

MODERN SLAVERY AND HUMAN TRAFFICKING
STATEMENT 2018

Modern Slavery and Human Trafficking Statement 2018

This statement, pursuant to s54(1) of the Modern Slavery Act 2015 (UK), sets out the actions taken by the Qantas Group¹ to address modern slavery risks in our business and supply chain over the financial year ending 30 June 2018. Qantas welcomes the introduction of the Australian Modern Slavery Act 2018 (Cth), due to come into effect in 2019, and this statement also aligns with that Act.

OUR APPROACH AND PROGRESS TO DATE

At Qantas safety is and always will be our first priority. We believe that everyone has the right to return home safely, and this belief guides our approach to protecting the rights of workers throughout our business and supply chain.

This is our third statement, and over the past year we have continued to widen and deepen the scope of our programs to detect and mitigate the risk of modern slavery and human trafficking

across our business and supply chain. Last year we shared our priorities for the road ahead. Our progress and achievements since our last statement are outlined below.

KEY AREAS OF ACTION IN 2017

- Identified and communicated the Group’s salient human rights priorities
- Combined the Group’s saliency exercise and recently introduced Australian legislation² to continue to refine our understanding of and approach to modern slavery risk across our first-tier suppliers, particularly with regards to systemic underpayment
- Progressively rolled out the Supply Chain Assurance program across our sourcing operations, with further information on the program available in the governance section of the Group’s [Corporate Site](#)
- Trained key personnel and impacted business unit leaders on the implications of our footprint and associated modern slavery risk indicators, particularly in the Asia-Pacific region

Progress against our Short-Term Priorities

PRIORITIES	ACTIVITIES
Stakeholder dialogue (Completed)	<ul style="list-style-type: none"> • Conducted modern slavery awareness training sessions for procurement, legal and human resources functions • Developed tools to educate our commercial teams who respond to corporate customer questions relating to modern slavery risk management • Formed a comprehensive understanding of our salient human rights priorities, publicly available through the Group’s Corporate Site
Assurance (Near completion)	<ul style="list-style-type: none"> • Launched the Supply Chain Assurance program and introduced reporting on risks detected • Adjusted our supply chain category approach to ensure new regulation and program findings could be easily incorporated into how we detect risk • Finalise clear compliance principles that meet the risk level presented by individual suppliers
Policy development (Commenced)	<ul style="list-style-type: none"> • Drafted a comprehensive statement of the Qantas Group’s commitment to human rights • Engaged key stakeholders for the approval of the commitment document • Expected release of the Group’s commitment to human rights document in mid 2019

For more details relating to our priorities out to 2021 see page 8.

¹Qantas Group’ means Qantas Airways Limited ABN 16 009 661 901, and its related bodies corporate, as defined in Section 50 of the Corporations Act 2001 (Cth)

²Fair Work Amendment (Protecting Vulnerable Workers) Act 2017 (Cth)

OUR SALIENT HUMAN RIGHTS PRIORITIES

To further strengthen our modern slavery governance and direction, we conducted peer and industry analysis alongside in-depth interviews with a range of key internal and external stakeholders to better understand our salient human rights priorities.

This exercise confirmed that modern slavery risk associated with third party contracted labour is the Group's most salient human rights priority. This was assessed in relation to:

- The likelihood of an occurrence;
- The severity of impact on the individual; and
- The business's leverage to create change.

Our other priorities are described in greater detail in the governance section on the Qantas Group's [Corporate Site](#). Our salient human rights priorities will continue to inform our approach and focus with regards to modern slavery and human trafficking related risk.

OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Qantas operates air transportation services to 25 countries using three complementary airline brands operating regional, domestic and international services. Our broad portfolio of subsidiary businesses include Qantas Freight Enterprises and Qantas Loyalty.

The Qantas Group's headquarters are in Sydney and our significant international operational hubs are across the Asia Pacific, North America and the UK. Further information on our business, supply chain and how we are looking ahead, delivering today and acting responsibly is available on the Qantas Group [Corporate Site](#).

In our previous statement, we outlined the complexity our size and geographic reach creates in avoiding modern slavery.

Despite this complexity, we are committed to continually improving how we work with government, business and civil society to meet our moral and ethical obligation to combat modern slavery. The Qantas Group's broad portfolio of subsidiary businesses, including Jetstar, are also engaged in the development of this statement through undertaking training, participating in working groups or through the delivery of the Supply Chain Assurance program.

Over Financial Year 2017/2018, Qantas:

Operated Qantas Group aircraft in

25
countries

Transported

55M
passengers

Worked with in excess of **9,500** first-tier suppliers headquartered in over **80 countries**

POLICIES AND GOVERNANCE APPROACH

Under the Qantas Group [Code of Conduct and Ethics](#), Qantas employees, including directors, agents, contractors and others who represent our business, must respect and support human rights.

Our policy and governance approach to modern slavery is guided by two key publicly available documents. They are our [Code of Conduct and Ethics](#) and the Board approved Non-negotiable Business Principles referenced in the [Qantas Group Business Practices](#).

Over the past 12 months we have drafted an internal statement of the Qantas Group’s commitment to human rights. This statement will be available on the Group’s [Corporate Site](#) following our policy review cycle in June 2019.

In our [Modern Slavery and Human Trafficking Statement 2017](#), we outlined our management structure for human rights, including the establishment of a dedicated Business Integrity and Compliance function to manage a variety of risks associated with the Group’s social licence to operate.

The function has a formal governance structure with Board level oversight through the Audit Committee and is responsible for the implementation of a coherent and effective strategy for managing corporate compliance, including the delivery of modern slavery related initiatives.

The Group also has an informal working group structure to develop and deliver modern slavery related initiatives, with oversight from the Group’s General Counsel. Management from across the Qantas Group are represented at this working group, including Procurement, Government and Industry Affairs, Industrial Relations, Brand and Marketing, Legal, and Business Integrity and Compliance. The working group also includes representatives from across various Qantas Group businesses including Jetstar.

Over the next twelve months we plan to formalise this human rights working group, and align the function to the Group’s overarching sustainability and disclosure strategy.



MODERN SLAVERY WORKING GROUP IN ACTION

Over the reporting period various members of the working group, the Group’s Government and Industry Affairs team and Business Integrity and Compliance collaborated with the International Air Transport Association (IATA) to support the delivery of a Resolution at IATA’s 2018 Annual General Meeting recommending airlines train personnel to detect and report incidents of human trafficking.

In supporting the delivery of the Resolution, the Group is also investigating opportunities to improve our own management of the detection and reporting of incidents of human trafficking. This investigation includes best practice examples from other airlines as well as opportunities for regional partnerships with various government, business and civil society stakeholders. This is one of the Group’s priorities over the next three years and we aim to provide a substantive update on human trafficking programs in the coming 12 months.

Policy documents for our business and employees

Policy documents for our suppliers and partners

RISK DETECTION AND MANAGEMENT

Risk is a primary consideration for all personnel at Qantas. In our [2017 Modern Slavery and Human Trafficking Statement](#) we made a commitment to introduce reporting on modern slavery risks detected through the Supply Chain Assurance program, and we've since developed a roadmap for the program's progression out to 2021.

In previous statements, we've provided an overview of the Group's Supply Chain Assurance program. Further information relating to the structure and scope of the program can be found in the Governance section of the Group's [Corporate Site](#).

Over the reporting period, the Supply Chain Assurance program identified that approximately 10 per cent of suppliers assessed during the period³ raised a possible modern slavery related risk. Of these, around 7 per cent of suppliers were managed through simple due diligence and placed on a continuous monitoring program. Additional detail on the due diligence conducted on the remaining 3 per cent of suppliers is available on page 6 of this statement.

Over the reporting period various members of the modern slavery working group have made arrangements to update the Group risk reporting protocols so that high and medium risk suppliers are included on Business Unit risk registers. These risk registers are reported via the Audit Committee at least every six months as part of the Group's enterprise-wide risk management system. This system is designed to identify, assess, monitor and manage all business risks, including strategic, operational, financial, and compliance risks.

Since operationalising our Supply Chain Assurance program we've continued to assess how we interpret and respond to risk. We are satisfied that our existing program acknowledges and incorporates known global risks, both with regards to the Group's procurement categories and geographic regions with heightened risk. We have also built the program to allow flexibility throughout implementation, so that developments including new legislation and real time supplier assessments can inform the need to shift how we assess risk. An example of this flexibility is the incorporation of specific risk indicators relating to underpayment. This is both in response to domestic legislation in Australia and in recognition of the fact that indicators including underpayment often do not occur in isolation. To better map how we anticipate continuing to widen the scope of the program, we have developed a roadmap and three key goals to be in place by 2021. Our three goals are outlined below.

Goals for 2021



To have assessed all new and recontracted suppliers, and have commenced a program of assessment for second-tier suppliers



To develop and make publicly available an interactive map of the Group's supply chain, providing stakeholders insight into where our suppliers operate



To commence high risk supplier training, with a focus on protecting the rights of migrant workers

³This figure includes new and recontracted suppliers over the reporting period alongside a high level assessment of existing suppliers headquartered in high risk countries

DUE DILIGENCE PROCESS

Over the reporting period, around 3 per cent of our suppliers progressed beyond our prequalification questionnaire to an advanced due diligence review. We will continue to work with these suppliers to support them to comply with the [Group's Supplier Requirements](#).

Supply Chain Assurance

The Group's approach to modern slavery and human trafficking due diligence has been standardised throughout the supplier lifecycle through the development of the Supply Chain Assurance program. The process commences prior to the supplier providing goods and services to the Group — with prequalifying questionnaires aimed at identifying the risk associated with individual suppliers.

The 3 per cent of suppliers who progressed through to advanced due diligence over the reporting period have undertaken a range of activities, including requests for specific information, as well as desktop and onsite audits designed to detect modern slavery or slavery-like practices. From time to time, the Group has also come into contact with information relating to second and third-tier suppliers. Whilst outside of the current scope of the program, Business Integrity and Compliance has worked with first-tier suppliers to issue or track compliance to a corrective action plan.

Where a corrective action plan is completed to the Group's satisfaction the supplier is entered into a monitoring system for changes in progress.

Whistleblower Procedure

Qantas has established an effective whistleblower reporting and investigation framework. This allows reporting of breaches of any law, regulation, or any Qantas Group Policy — including concerns relating to modern slavery. Using multiple technologies, employees, contractors and their family members are able to report grievances or issues anonymously, and Qantas will take all practicable steps to protect their identity. All reports pertaining to any breach of law, regulation or policy are taken very seriously and are assessed and investigated accordingly. We are exploring initiatives to communicate this program more broadly, particularly in response to domestic regulation aimed at protecting vulnerable workers.

CASE STUDY

Through advanced due diligence we identified a specific issue in Malaysia where foreign workers were required to pay excessive recruitment fees, placing the workers in a situation of bonded labour. The Group initiated a detailed due diligence approach, including Qantas personnel site visits. Following the Group's intervention we have ensured all workers have had their

bond repaid in full. The facility has since had two independent onsite audits confirming practices continue to improve and a whistleblower procedure has been communicated to workers in local languages. We continue to work with the associated supplier to ensure worker safety is continuously monitored.

TRAINING

Every three years all Qantas Group employees undertake training aimed at providing context around the Qantas Group Policies, our Non-Negotiable Business Principles, Brand Values and Qantas Group Beliefs.

Over the reporting period we have provided tailored training to Procurement, Human Resources and Group Legal, and ensured materials are available for personnel who were unable to attend or wish to refresh their knowledge. For Procurement, this training has focused on risk identification and due diligence execution. For Human Resources and Group Legal, this training has focused on the emerging patchwork of global and domestic regulation aimed at addressing modern slavery and human trafficking.

The Group's statement and progress against our priorities is discussed at both the Group Management Committee and Board level, ensuring our leaders are equipped with the right information to appropriately manage this risk.

We recognise a need to continue to build capacity amongst key personnel, and to widen the scope beyond the Qantas Group to suppliers and partners — all of which is built into the Group's priorities over the coming years.



PLANNING AHEAD

Whilst we are proud of our achievements over the reporting period, we recognise there is more to do. Modern slavery risk management requires continuous commitment, both from within our business and through the encouragement of progress in international and domestic policy forums. We commit to continuing to report our

progress both on the Group’s [Corporate Site](#) and in subsequent statements. Our refreshed priorities, now shifting away from the baseline phase and strongly toward implementing programs and initiatives, reflect this continued commitment.

PRIORITIES	ACTIVITIES
<p>Policy development (12-18 months)</p>	<ul style="list-style-type: none"> • Finalise the human rights commitment document, as well as internal procedural documents to ensure appropriate activity supports the Group’s position (particularly with regards to human trafficking) • Publish statement on Group’s Corporate Site following the Group’s policy review cycle in 2019
<p>Stakeholder dialogue (2 years)</p>	<ul style="list-style-type: none"> • Form a cycle for effective stakeholder engagement, including the review and confirmation of salient human rights issues • Broaden stakeholder engagement to include business units and organisations not included in original capacity building exercise, including civil society and high risk suppliers • Commence development on interactive supply chain map, providing stakeholders insight into where our suppliers operate • Continue to work with key industry partners to operationalise a program of works for the detection and prevention of the use of aviation as means to transport victims of human trafficking
<p>Assurance (3 years)</p>	<ul style="list-style-type: none"> • Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes • Develop a practical approach to extend the scope of the Supply Chain Assurance program and include a valid, risk-based assessment of second-tier suppliers • All new and recontracted suppliers assessed through the Supply Chain Assurance program, including managing and monitoring suppliers with an elevated risk

This statement was approved by the Board of Qantas Airways Limited.

Signed,



Alan Joyce
CEO Qantas Group

