

Taskforce on Climate-related Financial Disclosures (TCFD)

In 2017, the Qantas Group committed to aligning our climate change-related disclosures to the TCFD recommendations. The Group began developing climate scenarios to better understand the transition and physical risks to the business in FY19. Despite the impacts of COVID-19, the Group remains committed to transparent disclosure and addressing climate transition and physical risks, with further progress planned for FY21. For FY20, we have prepared the following table to summarise how the Qantas Group aligns to the TCFD recommendations.

TCFD Recommendation	Qantas Group approach
<p>Governance</p> <p>Board's oversight of climate-related risks and opportunities.</p>	<p>The Board has ultimate oversight of climate-related issues through its sub-committees:</p> <ul style="list-style-type: none"> – Committee for Health, Environment, Safety and Security (CHESS) – which has responsibility for environment (including climate change) strategy, policy, systems oversight, monitoring and corporate governance; and – Audit Committee – which undertakes the functions of a risk committee as set out in the ASX Principles. <p>See Our Governance section for details on Board oversight and the sub-committee charters.</p> <p>The frequency with which the Board is informed about climate-related issues depends on significance of the specific risk (opportunities or threats). All Operational Risks identified using the Qantas Group Risk Assessment Guide (QRAG) are placed on the Group's risk register, with high and extreme risks reported to Executive Management and Board of Directors on a 6-monthly basis. Climate related risks that may impact over the coming 3–10 year period are captured in the Group Long Term Risk Management section of the Group Risk Management Report submitted to the Executive Management, Audit Committee and Board of Directors.</p> <p>On a quarterly basis the Board reviews the Group's performance with respect to climate related issues through CHESS. On an annual basis the Board endorses the Group's Sustainability Strategy through CHESS, including related to energy and emissions, short to medium term targets and long term strategies, which incorporates Qantas' response to climate-related issues.</p>
<p>Management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Day-to-day management of climate-related risks, including monitoring of performance against targets, is managed by the Qantas Group Sustainability team. The team is responsible for annual reporting, compliance reporting, strategy implementation and initial risk assessment of climate related risks and opportunities. Monitoring is performed by Management through monthly monitoring of fuel efficiency and energy performance, quarterly reporting to CHESS and annual reporting against the Group's Sustainability strategy and targets.</p> <p>See Our Governance section for details of additional governance mechanisms, such as the Qantas Group Code of Conduct, which incorporates the non-negotiable business principle of environmental sustainability.</p>

<p style="text-align: center;">Strategy</p>	<p>Climate-related risks (opportunities and threats) identified over short, medium and long term.</p>	<p>The Qantas Group’s long-term strategy identifies climate change and resource constraints as one of the four broad structural trends which Management believes are most likely to have significant impacts on its strategies and which will shape adaptations. Climate risks and opportunities are at the forefront of this. See <u>Looking Ahead – Climate change and resource constraints</u> section for further detail.</p>
	<p>Impacts of climate-related risks (opportunities and threats) on organisation’s businesses, strategy and financial planning.</p>	<p>Climate-related risks and opportunities are incorporated into the Qantas Group’s Environment strategy. CHESSE endorses the Environment strategy once a year and reviews performance on a quarterly basis. Certain climate-related risks (opportunities and threats) are factored into financial planning, including fuel efficiency benefits and regulatory impacts.</p>
	<p>Resilience of organisation’s strategy taking into account different climate scenarios, including 2 degree scenario.</p>	<p>The Group has undertaken scenario analysis, which revealed that aviation is a growth sector under all three climate futures. This reinforces the need to continue investing in the transition to a low carbon economy. Analysis also revealed that the physical impacts of climate changes are highly site specific, determined by geographic location and existing infrastructure. See <u>Managing Climate Risk</u> section for further details.</p>
<p style="text-align: center;">Risk Management</p>	<p>Processes for identifying and assessing climate-related risks.</p>	<p>The Qantas Group has identified climate change as one of the five Material Business Risks in its Annual Report disclosures:</p> <ul style="list-style-type: none"> – The Qantas Group is subject to short-term and long-term climate-related physical and transition risks. These risks are an inherent part of the operations of an airline and are managed by undertaking scenario analysis, strengthening governance, technology, operational and market-based controls, including proactive consideration of how changing factors (including global climate policies) impact the proximity of climate-related risks. The Qantas Group is responding to increased demand for transparency on identification and management of climate-related risks by aligning its 2019/20 disclosures with the Taskforce on Climate-Related Financial Disclosures (TCFD). <p>All risks and opportunities including those related to climate change are identified through the Group’s Risk Management framework which is supported by the Group Risk Management Policy. It sets out the requirements and responsibilities for risk management across the Group. See <u>Our Governance</u> section for further details.</p>
	<p>Processes for managing climate-related risks.</p>	<p>The Qantas Group adopts an integrated approach to managing climate-related risks across the business. Key business units are responsible for ongoing monitoring and management of these risks based on their potential impact to the business.</p>
	<p>How processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.</p>	<p>All risks (opportunities and threats) including those related to climate change are identified through the Group’s Risk Management framework which is supported by the Group Risk Management Policy and sets out the requirements and responsibilities for risk management across the Group. See <u>Our Governance</u> section for further details.</p>

	<p>Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>The Qantas Group has outlined all key metrics used to measure and manage climate-related risks and opportunities. See Our Planet section for further detail. The Group does not yet have an internal carbon price or report on climate-related financial metrics.</p>
<p>Metrics and Targets</p>	<p>Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>The Qantas Group reports on Scope 1, 2 and 3 greenhouse gas emissions annually and, in relation to Australian domestic emissions, in accordance with the Australian Government National Greenhouse and Energy Reporting Scheme. Scope 3 emissions are also monitored and reported annually under the Australian Government National Carbon Offset Standard. See 2019/20 Performance section for 2019/20 and historical data.</p>
	<p>Targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>The Qantas Group reports on performance against targets annually. See 2019/20 Performance section for 2019/20 and historical performance.</p>