

Qantas Group
Modern Slavery and
Human Trafficking
Statement **2019**



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OUR APPROACH AND PROGRESS

This statement, pursuant to s54(1) of the *Modern Slavery Act 2015 (UK)* and the *Australian Modern Slavery Act 2018 (Cth)*, sets out the actions taken by the Qantas Group to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 30 June 2019.

Our Approach and Progress to Date

This is our fourth statement and it describes our actions over the past year to strengthen our policies and performance, in line with the requirements of the UK Modern Slavery Act and the Australian Modern Slavery Act. It outlines our continued efforts to broaden the scope of our programs; detect the risk of modern slavery and human trafficking across our business and supply chain; and ensure we have in place the most appropriate responses to that risk.

As part of our broader human rights program, we continue to develop our approach and focus on preventing and addressing modern slavery and human trafficking related risk. The three principles that guide us are: **operating with integrity**; **strong corporate governance**; and **transparency in reporting**. The ways by which we act to meet these principles are described in greater detail in the governance section on the Qantas Group's [Corporate website](#).

In addition to the work we have done in our own operations and supply chain, we have been active in our collaboration with other organisations to share knowledge, discuss approaches, and build on learnings to address this growing global issue.

KEY AREAS OF ACTION IN 2018/19

- Maturing our Supply Chain Assurance program to introduce a human rights risk index and reduce our exposure to modern slavery risk through improved risk assessment, due diligence, remediation and monitoring processes.
- Focusing on broadening our stakeholder engagement with investors, shareholders, non-government organisations and other businesses to better understand their perspectives on the role of the aviation industry in respecting human rights and to collaborate on the prevention of modern slavery.
- Operationalising our commitment to work with suppliers to provide remediation.
- Development of training for key personnel to detect and prevent human trafficking to be launched in early 2020, and continuation of training in modern slavery risk indicators.



OUR APPROACH AND PROGRESS continued

Progress Against our Short-Term Priorities

PRIORITIES	ACTIVITIES
Assurance	<p>Continued implementation and enhancement of the Supply Chain Assurance program through:</p> <ul style="list-style-type: none"> • Identification of opportunities for enhanced reporting and analysis. • Introduction of a new supply chain risk category in our due diligence process to incorporate assessment of labour rights. • Integration of Verisk Maplecroft¹ human rights risk indices into our due diligence process. • Formalisation of our due diligence assessment procedures to ensure standardisation and consistent application of risk and due diligence methodology.
Policy and Training	<ul style="list-style-type: none"> • Issue our first Human Rights Policy Statement, from our Group CEO, which is expected to be published in early 2020. • Incorporate the delivery of modern slavery and human trafficking awareness training for our offshore employees and agents. • Develop training on avoiding involvement in human trafficking, with roll out to key personnel to commence in 2020.

For more details relating to our priorities out to 2021 see page 11.

¹Verisk Maplecroft Index. This index indicates the risk to business of the possible association with or exposure to practices of slavery, servitude, trafficking in persons and forced labour by state and non-state actors within its supply chain across four indices: Civil and Political Rights; Labour Standards; Access to Remedy, and Business Integrity.



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

The Qantas Group's main business is the transportation of customers using two complementary airline brands – Qantas and Jetstar. Our airline brands operate regional, domestic and international services. The Group's broad portfolio of businesses also includes Jetstar, Qantas Freight Enterprises and Qantas Loyalty.

The Qantas Group's² headquarters are in Sydney, with our key operational hubs in Australia, Singapore, the United Kingdom and the United States. Last year we provided air transportation services to over 55 million passengers across 25 countries, including destinations 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 website](#).

Our global workforce consists of more than 30,000 employees, contractors and agents across approximately 80 countries. Our direct employees are engaged either by contract or under award agreements. We have approximately 55 collective industrial instruments and 18 unions, with whom our employees are free to associate. In 2020, to coincide with the delivery of human trafficking training for key personnel, we plan to engage our people and relevant stakeholders on our approach to addressing the issue of human trafficking risk.

The Qantas Group sources significant quantities of goods and services, ranging from stationery to uniforms, catering and onboard products, and to aircraft and aircraft parts. In FY19, the Group worked with 9,000 suppliers globally, with the majority of our

annual \$12.5bn supplier spend occurring with our first-tier suppliers primarily located in Australia, followed by the United States, Singapore and New Zealand.

Our global supply chains are extensive, with a high proportion of our extended supply chain located in the Asia region. We are aiming to progressively develop a more comprehensive supply chain map to better demonstrate the geographic location and nature of products and services sourced.

The diversity of the products, geographic locations, markets and regulatory systems associated with these purchases can potentially expose the Group to a myriad of risks. We apply a systematic approach to all risk disciplines, including in our procurement processes, practices and dealings with suppliers, which we know is an essential element of progressing the global eradication of modern slavery and human trafficking.

Further information on our supply chain is available on the Qantas Group's [Corporate website](#).

²Qantas 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). This statement is not applicable to any non-managed joint ventures of the Group.

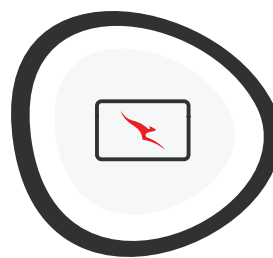
OVER FINANCIAL YEAR 2018/19, QANTAS GROUP:



Operated
314 aircraft



Transported
56 million passengers



Reached **12.9 million**
Qantas Loyalty members



Operated **5,000**
weekly flights to over
80 destinations

POLICIES AND GOVERNANCE

The Group has a robust corporate governance framework in place, with the Qantas Board overseeing our broader human rights program through the Qantas Audit Committee. Underpinning this framework are the Group's suite of policies, several of which are relevant to modern slavery.

These include our [Code of Conduct and Ethics](#), the Board approved Non-negotiable Business Principles referenced in the [Qantas Group Business Practices](#), our [Procurement Policy](#) and our [Whistleblower Policy](#). Our [Corporate website](#) contains more detail on our approach to corporate governance.

We continue to articulate our expectations to suppliers through our [Supplier Code of Conduct and Ethics](#) and [Supplier Requirements](#), which are also available on our website. Although our standard contractual terms include a requirement to comply with these documents, we are currently in the process of further strengthening our management of modern slavery by embedding bilateral modern slavery compliance clauses into our precedent contracts. In FY19, we also updated our procurement procedure and developed a Supply Chain Assurance program to ensure due diligence is undertaken prior to supplier onboarding, contract award or any commercial agreement.

In our previous statement, we outlined our intention to publish a Human Rights Policy Statement. This statement, endorsed by our CEO, provides further clarification of our position on preventing and addressing modern slavery, and will be made available on the Group's Corporate website in early 2020.

The Group's Business Integrity & Compliance function, reporting to the General Counsel and Group Executive, Office of the CEO, is responsible for the development and implementation of the Group's broader human rights program, including modern slavery and human trafficking initiatives. Accountability for addressing modern slavery and human rights risk is cross-functional and our internal business units work together, at Group level and across our entities, to embed our initiatives and supporting processes. In recognition of the complexity of this global issue, the Group continues to build the capacity of our people on modern slavery risk management, including seeking external expert input for guidance on our approach.

Supply Chain Governance Structure



ASSESSMENT AND MITIGATION OF MODERN SLAVERY RISK

Our management of modern slavery risk in our operation and supply chain falls within our broader approach to human rights risk and is assessed and managed consistently with our established enterprise-wide risk framework. The Group's Audit Committee is responsible for providing oversight on behalf of the Board. Further information relating to the risk management framework can be found in the Governance section of the Group's [Corporate website](#).

To ensure that we minimise the risk of modern slavery and the potential exposure to human rights risk more broadly, we utilise tools to strengthen our risk assessment program, including the Global Slavery Index and Verisk Maplecroft Human Rights indices. We also consider information and resources made available through organisations such as the [Global Compact Network](#), [TRACE International](#), the [Transparency International Corruption Perceptions Index](#), and the [Modern Slavery Registry](#).

Whilst we recognise that modern slavery and human trafficking risk may occur in our organisation and extended supply chain, we know that the level of risk is influenced by factors such as vulnerable populations, product and service category, industry and geographic location. Accordingly, we have tailored our risk processes to ensure that we are focusing our efforts on those areas that present an elevated risk of exposure. We have assessed that of all the products and services we procure, those within the categories of textiles, catering, information technology supplies and people services, present an elevated risk of modern slavery.

Steps that we have taken to assess and mitigate risk in our supply chain include: consideration of human rights risk indicators in our in-country risk assessments; working with suppliers to strengthen their internal policies and procedures including, but not limited to, workers' labour and payroll conditions; undertaking factory audits to validate workplace practices; and using our leverage to work with the supplier to implement solutions that meet international human rights standards.

Our enterprise-wide risk framework defines the escalation threshold for reporting of risks to the relevant governance committee. Whilst our Supply Chain Assurance Council receives visibility over our supplier risks, we are currently redefining the appropriate Group governance committee and escalation path for modern slavery issues, to ensure accountability and oversight of remediation and treatment strategies.



OUR SALIENT HUMAN RIGHTS

In our previous statement we outlined the details of the 2018 independent saliency assessment³, undertaken to better understand our salient human rights priorities. This exercise confirmed that labour rights risk, associated with third party contracted labour, is amongst the Group's most salient human rights issues. This was assessed in relation to:

- The likelihood of an occurrence.
- The severity of impact on the individual.
- 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 website](#).

In 2020, we plan to undertake our second independent saliency assessment, to reassess our salient issues and confirm our future priorities.

³Salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships (UNGP's).

DUE DILIGENCE AND SUPPLY CHAIN ASSURANCE

Qantas takes a proactive approach to eradicating modern slavery risk from our supply chain. Our risk-based due diligence process, constructed with reference to the UN's 'Protect, Respect and Remedy' framework which underpins the United Nations Guiding Principles on Business and Human Rights (UNGPs), is part of our broader Supply Chain Assurance program and is designed to identify and assess a range of potential risks in the supply chain, including human rights.

Due Diligence

As part of our Supply Chain Assurance program, all new suppliers, as well as renewing suppliers, are subjected to our due diligence process, prior to onboarding or contract award. Initially, suppliers are requested to answer a brief prequalification questionnaire administered in the Group procurement contract management system. This triage process helps us to identify potential areas of risk, and where identified, the supplier will be referred for further due diligence.

We utilise a third party technology platform to perform our due diligence assessment, which provides an initial assessment of risk across each category. Where a potential risk is evaluated as medium or above, the supplier is referred for a more detailed assessment, undertaken by our Business Integrity and Compliance team. This may include requiring the supplier to furnish relevant internal policies and procedures or independent site audit reports. In some instances, the Group will sponsor an independent audit of the supplier's operations or undertake a site visit.

We favour working with suppliers to resolve or substantially mitigate issues instead of ending the relationship with the supplier because of the potential adverse effects on the livelihood of the supplier's employees. Achieving this takes time, and the Qantas Group is committed to working with its suppliers to eradicate modern slavery from its supply chain. Additionally, the Group shares its expertise to support suppliers to build their capability to meet international standards.

Suppliers that are identified as presenting a risk through the due diligence process will be subjected to continuous monitoring by our third party technology platform. This monitoring activity provides auto-generated alerts of any publicly available potential adverse information, enabling us to review and, if necessary, undertake appropriate action in a timely manner.

In FY19 we also extended our due diligence program beyond our supply chain to include potential business partners, relationships or ventures. We will continue to explore opportunities to ensure we are appropriately identifying, assessing and mitigating the risk of perpetuating modern slavery.

CASE STUDY

A first-tier supplier flagged as a potential risk, resulting in advanced due diligence of its second-tier supplier. This review identified that factory workers of our second-tier supplier were performing excessive overtime in breach of local regulatory limits, as well as shortfalls in social insurance coverage for workers, as required by local regulations. The Group has worked closely with both the first-tier supplier and second-tier factory management to implement mitigation strategies designed to eliminate the current issues and prevent a reoccurrence. Together with the first-tier supplier, the Group is closely monitoring the progress of the implementation of these strategies and will confirm their successful implementation via future independent audits.



DUE DILIGENCE AND SUPPLY CHAIN ASSURANCE continued

Supply Chain Assurance

We procure a large range of goods from a broad range of industries both domestically and internationally, and we acknowledge that modern slavery may occur in our global supply chain.

Our Supply Chain Assurance program, launched in FY18, standardises the Group's approach to modern slavery and human trafficking due diligence. Importantly, this program helps us to understand how our suppliers are producing or sourcing the goods and services we procure to ensure they comply with the Group's [Supplier Requirements](#).

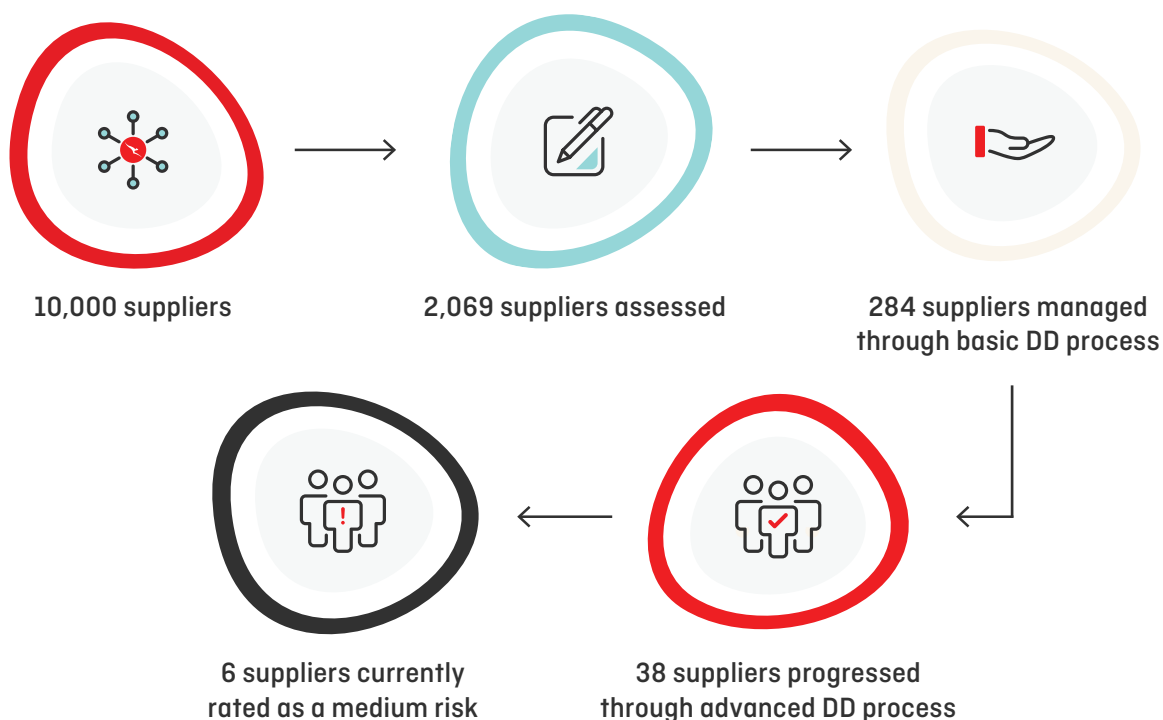
Over the past year, we have matured our Supply Chain Assurance program by introducing modern slavery risk indices to minimise our potential exposure, through improved due diligence, risk assessment and mitigation processes. This risk index, tailored to the Qantas Group's operating environment, assists us to embed responsible business practices, including throughout our supply chain, in line with international guidelines.

In FY19, the Supply Chain Assurance Program assessed 2,069 new and renewing suppliers, which represents approximately 21% of our supply chain, and equating to 45% of our annual supplier spend. Of those assessed, 284 suppliers flagged as a potential modern slavery risk and progressed through our due diligence process. Of these, 246 were subsequently assessed as low risk and placed on a

continuous monitoring program. The remaining 38 suppliers were assessed as presenting an elevated level of risk and were subjected to advanced due diligence, following which 32 suppliers were re-categorised as low risk and six as medium risk. In line with our commitment to build the awareness of modern slavery risk within our supply chain and the capability of our suppliers to adopt higher standards, we have continued to work with these suppliers to support them to comply with the Group's [Supplier Requirements](#).

Through our third party platform, we continuously monitor those suppliers who have been subject to due diligence assessment. According to the Verisk Maplecroft Modern Slavery Risk Index 2019⁴, of our 287 first-tier suppliers that are currently subject to continuous monitoring, 2% are based in low risk countries, 73% are based in medium risk countries, 14% are based in high risk countries and 11% are based in extreme risk countries.

When undertaking advanced due diligence of our first-tier suppliers, there have been some instances where we have discovered potential modern slavery risks relating to second- and third-tier suppliers. Whilst our current Modern Slavery Roadmap focuses on due diligence of our first-tier suppliers, where these instances have been identified we have worked with the first-tier supplier to support the implementation of appropriate remediation in the extended supply chain.



⁴The Verisk Maplecroft index score is presented on a scale of 0-10, where 0 represents highest risk and 10 represents lowest risk. It applies four levels of risk: low >7.5-10, medium >5-7.5, high >2.5-5 and extreme 0-2.5.

DUE DILIGENCE AND SUPPLY CHAIN ASSURANCE continued

Grievances and Remediation Processes

We are committed to the protection and respect of human rights across our business and supply chain. Where we identify impacts that we may have caused, or to which we may have contributed or be directly linked, we will seek to address this in line with the guidance provided under the UNGPs.

We have established reporting procedures and mechanisms where employees and third parties can report any concerns regarding unethical or illegal conduct, including in relation to modern slavery and human trafficking. Employees can report to their manager, or if they wish to remain anonymous, employees and third parties are able to report through our independently operated Whistleblower system, via phone, email or an online portal.

Where issues are investigated and substantiated, we take appropriate action. Further information regarding the investigation process is available in the Whistleblower Policy, and on our [Corporate website](#).

The Group has established internal grievance resolution guidelines which outline procedures and resolution options for our employees. The introduction of new Australian legislation designed to protect vulnerable workers under the Fair Work Act, the Modern Slavery Act and Whistleblower Protection Act, has seen a number of issues raised externally by workers in our extended supply chain. The majority of these have related to underpayment and non-payment of wages and/or superannuation by small businesses, often in remote locations within Australia and also offshore. In each case we have worked with the suppliers involved to investigate and if appropriate, ensure action is taken to address these grievances.

We will continue to evolve our approach to deal with such issues, including development of external grievance procedures for third parties, which we will make available to our suppliers and business partners.

CASE STUDY

During the advanced due diligence review of a first-tier supplier in the US, we identified that one of the products was sourced from a third-tier supplier. Due to the nature of the product sourced and the geographic location of the supplier, this flagged as a potential risk. Despite significant efforts by both the first-tier supplier and the Group, the second-tier supplier refused to share independent audit results relating to the third-tier factory. This caused concerns for both the Group and the first-tier supplier, and resulted in the Group ceasing supply of the product and re-sourcing the product through alternate compliant channels.



MEASURING EFFECTIVENESS

While there is extensive work being undertaken at a global level to understand and value respect for human rights, there are currently no fundamental units of measurement or international standards for measuring human rights impact. This is a complex issue that presents a challenge for all corporates in terms of providing credible measurements as to their effectiveness in addressing modern slavery risk.

Certain processes within our Supply Chain Assurance program provide us with a mechanism to help track the effectiveness of our program. For example, where a supplier may have been subject to an ethical audit and detailed action plans have been put in place to address findings, we work with the supplier, both first- and second-tier, to ensure that the action plans are implemented in a timely manner. We undertake monitoring at progressive stages,

followed by a further independent audit to ensure that the actions are effective, sustainable and permanent. This provides us with assurance of the improvement in the working conditions for the employees involved and validates the effectiveness of our actions on the ground.

Our progress against our modern slavery roadmap which outlines our strategic initiatives is monitored by the Supply Chain Assurance Council, chaired by the Group Procurement Officer. This council also receives updates on supplier risk and assurance activities, and provides a forum for dialogue on consistency of practice and shared learnings. We will continue to explore further mechanisms to assess the effectiveness of actions we undertake to address modern slavery and human trafficking risk.

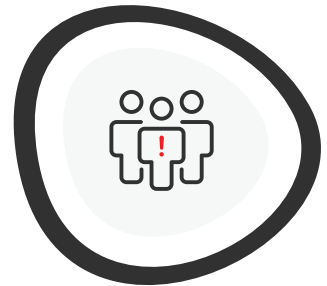
QANTAS GROUP GOALS OUT TO 2021:



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 with insight into where our suppliers operate.



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



STAKEHOLDER ENGAGEMENT AND COLLABORATION

Cooperation with our suppliers, our business partners and relevant government agencies to effect change is a key feature in our strategy to eradicate modern slavery.

We are committed to collaborating with government and other businesses to eradicate modern slavery. We recognise the need for and support a coordinated approach to addressing human rights issues, including the risk of modern slavery in our collective supply chains.

In FY19 we continued to participate in multi-stakeholder forums and collaborate on human rights issues with the following key groups:

- **Global Compact Network Australia (GCNA)**

Qantas is a signatory to the UNGC, the world's largest corporate sustainability initiative. We are also an active member of the GCNA, the Australian-based organisation that brings together the signatories to the UNGC to advance corporate sustainability and the private sector's contribution to sustainable development, including human rights and modern slavery. Through this, we also participate in the GCNA's Modern Slavery Community of Practice.

- **Corporate Business Integrity Council**

Qantas is the founding member of this council, which is a network of ethics and compliance practitioners from leading

Australian companies across a range of business sectors. The council meets quarterly, and is aimed at advancing best practice through sharing knowledge and initiatives in the area of corporate business integrity.

- **TRACE International**

TRACE International is a business association funded by over 500 members. The association leverages a shared-cost model to develop anti-bribery and human rights compliance tools, services and resources.

- **Department of Home Affairs**

Qantas participated in the Australian Government's national consultations on the proposed Modern Slavery Reporting Requirement. This consultation process played a significant role in shaping the reporting requirement to ensure it was appropriate and practical in the Australian context.

We also focused on improving our stakeholder engagement on broader human rights issues. Our dialogue over the past year with civil society, investor groups and Professor John Ruggie, author of the UNGPs, has informed the Group's approach to implementation of our commitments under the UNGPs, the UN Global Compact and other international standards.



TRAINING AND CAPACITY BUILDING

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.

Training and awareness is a key control in addressing the risk of modern slavery and human trafficking. We recognise the need to build the capability of our employees, particularly our procurement practitioners and our front-line staff, to identify potential red flags of modern slavery and human trafficking and the actions required to respond appropriately.

We have continued to provide our Group Procurement team with tailored training on risk identification and due diligence processes. For other employees, we are focusing on building their awareness of global modern slavery and human trafficking and helping them better understand, identify and report incidents. In FY19, we took the opportunity to expand the content of our face-to-face Anti Bribery training, which is delivered both onshore and offshore, to also incorporate awareness of modern slavery.

Whilst we have not yet broadened the scope of our formal training programs beyond the Qantas Group, we believe our interactions with our suppliers and those in our extended supply chain are a valuable experiential learning opportunity. We invest time and resources in building the understanding of international standards on human rights including modern slavery of those in our supply chain and their capability to implement appropriate solutions to address risks.

In 2018 the Group was a key sponsor of the [International Air Transport Association's June Annual General Meeting Resolution](#) that denounced human trafficking and reaffirmed airlines' commitment to support governments and law enforcement to prevent human trafficking through awareness raising, staff training and reporting suspicious behaviour. In 2020, we will launch our training program for key personnel, developed to assist in the detection and prevention of human trafficking.



BUILDING OUR UNDERSTANDING

Over the past 12 months, we have continued to deepen the scope of our responsibility to operationalise our human rights commitments, by implementing a wide range of initiatives to mitigate human rights related risks, including modern slavery.

As a sponsor of the 2019 Global Compact Network Australia Conference, we held focus sessions with Professor John Ruggie, who was instrumental in establishing the UN Global Compact and who is the author of the UN Guiding Principles on Business and

Human Rights, to assist us in continuing to evolve our broader human rights program and corporate responsibility strategy. Additionally, we have participated in a number of key events, including those run by the Global Compact Network Australia (member sessions), and attended forums to collaborate with industry to consider emerging developments and enhance the business's response to human rights issues, including modern slavery.

LOOKING FORWARD

Modern slavery risk management requires continuous commitment and ongoing collaboration, both from within our business and through ongoing multi-stakeholder dialogue in international and domestic policy forums, and with local governments of host

countries and civil society. In our previous statement, we outlined our longer term priorities out to 2021. We have reviewed these priorities and reaffirm our commitment to deliver as outlined below.

PRIORITIES	ACTIVITIES
Stakeholder dialogue (1-2 years)	<ul style="list-style-type: none"> Engage relevant stakeholders in our salient human rights assessment activity. Broaden stakeholder engagement to include other business units and organisations, including civil society. Confirm the most appropriate governance committee for oversight and escalation of modern slavery issues. Commence development on an interactive supply chain map, providing stakeholders with insight into where our suppliers operate and the nature of product/service supplied. Continue to work with key industry partners to operationalise a program of works for the detection and prevention of the use of aviation as a means to transport victims of human trafficking.
Assurance (2-3 years)	<ul style="list-style-type: none"> Explore mechanisms to measure the effectiveness of actions we undertake to address modern slavery and human trafficking risk. Continue to share detail relating to non-conformances and other findings through the risk assessment and due diligence processes. All new and recontracted suppliers to be assessed through the Supply Chain Assurance program and where appropriate, managed and monitored effectively. Develop a practical approach to extend the scope of the Supply Chain Assurance program to include risk-based assessment of second-tier suppliers.

In addition to the above, our areas of focus for the year ahead also include:



Enhance reporting and analysis capability of our Supply Chain Assurance program, and improve timeliness of processing suppliers for referral to our due diligence platform.



Continue to update our precedent contracts to incorporate human rights and modern slavery clauses.



Formalise grievance mechanisms and procedures for third parties.

We are proud of our progress to date, but we recognise there is more to do. We are committed to the ongoing delivery of our initiatives and partnering with our stakeholders to eradicate modern slavery.

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

Signed,

Alan Joyce
CEO Qantas Group

