AUSTRALIAN SHAREHOLDERS' ASSOCIATION

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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, Qantas and Gareth Eastwood and Dan Steiner, ASA Company Monitors 2/11/2026 with Dr Nora Scheinkestel and Filip Kidon, Qantas and Rachel Waterhouse and Natalie Kulakoff, ASA

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, but finely balanced): The CEO's LTI opportunity has increased materially from 180% to 250% of fixed remuneration. While Qantas has provided additional information supporting the remuneration quantum and responded constructively to ASA's concerns, the proposed grant remains entirely dependent on relative TSR, albeit assessed against two comparator groups, and performance is tested over three years. Taken together, the increased LTI opportunity, reliance on a single underlying performance measure and shorter performance period than ASA prefers for capital-intensive businesses lead us, on balance, to vote Against. We welcome Qantas' commitment to consider introducing an additional financial measure, with ROIC the leading option, for future grants.

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)	6.40	6.31	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 joined the Board in April 2018, has chaired the Audit Committee since 5 November 2021 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 45–49% 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 rose slightly, from $6.31 million to $6.40 million (1.5%), 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 through a grant of 411,000 Rights. The Rights are subject to a three-year relative TSR performance test, split equally between the ASX 100 and a group of global listed airlines, followed by a further one-year trading restriction.

Following further engagement with Qantas, we have reconsidered our original concerns. Qantas has provided additional information supporting the remuneration quantum and has responded constructively to ASA's concerns about the structure of the LTI.

The CEO's LTI opportunity has increased from 180% to 250% of fixed remuneration, or from $3.06 million in FY26 to $4.375 million for FY27. This is an increase of approximately 43% in dollar terms and a substantial increase in potential reward. Although Qantas has provided further benchmarking, the higher quantum warrants scrutiny of the performance conditions applying to the grant.

The proposed LTI is effectively 100% based on relative TSR. Although performance is assessed against two comparator groups, the ASX 100 and global listed airlines, both hurdles use the same underlying performance measure. ASA's guidelines do not require two financial measures, and ASA has supported single-measure LTI structures in other circumstances, but ASA prefers at least two relevant LTI performance measures. We therefore consider this concentration on a single measure relevant, given the increased LTI opportunity.

This is not a new concern. When ASA voted against the Remuneration Report in 2023, we noted that, although the LTIP then had two measures, both were measures of TSR, and we asked Qantas to consider changing the second measure to something other than TSR. The 2024–2026, 2025–2027 and 2026–2028 LTIP grants all included a RepTrak reputation measure, but the 2027–2029 grant before shareholders is again effectively based solely on relative TSR. Qantas' commitment to consider ROIC responds to the request we made in 2023, and our position on this point has been consistent regarding this.

The three-year performance period meets ASA's minimum guideline. However, ASA prefers a performance period of at least four years for capital-intensive businesses. Given Qantas' substantial and long-dated fleet investment program, we consider that a longer performance-testing period would provide stronger alignment with the timeframe over which major capital allocation decisions create shareholder value. The additional one-year trading restriction is positive, but it does not extend the period over which performance itself is assessed.

There are also important safeguards. No Rights vest for below-median relative TSR performance, full vesting requires performance above the 75th percentile, there is no retesting, and the Board retains discretion to consider absolute shareholder returns. We also acknowledge the high proportion of the CEO's remuneration that is at risk and Ms Hudson's voluntary extension of the holding lock on 80% of her vested 2023–2025 LTIP shares until September 2032.

We particularly welcome Qantas' constructive response to ASA's engagement and its commitment to consider introducing an additional financial performance measure, with ROIC the leading option mentioned by Qantas, for future grants. A longer relative TSR period is not the only way to address our concern about capital allocation. A return-based measure such as ROIC would link reward more directly to the returns generated on the capital Qantas invests, including in its fleet, and would also address our preference for at least two performance measures. However, that change does not apply to the 2027–2029 grant currently before shareholders.

On balance, the substantial increase in LTI opportunity, the grant's reliance on relative TSR as the sole underlying performance measure and the three-year performance period, rather than ASA's preferred longer period for a capital-intensive business, lead us to vote Against Resolution 4. The decision is finely balanced, and ASA will take Qantas' engagement and proposed changes to future grants into account when assessing future remuneration proposals.

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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.