

Engagement Policy Implementation Statement (“EPIS”)

Qantas Airways Limited (UK) Retirement Benefits Scheme

Scheme Year End – 31 March 2023

The purpose of the EPIS is for us, the Trustees of the Qantas Airways Limited (UK) Retirement Benefits Scheme (the “Scheme”), to explain what we have done during the year ending 31 March 2023 to achieve certain policies and objectives set out in the Statement of Investment Principles (“SIP”). It includes:

1. How our policies in the SIP about asset stewardship (including both voting and engagement activity) in relation to the Scheme’s investments have been followed during the year; and
2. How we have exercised our voting rights or how these rights have been exercised on our behalf, including the use of any proxy voting advisory services, and the ‘most significant’ votes cast over the reporting year.

Our conclusion

Based on the activity we have undertaken during the year, we believe that the policies set out in the SIP have been implemented effectively.

In our view, BlackRock was able to disclose good evidence of voting and engagement activity, and the activities completed by BlackRock align with our stewardship expectations. We believe our voting rights have been implemented effectively on our behalf.

The Trustees expect improvements in disclosures over time in line with the increasing expectations on investment managers and their significant influence to generate positive outcomes for the Scheme through considered voting and engagement.

How voting and engagement policies have been followed

The Scheme is invested entirely in pooled funds, and so the responsibility for voting and engagement is delegated to the Scheme's investment manager. We reviewed the stewardship activity of the material investment manager carried out over the Scheme year and in our view, BlackRock was able to disclose good evidence of voting and engagement activity. More information on the stewardship activity carried out by BlackRock can be found in the following sections of this report.

Over the reporting year, we monitored the performance of the Scheme's investments on a quarterly basis and received updates on important issues from our investment adviser, Aon Investments Limited ("Aon"). In particular, where available, we received quarterly Environment Social Governance ("ESG") ratings from Aon for the fund the Scheme is invested in.

Each year, we review the voting and engagement policies of the Scheme's investment manager to ensure they align with and help us achieve our own policies for the Scheme.

The Scheme's stewardship policy can be found in the SIP:

<https://www.qantas.com/content/dam/qantas/pdfs/about-us/qantas-airways-limited-UK-retirement-benefits-scheme-statement-of-investment-principles.pdf>

What is stewardship?

Stewardship is investors using their influence over current or potential investees/issuers, policy makers, service providers and other stakeholders to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

This includes prioritising which ESG issues to focus on, engaging with investees/issuers, and exercising voting rights.

Differing ownership structures means stewardship practices often differ between asset classes.

Source: UN PRI

Our manager’s voting activity

Good asset stewardship means being aware and active on voting issues, corporate actions and other responsibilities tied to owning a company’s stock. Understanding and monitoring the stewardship that investment managers practice in relation to the Scheme’s investments is an important factor in deciding whether a manager remains the right choice for the Scheme.

Voting rights are attached to listed equity shares, including equities held in multi-asset funds. We expect the Scheme’s equity-owning investment manager to responsibly exercise its voting rights.

Voting statistics

The table below shows the voting statistics for Scheme’s material fund with voting rights for the year to 31 March 2023. Note: the Scheme disinvested from the BlackRock ACS World Multifactor ESG Equity Tracker Fund during the Scheme year (i.e. in July 2022).

	Number of resolutions eligible to vote on	% of resolutions voted	% of votes against management	% of votes abstained from
BlackRock - ACS World Multifactor ESG Equity Tracker Fund*	3,193	90.0%	5.9%	0.9%

Source: BlackRock.

*The voting statistics provided by BlackRock suggests that abstained votes are being counted as votes against management resulting in double counting within the voting statistics.

Use of proxy voting advisers

Many investment managers use proxy voting advisers to help them fulfil their stewardship duties. Proxy voting advisers provide recommendations to institutional investors on how to vote at shareholder meetings on issues such as climate change, executive pay and board composition. They can also provide voting execution, research, record keeping and other services.

Responsible investors will dedicate time and resources towards making their own informed decisions, rather than solely relying on their adviser’s recommendations.

The table below describes how the Scheme’s manager uses proxy voting advisers.

	Description of use of proxy voting advisers
BlackRock	<p>BlackRock’s proxy voting process is led by the BlackRock Investment Stewardship (BIS) team. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock’s Global Principles and custom market-specific voting guidelines.</p> <p>While we subscribe to research from the proxy advisory firms, Institutional Shareholder Services (“ISS”) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format, so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company’s own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research.</p>

Source: BlackRock.

Why is voting important?

Voting is an essential tool for listed equity investors to communicate their views to a company and input into key business decisions. Resolutions proposed by shareholders increasingly relate to social and environmental issues

Source: UN PRI

Why use a proxy voting adviser?

Outsourcing voting activities to proxy advisers enables managers that invest in thousands of companies to participate in many more votes than they would without their support.

Significant voting example

To illustrate the voting activity being carried out on our behalf, we asked the Scheme's investment manager to provide a selection of what it considers to be the most significant votes in relation to the Scheme's fund. A sample of it can be found in the Appendix.

Our manager's engagement activity

Engagement is when an investor communicates with current (or potential) investee companies (or issuers) to improve their ESG practices, sustainability outcomes or public disclosure. Good engagement identifies relevant ESG issues, sets objectives, tracks results, maps escalation strategies and incorporates findings into investment decision-making.

The table below shows some of the engagement activity carried out by the Scheme's material manager, BlackRock. BlackRock has provided information for the most recent calendar year available.

Fund	Number of engagements		Themes engaged on at a fund-level
	Fund specific	Firm level	
BlackRock - ACS World Multifactor ESG Equity Tracker Fund	320	3,886	Environment - Climate Risk Management, Environmental Impact Management, Operational Sustainability Social - Diversity and Inclusion, Human Capital Management, Social Risks and Opportunities Governance - Board Composition and Effectiveness, Business Oversight/Risk Management, Corporate Strategy, Governance Structure, Remuneration

Source: BlackRock.

Data limitations

At the time of writing, BlackRock did provide fund-level engagement information but not in the industry standard ICSWG template. As the Scheme has now disinvested from this fund, the Trustees will not take any further action to liaise with the manager in relation to future reporting.

This report does not include commentary on the Scheme's liability driven investments/gilts or cash because of the limited materiality of stewardship (voting and engagement) to these asset classes.

Appendix – Significant Voting Example

In the table below is an example of a significant vote provided by the Scheme's manager. We consider a significant vote to be one which the manager considers significant.

BlackRock - ACS World Multifactor ESG Equity Tracker Fund	Company name	J Sainsbury Plc
	Date of vote	07-July-2022
	Approximate size of fund's/mandate's holding as at the date of the vote (as % of portfolio)	<i>Not provided</i>
	Summary of the resolution	Shareholder Resolution on Living Wage Accreditation
	How you voted	Against
	Where you voted against management, did you communicate your intent to the company ahead of the vote?	We endeavour to communicate to companies when we intend to vote against management, either before or just after casting votes in advance of the shareholder meeting. We publish our voting guidelines to help clients and companies understand our thinking on key governance matters that are commonly put to a shareholder vote. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account company's unique circumstances where relevant. Our voting decisions reflect our analysis of company disclosures, third party research and, where relevant, insights from recent and past company engagement and our active investment colleagues.
	Rationale for the voting decision	BIS recognises the importance of frontline workers to Sainsbury's long-term success, and we see pay and benefits more broadly as a critical issue for companies to be managing effectively. However, BIS did not support the proposal given Sainsbury's strong positive track record on offering above-market employee benefits and because we believe the legally binding proposal is unduly constraining on management decision-making on a critical operational and financial issue given that it would require management to cede control of worker pay to a third-party entity.
	Outcome of the vote	Fail
	Implications of the outcome e.g., were there any lessons learned and what likely future steps will you take in response to the outcome?	BlackRock's approach to corporate governance and stewardship is explained in our Global Principles. Our Global Principles describe our philosophy on stewardship, including how we monitor and engage with companies. These high-level principles are the framework for our more detailed, market-specific voting guidelines. We do not see engagement as one conversation. We have ongoing direct dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we may vote against management for their action or inaction. Where concerns are raised either through voting or during engagement, we monitor developments and assess whether the company has addressed our concerns.
	On which criteria have you assessed this vote to be "most significant"?	<i>Not provided</i>

Source: BlackRock.