This Statement of Investment Principles is produced to meet the requirements of the Pensions Acts 1995 & 2004, the Occupational Pension Schemes (Investment) Regulations 2005 as amended and subsequent legislation, and to reflect the Government's Voluntary Code of Conduct for Institutional Investment in the UK. The Trustees also comply with the requirements to maintain and take advice on the Statement and with the disclosure requirements.

Qantas Airways Limited (UK) Retirement Benefits Scheme (“the Scheme”)
Statement of Investment Principles (“the Statement”)

Investment Objective

The trustees of the Scheme (the “Trustees”) aim to invest the assets of the Scheme prudently with a view to ensuring that the benefits promised to members can be provided. In setting the investment strategy, a low-risk asset allocation in relation to the Scheme's liabilities was identified.

1. Strategy

Following negotiations with the Company, the Trustees agreed to reduce investment risk and the Trustees entered into a buy-in policy with Pension Insurance Corporation PLC (“PIC”) during December 2018. A second policy was entered into with PIC in May 2023, together these policies (the “Annuity Policies”) insure the overwhealming majority of the Scheme’s liabilities. The Trustees entered into buy-in policies to secure the members benefits as they believe this to be an appropriate way of achieving the investment objective in the lowest risk manner.

A small proportion of the Scheme's liabilities remain uninsured (such as liabilities arising from GMP equalisation). Once this has been completed, the Trustees will consider whether it is appropriate to insure these remaining liabilities.

A portion of the Scheme’s assets are invested in fixed interest gilts, index linked gilts and cash (including cash like/liquidity vehicles) managed by BlackRock. The buy-ins and asset allocation strategy for the non-insured assets was determined with regard to the actuarial characteristics of the Scheme.

When choosing the Scheme’s planned asset allocation strategy, the Trustees considered written advice from Aon Investments Limited (the “Investment Consultant”) and, in doing so, addressed the following:

- A full range of asset classes;
- The risks and rewards of a range of alternative asset allocation strategies;
- The suitability of each asset class; and
- The need for appropriate diversification.

In addition, the Trustees consulted with the Company when setting this strategy.

2. Risk Measurement and Management

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for its liabilities (“funding risk”). The Trustees have identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to funding risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustees and the Investment Consultant considered this mismatching risk when setting the investment strategy;
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities (“cash flow risk”). The Trustees and the Investment Consultant will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs;
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees (“manager risk”). This risk is considered by the Trustees and the Investment

Consultant both upon the initial appointment of the fund managers and on an ongoing basis thereafter;
- The failure to spread investment risk ("risk of lack of diversification"). The Trustees and the Investment Consultant considered this risk when setting the Scheme's investment strategy;
- The possibility of failure of the Company ("covenant risk"). The Trustees and the Investment Consultant considered this risk when setting investment strategy and consulted with the Company as to the suitability of the proposed strategy;
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that the Investment Consultant and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received; and
- The risk of a default by a bulk annuity provider (buy-in insurer) ("insurer default/credit risk"). The Trustees and their advisors considered the strength of the insurer before entering into the Annuity Policies whilst considering the wider regulatory framework within which they are required to operate.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The Trustees also intend to mitigate a number of these risks by:
- Maintaining a liquid portfolio of high quality assets (for example by investing in government bonds and cash);
- Entering into the Annuity Policies which help to mitigate a number of risks (e.g. mismatching risk and cashflow risk); and
- Monitoring the financial strength of the Company and its perceived commitment to the Scheme. The Trustees will monitor this via the use of publicly available information and through the Trustees ongoing dialogue with the Company.

3. Implementation

The current strategy was agreed by the Trustees and the Company with the Trustees having received advice from the Scheme Actuary and the Investment Consultant.

The Annuity Policies are held with PIC. The Annuity Policies are intended to insure the overwhelming majority of the Scheme's liabilities, effectively removing interest rate, inflation and longevity risk associated with those liabilities. The insurer pays the Scheme an amount each month equal to the pension payment due in respect of the membership underlying the policies. The Annuity Policies are assets of the Scheme, and the pension liability remains within the Scheme until such a time as a buyout is completed.

The residual assets consist of a two gilt funds and a cash allocation through investment in BlackRock pooled funds. The Trustees have delegated all day-to-day decisions about the residual assets, including the realisation of investments, to the fund manager through a written contract.

4. General Investment Policy

When choosing investments, the Trustees and the Investment Manager (to the extent delegated) are required to have regard to the criteria for investment set out in the Occupational Pension Schemes (Investment) Regulations 2005 (regulation 4). The Investment Manager's duties include:

- Realisation of investments;
- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments; and
- Implementing voting and corporate governance as required to meet the performance objectives of the investments held.

For direct investments in pooled funds, the Trustees expect the Investment Manager of the underlying pooled fund to carry out the above duties. Where the assets are held in segregated rather than pooled format, the Trustees expect each sub fund manager of the underlying assets to carry out the powers of investment delegated to them.

The Trustees don't currently receive statements of corporate governance and voting activity in the reports provided by the respective Investment Manager, as they are not relevant for their current investment strategy, a gilts / cash only portfolio.

5. Arrangements with asset managers

Before entering into the Annuity Policies with PIC, the Trustees reviewed the governing documentation associated with the Policies and considered the extent to which it aligned with the Scheme's requirements. Following the purchase of the Annuity Policies, and with the exception of the residual assets, the responsibility for managing arrangements with the underlying asset managers lies with the insurer. This responsibility may include ensuring that arrangements with appointed asset managers are aligned to achieving the medium and long-term objectives of the insurer and as established within the contractual terms of the Annuity Policies of the Scheme.

The Trustees take ESG factors into consideration, where appropriate, in the selection of investments. For instance, agreeing at a strategic level how to incorporate these factors into the asset allocation and considering managers' ESG approach when appointing new managers. Before investing, the Trustees will seek to understand the manager's approach to sustainable investment (including engagement). When investing in a pooled investment vehicle, the Trustees will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives. This process ensures manager incentives are aligned with the Trustees' policies.

Given the nature of the Annuity Policies the Trustees believe that the the insurer is incentivised to manage their portfolios in an appropriate manner, it also believes that it has limited scope to influence their policies. As such the Trustees do not seek to monitor these on an ongoing basis. Should the Trustees be provided with any opportunity which they deem appropriate to engage with the insurer it will consider this and will outline its views and expectations of the insurer - should they deem this to be appropriate. Given the long term nature of buy-in policies the Trustees do not believe that is appropriate for the ongoing performance or appointment of the insurer to be reviewed.

Given the asset classes and nature of the Scheme's non-annuity assets the Trustees do not monitor the ESG processes of BlackRock as they believe these factors are not relevant. Given the relatively small proportion of residual assets invested outside of the Annuity Policies, and the nature of the investments held, the Trustees do not maintain a policy for the arrangements with BlackRock. There is no set duration for arrangements with the Annuity Provider or with BlackRock.

6. Cost Monitoring

The Trustees are aware of the importance of monitoring costs and the impact these costs can have on the overall value of the Scheme's assets.

The Trustees note that the importance of monitoring costs will focus on the residual assets and, as such, annual cost transparency reports from the manager will help understand what costs have been incurred on assets with a low expected return.

Given the nature of the buy-in contracts, the Trustees do not believe it is appropriate for it to monitor or evaluate the factors as it does not have any influence on the insurer's investment strategy, nor does it remunerate the insurer.

The Investment Consultant operates under an agreement to provide services as requested by the Trustees. The investment advice provided in desired areas is designed to ensure that the Trustees are briefed both to take the decisions itself and to monitor those it delegates. They are paid on a fixed fee or a time cost basis as agreed from time to time. For significant areas of advice the Trustees will endeavour to agree a project budget. This structure has been chosen to ensure that cost-effective, independent advice is received.

7. Governance

The Trustees have consulted the Company on the content of this Statement.

The Trustees of the Scheme are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision.

The Trustees have established the following decision making structure:

Trustees ▪ Monitor actual returns versus Scheme investment objective. ▪ Set structures and processes for carrying out their role. ▪ Select and monitor planned asset allocation strategy. ▪ Select and monitor direct investments (see below). ▪ Select and monitor the Investment Consultant and Investment Managers. ▪ Prepare and maintain this Statement. ▪ Make ongoing strategic decisions relevant to the operational principles of the Scheme's investment strategy.
Investment Consultant ▪ Advises on all aspects of the investment of the Scheme assets including implementation. ▪ Advises on this Statement. ▪ Provides advice when required under s36 Pension Act 1995. ▪ Provides any required training.
Investment Manager ▪ Operates within the terms of this Statement and the Investment Management Agreement. ▪ Selects individual investments with regard to their suitability and diversification. ▪ Advise Trustees on the suitability of the indices in their benchmark and provides other ad hoc advice and views.
Annuity Provider ▪ Manage annuity policies to pay the cashflows associated with the insured liabilities.

The Pensions Act 1995 distinguishes between investments where the management is delegated to a Investment Manager under a written contract and those where a product is purchased directly, eg the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments.**

The Trustees' policy is to review their direct investments (which include the vehicles used for members' AVCs) and to obtain written advice about them at regular intervals. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the Investment Manager.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this Statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries;
- Security;
- Quality;
- Liquidity;
- Profitability;
- Nature and duration of liabilities;
- Tradability on regulated markets;
- Diversification; and
- Use of derivatives.

The Trustees' Investment Consultant has the knowledge and experience required under the Pensions Act 1995.

The Trustees expect the Investment Managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this Statement so far as is reasonably practicable.

The Trustees will review this Statement at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the Company over any changes to the Statement.

8. Environmental, Social and Governance

In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their Investment Consultant when selecting managers and when monitoring their performance.

9. Stewardship – Voting and Engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as this ultimately creates long-term financial value for the Scheme and its beneficiaries.

As part of their delegated responsibilities, the Trustees expect the Scheme's Investment Manager to:

- Take into account environmental, social and governance considerations in the selection, retention and realisation of investments; and
- Exercise the Trustees' voting rights in relation to Scheme assets, where relevant.

The Trustees regularly review the suitability of the Scheme's appointed Investment Manager and take advice from their Investment Consultant with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights (where relevant) and engagement by the appointed Investment Manager. If the Investment Manager is found to be falling short of the standards the Trustees expects, the Trustees undertake to engage with the Investment Manager, either verbally or in writing to understand the rationale and seek a more sustainable position but may look to replace the Investment Manager.

The Trustees review the stewardship activities of their Investment Manager on an annual basis, covering both engagement and voting actions, where relevant. However, the application of voting rights is not currently relevant for the Scheme given the nature of the Scheme's assets.

10. Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy, the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018