AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Australian Shareholders Association Ltd
ABN 40 000 625 669
PO Box A398
Sydney South NSW 2001
share@asa.asn.au
+61 2 9252 4244
australianshareholders.com.au

Maintaining altitude into fuel price headwinds

Company/ASX Code	**Qantas Airways Limited (QAN)**
AGM time and date	11am (AEDT), Friday 6 November 2026
Location	Federation Ballroom, Hyatt Hotel Canberra, 120 Commonwealth Avenue, Yarralumla ACT 2600, and online via the AGM platform
Registry	MUFG Corporate Markets
Type of meeting	Hybrid
Monitor	Gareth Eastwood assisted by Dan Steiner
Pre-AGM Meeting	19/10/2026 with John Mullen, Dr Nora Scheinkestel and Filip Kidon

Monitor Shareholding: The individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	Proposed vote
2a	Election of Alison Watkins AM as a Director	For
2b	Re-election of Belinda Hutchinson AC as a Director	For
2c	Re-election of Antony Tyler as a Director	For
3	Adoption of the 2026 Remuneration Report	For
4	Participation of the CEO and Managing Director, Vanessa Hudson, in the Long Term Incentive Plan	Against

2. Summary of Issues and Voting Intentions for AGM

- New director election (For): Alison Watkins AM adds finance and strategy capability to the Board. Her overall workload is high, and we will continue to monitor her capacity.
- Director re-elections (For): Belinda Hutchinson AC and Antony Tyler bring finance and airline industry expertise (respectively) to the Board.
- Remuneration Report (For): outcomes are reasonably aligned with shareholder experience, although the Board used its discretion to pay the financial STI measure at threshold despite falling marginally short.
- CEO LTI grant (Against): the LTI opportunity has increased from 180% to 250% of fixed remuneration, about 43% larger than last year ($4.375 million versus $3.06

million), without sufficient disclosure of the supporting benchmarking. The grant also relies on relative TSR alone and uses a three-year (rather than four-year) performance period.

3. Matters Considered

Accounts and reports

After a very good FY25, Qantas' underlying profit fell 14% to $2.06 billion in FY26. Qantas attributed a $420 million net earnings impact to the Middle East conflict and associated disruption, including significantly higher fuel costs. During the pre-AGM meeting, the Chair explained that the largest contributor to aviation fuel price increases has been refining margins. This is notable because airlines (including Qantas) typically hedge against the crude oil price, which has also increased, but to a lesser extent than aviation fuel.

Net debt rose to $6.2 billion, reaching the mid-point of Qantas' target net debt range of $5.5 billion to $6.9 billion. The Annual Report notes that this range is expected to increase due to business growth and fleet investment. A $150 million on-market share buy-back announced in February did not proceed due to the elevated global risk and aviation fuel price environment.

The Qantas Loyalty Program delivered strong results and contributed to growth in the overall result, reporting underlying EBIT of $625 million in FY26 ($556 million in FY25). During the pre-AGM meeting, we were advised that, after review, Qantas believes the financial impact of the upcoming changes to card interchange fees and surcharges would not be significant.

A total of $700 million was returned to shareholders via dividends, with the base dividend rising to 39.6 cents per share, though no special dividend was declared this year (FY25 special dividend: 19.8 cents). A desire for a sustainable dividend was expressed during the pre-AGM meeting.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT ($m)	1,289	1,605	1,251	1,744	(860)
UPBT ($m)	2,064	2,394	2,078	2,465	(1,859)
Share price ($)	10.62	10.74	5.85	6.20	4.47
Dividend (cents)	39.6	52.8	0.0	0.0	0.0
Simple TSR (%)	3.2	88.1	(5.6)	38.7	(4.1)
EPS (cents)	85.4	105.2	75.9	96.0	(45.6)
CEO total remuneration, actual ($m)	6.31	6.40	4.38	14.9	2.27

Simple TSR is calculated by dividing the change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year. Dividends shown are declared for the year. TSR uses dividends paid during the year.

Governance and risk

In September 2025, a workplace vehicle accident at the Sydney freight terminal led to the death of a contracted worker. An investigation has led to safety improvements involving employees, unions and suppliers. The workplace safety score for variable remuneration was reduced to zero as a result.

In July 2026, the OAIC (Office of the Australian Information Commissioner) released a report on its preliminary inquiries into the Qantas 2025 data breach. The breach occurred when a cyber-criminal convinced a third-party service provider representative to give them access to a customer service platform, using social engineering rather than technical or system-based techniques. The OAIC's report said the information available did not support a conclusion that Qantas was likely to have breached the Privacy Act. It also found that Qantas identified, escalated and contained the incident promptly. Qantas indicated during the pre-AGM meeting that improvements in staff training and incident response times have since been implemented.

During a pre-AGM discussion about the adequacy of the Board's digital and technology skills and experience, it was noted that the latest Board composition assessment indicated that bringing on a director with a background in discount/low-cost airlines would be a useful addition.

Key board or senior management changes

- Alison Watkins AM was appointed a Non-Executive Director effective 2 March 2026 and stands for election at the 2026 AGM.
- Todd Sampson retired as a Non-Executive Director on 31 July 2025.
- Kate Towey was appointed Group General Counsel and Company Secretary, commencing 1 September 2025, following 11 years as a partner at Allens.

Key events

- Global conflicts and resulting increases in aviation fuel costs caused an estimated $420 million net underlying EBIT reduction in FY26.
- Qantas Flight Credits Class Action: settled on 13 March 2026 for $105 million (no admission of liability), subject to Federal Court approval at a hearing scheduled for October 2026. The class action relates to flights scheduled to depart between 1 January 2020 and 1 November 2022 that were cancelled by Qantas.
- Ground handling outsourcing penalty: the $90 million pecuniary penalty (handed down August 2025, relating to 2020 outsourcing) was paid during FY26.
- Qantas is expecting up to 31 new aircraft to be delivered in FY27, including the first Airbus A350-1000ULRs. These new ultra-long-range aircraft are being custom-built for Qantas' Project Sunrise and are designed to connect non-stop to cities like London and New York.

Sustainability/ESG

Investing in Qantas tests a classic ESG ethical dilemma. Do you avoid the airline industry altogether due to its environmental impact, or do you actively invest to encourage better

management of environmental concerns? An airline could easily reduce emissions by reducing flights, hardly in the interests of shareholders and likely just made up by competing airlines. Many of Qantas' international competitors are majority government-owned in nations for which the sale of refined and crude oil is fundamental to their economy so presumably in no hurry to innovate towards alternative means of fuelling aircraft.

Qantas' FY26 Sustainability Report, its first with AASB S2 climate statements, shows gross Scope 1 emissions rose 6% to 12.9 million tCO2e. That is about 4% above the 2019 baseline of 12.4 million, driven by new routes and more flying. The reported 12% net Scope 1 and 2 reduction against 2019 therefore depends on 1.95 million tonnes of abatement from SAF (sustainable aviation fuel) and carbon credits (expected to be the largest contributor). Meeting the 2030 target of a 25% net reduction means net emissions of about 9.4 million tonnes, a further cut of about 1.6 million tonnes while flying continues to grow. SAF procurement rose to 1.1% of jet fuel (55 million litres, up from 10 million). New aircraft are expected to deliver 15–25% better fuel efficiency per seat. Climate contributes 5% of the executive scorecard. Fuel efficiency appears to offer the most promising path to lowering Qantas' aircraft emissions in the near term, as SAF is in limited supply and 2–3 times more expensive than standard jet fuel.

4. Rationale for Voting Intentions

Resolution 2a Election of Alison Watkins AM as a Director - For

Ms Watkins brings both Executive (Coca-Cola Amatil, GrainCorp, Berri, ANZ) and Non-Executive Director (Woolworths, ANZ) experience to the Qantas Board. Ms Watkins enhances the Board's finance and strategy capability; she already serves on the People and Remuneration and Audit Committees.

Ms Watkins' other current roles include director of CSL (where she chairs the Audit and Risk Management Committee) and Wesfarmers, director of PGA of Australia and the Ian Potter Foundation, and Chancellor of the University of Tasmania. This is a substantial workload, at or near the upper limit under ASA's guidelines. However, she completed her term on the Reserve Bank's Monetary Policy Board in February 2026, before joining the Qantas Board. On balance, we will support her election and will continue to monitor her capacity.

Resolution 2b Re-election of Belinda Hutchinson AC as a Director - For

Ms Hutchinson has chaired the Audit Committee since joining the Board in April 2018 and brings over 30 years of financial services experience, including as former Chair of QBE Insurance.

Resolution 2c Re-election of Antony Tyler as a Director - For

Mr Tyler has extensive airline industry experience, previously CEO of the International Air Transport Association and over 30 years with Cathay Pacific. Mr Tyler is Chair of the Safety, Health, Environment and Security Committee.

Resolution 3 Adoption of the 2026 Remuneration Report - For

Overall, FY26 remuneration outcomes are reasonably aligned with shareholder experience, given that financial performance was hit by an aviation fuel price shock largely outside management's control. We have also taken into account the strong performance

against non-financial measures (NPS and on-time performance), which in theory should support Qantas' long-term financial performance.

STI payments were made at 78–81% of target (about 49–51% of maximum opportunity) for the CEO and Executive Management, split 50% cash / 50% deferred equity (two-year deferral), consistent with ASA's guideline of a minimum 50% equity/deferred component. The Board used its discretion to apply a 25% threshold result for financial performance despite falling marginally short.

ASA's guidelines expect any use of Board discretion to be clearly explained and to reflect shareholder experience. With underlying profit down 14% and a simple TSR of 3.2%, the Board should clearly explain why this adjustment was appropriate. We also note that the CEO's actual remuneration was broadly flat ($6.31 million versus $6.40 million) while profit fell. If fuel price headwinds are set aside in assessing performance this year, we would expect any future fuel price windfalls to be treated the same way.

The 2024–2026 LTIP vested at 89.07%, with Qantas' TSR ranking 6th among 18 global airline peers (91% vesting outcome) and 21st among ASX 100 companies (100% vesting outcome). The 2024–2026 LTIP also included a RepTrak metric (an independent, survey-based assessment of company reputation), which vested at 76.2%.

For FY27, the CEO's Fixed Annual Remuneration will not increase beyond the 3% already applied; the Board has instead increased the CEO's LTIP opportunity, addressed separately under Resolution 4.

For FY26, the People and Remuneration Committee appointed Guerdon Associates as the Board's independent remuneration consultant, replacing EY.

Resolution 4 Participation of the CEO and Managing Director, Vanessa Hudson, in the Long-Term Incentive Plan - Against

Shareholder approval is sought for Ms Hudson's participation in the 2027–2029 LTIP (411,000 Rights). Rights vest subject to a three-year relative TSR test split equally between the ASX 100 and a basket of global listed airlines, followed by a further one-year trading restriction. The potential entitlement may be significant, though it will only vest if shareholders experience TSR performance equal to or better than the ASX 100 and/or the basket of global listed airlines.

We intend to vote against this resolution, as the grant does not meet ASA's guidelines in three areas. First, the Board has deliberately increased the CEO's LTI opportunity from 180% to 250% of fixed remuneration, lifting it from $3.06 million in FY26 to $4.375 million ($1.75 million × 250%), an increase of about 43%. The share price was then used to determine the number of Rights: the 411,000 Rights have an actual face value of about $4.36 million at the 30 June 2026 share price of $10.62, as the number of Rights was rounded down. This lifts the CEO's FY27 target remuneration from $6.46 million to about $7.88 million (maximum about $8.93 million). The increase comes in a year when underlying profit fell 14%, simple TSR was 3.2% and the Board used its discretion to lift the financial STI result to threshold. Qantas has provided a rationale for the increase and says it considered benchmarking against comparable roles. However, the comparator companies and supporting analysis have not been disclosed, making it difficult for shareholders to assess such a significant increase. Second, the grant relies solely on relative TSR. Although it is tested against two comparator groups, the ASX 100 and global

listed airlines, these are two applications of the same metric rather than two different performance measures. This falls short of ASA's preference for at least two different LTI performance measures, and a relative-only test can reward the CEO even when shareholders lose money, provided peers do worse. Third, the three-year performance period meets ASA's general minimum but falls short of the four years ASA prefers for capital-intensive businesses such as airlines, where fleet investment decisions play out over many years. The additional one-year trading restriction is positive, but it does not extend the performance-testing period.

We acknowledge the positives. About 80% of the CEO's maximum pay is at risk, well above ASA's 60% minimum, the one-year trading restriction means shares cannot be sold for four years, and each half of the grant only vests if TSR matches or beats the relevant peer group (the ASX 100 or global airlines). Ms Hudson has also voluntarily extended the holding lock on 80% of her vested 2023–2025 LTIP shares until September 2032, which aligns her interests with long-term shareholders. On balance, the significant increase in LTI opportunity without sufficient disclosure of the supporting benchmarking, the reliance solely on relative TSR and the three-year performance period outweigh the positive features of the grant. We would reconsider our position if the Board provides greater transparency about the benchmarking supporting the increase and introduces a second, genuinely different performance metric for future grants.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or

shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.

Appendix 1
Remuneration framework detail

CEO remuneration framework

CEO remuneration framework for FY27	Target ($M)	% of Total	Max. Opportunity ($M)	% of Total
Fixed Remuneration	1.75	22.2%	1.75	19.6%
STI – Cash	0.875	11.1%	1.40	15.7%
STI – Deferred	0.875	11.1%	1.40	15.7%
LTI	4.375	55.6%	4.375	49.0%
Total	**7.875**	**100%**	8.925	100%

For FY27, the Board has determined that Non-Executive Director fees and the CEO's Fixed Annual Remuneration will not increase beyond the 3% already applied, with the increase in reward opportunity delivered solely through the CEO's LTIP participation addressed in Resolution 4 above.

FY27 fixed remuneration is $1.75 million. Target STI is 100% of fixed remuneration and maximum STI is 160%, each split equally between cash and deferred equity. The FY27 LTI opportunity is 250% of fixed remuneration ($4.375 million); the 411,000 Rights have an actual face value of about $4.36 million at the 30 June 2026 share price of $10.62, as the number of Rights was rounded down. Percentages may not add to 100% due to rounding.