
ASA Vote	**For**

Jacqueline Hey was appointed to the Qantas Board in August 2013.

Ms Hey was Managing Director of various Ericsson entities in Australia and New Zealand, the United Kingdom and Ireland, and the Middle East. Her executive career with Ericsson spanned more than 20 years in which she held finance, marketing, sales and leadership roles.

Jaqueline Hey is Chair of Bendigo and Adelaide Bank Limited, a Director of AGL Energy Limited and Chairman of its Safety, Customer & Corporate Responsibility Committee. She is also a Director of Cricket Australia. Formally she held a number of quasi government directorships

The Board believes that Ms Hey's extensive financial, operational and international experience, enables her to make a significant contribution to the Board and the Audit Committee. Ms Hey says, "It is a privilege to serve as a Director of Qantas. I believe my skills in consumer marketing and finance, together with my extensive international business experience, enable me to bring a balanced perspective to the Board's deliberations for the benefit of all shareholders and stakeholders."

Jaqueline Hey holds 47,603 shares aligning her with retail shareholders and as we have no reason to question the board's endorsement will vote our undirected proxies in her favour

Item 2.3	Re-election of Michael L'Estrange as a Director
ASA Vote	**Undecided**

Michael L'Estrange was appointed to the Qantas Board in April 2016.

Mr L'Estrange was Head of the National Security College at the Australian National University from 2009 to 2015. Prior to this, he was the Secretary of the Department of Foreign Affairs and Trade for almost five years and the Australian High Commissioner to the UK between 2000 and 2005. He served as Secretary to Cabinet and Head of the Cabinet Policy Unit from 1996 for more than four years.

The Board believes Mr L'Estrange's significant international affairs and trade experience enables him to make a valuable contribution to the Board.

We assume that Mr. L'Estrange's understanding of the political process aids Qantas in its lobbying activities. Although we are likely to vote for him, however ASA likes to see Non Executive Directors having purchased shares equivalent to one year's pay within 3 years as Michael l'Estrange is below this level we do plan to question him to see if he plans to increase his rate of purchasing shares. We acknowledge he is within the limits set by Qantas

Item 3	Participation of the Chief Executive Officer, Alan Joyce, in the Long Term Incentive Plan
ASA Vote	**For**

The long term incentive has been increased and the short term decreased to incentivise the focus on the long term challenges that Qantas faces. Since the bonus is in recognition of long term it is surprising that the measurement takes place under the short time of 3 years, however as no one expects Mr. Joyce to be there any longer the time frame is understandable.

The grant is for 1,349,000 Rights which will convert into no cost shares if the criteria are fully met. The quantity of rights was arrived at by taking Mr. Joyce's fixed salary of $2,170,000 multiply it by 235% and then dividing it by $3.78 being the share price on 30 June 2020.

To earn 50% of the maximum bonus Qantas over the three year measurement period would need a growth in the Total Shareholder Return (TSR) Companies greater than 75% of the ASX 100

To earn the other 50% of the bonus Qantas over the three years must have growth in its TSR greater than 75% of a basket of global listed airlines

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 2021–2023 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

The comparison with similar international airlines is a logical comparable bench market. From an Australian shareholders' point of view a successful comparison with the ASX 100 demonstrates a good return for an investment in one our larger companies.

Although there is a one year lock on this bonus it is only tested over a very short 3 years combined the total number of potential free shares being among the largest to be seen in Australian listed companies, we would normally vote against it, but considering the challenges Qantas faces we will at least for this one year vote in favour.

Item 4	**Adoption of Remuneration Report**
ASA Vote	**For**

CEO's POTENTIAL REMUNERATION FOR YEAR 2021

CEO rem. framework	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration Per contract	2.170		2.170	23.5%
Actual Base Pay (1)	1.8	22.5		
STI - Cash				
STI - Equity	1.085	13.6%	1.953 (2)	21.2%
LTI	5.100	63.9%	5.100	55.3%
Total	7.985	100.0%	9.223	100%

Note 1: As per the 2020 Remuneration Report, the CEO continued to take zero pay in July and will forgo 35 per cent of Base Pay from 1 August to 31 October 2020.

Note 2: Practically, for 2020/21, should the STIP Scorecard produce a maximum outcome of 150%, and assuming the CEO's IPF was indicatively 1.2, then the maximum outcome under the STIP for 2020/21 would be approximately 90% of Base Pay for the CEO [i.e. 2,170,000 x 0.5 x 1.2 x 1.5 =$1,953,000]

As we said in most respects Qantas exemplified sharing the pain.

From March until the end of June the CEO and Executive Management took no base pay. Then the CEO continued to receive no base pay in July and from August 1 to October 31 will have a 35% reduction in base pay. The Executive Management will take a 15% base pay cut from July1 to October 31, 2020.

The Non- Executive Directors took no remuneration from March until the end of June. The Chairman then took no remuneration in July and from August 1 to October 31 will forgo 35% of fees. The rest of the board took a 15% reduction in fees from July 1 to October 31, 2020.

The Board exercised its discretion and made no awards under the 2019/20 STIP. It recognised that the overall STIP outcome must be considered in the context of the severe impact of COVID-19 on Qantas' operations and financial position. Therefore, in March 2020 the Board determined that no awards be made under the 2019/20 STIP.

50% of the Long Term Incentive Plan (LTIP), the component based on the 3 year RTSR with a basket of overseas airlines vested as equity with the senior management. The CEO will delay until 2021 to make a decision if he will accept it.

Under the terms of LTIP the bonus was earned and although the amount paid in equity was less that they had lost when they refused their base pay for the last quarter. It can be argued to show the senior management were “sharing the pain” they should have sacrificed this payment also.

As we said in the earlier resolution it is wrong for Qantas to call a three year measurement period long term.

The Balanced scorecard is fair, however there should be a larger portion paid in deferred equity and less in cash.

However considering the cuts in base pay, the fact, that the Board demonstrated good discretion by not awarding the STIP even although technically a small portion may have been eligible and as we said even though the CEO’s potential LTIP is one of the highest in Australia, we are for this year voting in favour of this remuneration plan, however if as part of the new look Qantas we don’t see some changes, next year we likely will revert to our previous against vote.

Item 5	**Placement Capacity Refresh**
ASA Vote	**For**

ASA in general does not like the concept of prior approval. However as in the last capital raising there was an offering made to retail shareholders, even if it was not a PAITREO and in the realization that depending what happens with Covid-19 lockdowns around the world it may be necessary for Qantas to go back into the market we will vote in favour