

Remuneration report

1 July 2020 to 30 June 2021

Qantas Superannuation Limited (the Trustee) is the trustee of the Qantas Superannuation Plan (Qantas Super). For over 80 years, the Trustee has been looking after Qantas Super members' retirement savings and has evolved to accommodate their distinct needs as aviation employees.

With nearly 28,000 members and approximately \$8.5 billion in assets, Qantas Super is one of Australia's largest corporate super funds. As a not-for-profit fund, Qantas Super is run entirely for the benefit of members, which means that the fees we charge go back into providing products and services to our members.

Though a wholly owned subsidiary of Qantas Airways Limited (Qantas Airways), the Trustee is a Registered Superannuation Entity and as such is regulated by the Australian Prudential Regulation Authority (APRA). The Trustee has its own board of directors (Board) that oversees all aspects of its executive team, including what annual objectives are set, how risk is monitored and assessed, and how performance is evaluated. This includes having its own remuneration policy and framework, separate to that of Qantas Airways.

Here are the principles which underpin our remuneration policy:

- Remuneration is structured to reward and/or recognise people for their individual and collective contribution to the long-term financial soundness of Qantas Super, for demonstrating exemplary governance in action, and for protecting and creating value for members;
- Remuneration and risk management are aligned;
- Fair, consistent and competitive reward and/or recognition will be provided to attract, motivate and retain high calibre people;
- Reward includes fixed pay, performance-based incentives and other benefits made available to directors and executives as a direct result of their Trustee duties. Reward outcomes will vary between directors and executives as appropriate for the mix of Qantas Airways and non-Qantas Airways employees; and
- Benchmarking is undertaken periodically, and judgement is applied in the evaluation of market data to ensure remuneration rewards remain appropriate and proportional when compared to market practice. As the Trustee is a financial services organisation, it is acknowledged that financial services comparisons are used when making these assessments.

While the 2020/21 financial year presented unprecedented challenges for the aviation industry, the Trustee Board approved incentive payments for the executive team based on its assessment of the performance delivered relative to a balanced scorecard of key performance indicators agreed at the commencement of the financial year.

These incentive payments reflect the significant increase in activity for the Trustee's executive team as they worked to service a diverse and unique member base that was particularly impacted by the COVID-19 pandemic. Despite the challenges faced during 2020/21, the executive team remained focused on Trustee's purpose, which is to help our members be confident in their financial future so they can enjoy their retirement.

The Trustee is acutely aware of the privilege and responsibility it has to manage members' superannuation and retirement savings and will always act in the best financial interests of Qantas Super members.

About this report

The purpose of this report is to set out the remuneration for the Trustee's:

1. Board; and
2. Executive Officers.

1. About the Board

The Board has 10 directors:

- five directors that are appointed by Qantas Airways (a mix of Qantas Airways employees and external directors); and
- five directors that are elected by our members from various occupational groups (all Qantas Airways employees).

All directors must ensure they understand relevant legal and regulatory requirements and their delegations.

All directors must act in the best interests of members, regardless of whether they are appointed by Qantas Airways or elected by the members. They are expected to prepare for, and attend, Board and committee meetings.

Directors who are Qantas Airways employees

as at 30 June 2021

Qantas Airways employees who serve as directors on the Board **do not** receive payments or benefits associated with their role as a director. However, Qantas Airways ensures they can participate fully as directors by absorbing the impact of any absence from regular work activities to prepare for, and attend, meetings and to take part in professional development opportunities. The following eight directors are Qantas Airways employees.

Company-appointed:

- Cecilia Ho, Treasurer Risk Management
- Andrew Monaghan, Chief Operating Officer, Qantas Airlines
- Rachel Yangoyan, Executive Manager Customer Experience & Operations

Member-elected:

- Group A: Richard Garner, Second Officer A330
- Group B: Klair Safier, Customer Service Supervisor
- Group C: Ryan Greaves, AME Mechanical
- Group D: Luke Murray, LAME Mechanical
- Group E: Maria Cheung, Head of Wine & Retail Operations, Qantas Loyalty

Directors who are not Qantas Airways employees

John Atkin, Chair of the Board: Qantas Airways pays Mr Atkin a fee for being a director, in consideration of all responsibilities and in keeping with superannuation industry practice. Qantas Airways also provides the Chair with access to a travel benefit.

Lorraine Berends: Qantas Airways pays Ms Berends a fee for being a director, in consideration of all responsibilities and in keeping with superannuation industry practice.

In addition, travel concessions are provided to these directors under the Qantas Airways' staff travel policy. Travel at concessionary prices is on a sub-load basis, that is, subject to considerable restrictions and limits on availability.

About our corporate governance

The Trustee is committed to sound corporate governance practices and adhering to relevant governance standards set by APRA. The Board has adopted a charter that incorporates the objectives and key requirements of APRA's Prudential Standard SPS 510, Governance, and APRA's related Prudential Practice Guide.

The Board schedules a number of formal meetings and a strategy session each year but meets more frequently if required.

The Board's purpose is to:

- Approve the strategic plan and the annual business and financial plans;
- Provide strategic guidance to Qantas Super;
- Take ultimate responsibility for the sound and prudent management of the business operations of Trustee;
- Select and evaluate the performance of the Chief Executive Officer (CEO); and
- Provide oversight of executive team.

Committees

In addition, the Board has put in place standing committees (and, when necessary, ad hoc committees for specific matters). These are designed to help the directors manage the Board's functions and responsibilities. Directors are appointed to various committees depending upon their skills and experience, the need for diversity of views, and backgrounds. Each committee has at least one company-appointed director, and at least one member-elected director.

The remuneration approach for the Board

Company-appointed directors who are not Qantas Airways employees are remunerated in keeping with superannuation industry practice. Fees are paid by Qantas Airways to these directors.

Directors who are Qantas Airways employees do not receive payments or monetary benefits for their roles in relation to the Board.

All directors are provided with insurance and indemnity cover.

Trustee Board - Payment and benefits
as at 30 June 2021

Director name	Period served on Qantas Super Board	Year	Fee	Superannuation contributions	Non-monetary benefits
J Atkin Chair from 31/05/2019	07/03/2019 – current	2020 – 2021	\$109,589	\$10,411	\$1,082 ²
		2019 – 2020	\$86,960 ¹	\$8,261	\$27,333 ²
L Berends	31/05/2019 – current	2020 – 2021	\$73,059	\$6,941	\$0
		2019 – 2020	\$50,811 ¹	\$4,827	\$0
H v. Calcar	21/06/2018 – 11/12/2019	2020 – 2021	n/a	n/a	n/a
		2019 – 2020	\$0	\$0	\$0
M Cheung	12/03/2020 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
R Garner	13/06/2021 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	n/a	n/a	n/a
R Greaves	19/09/2019 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
C Ho	28/01/2015 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
A Monaghan	26/11/2014 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
L Murray	04/12/2017 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
B Roberts	30/09/2016 – 30/09/2020	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
K Safier	01/10/2020 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	n/a	n/a	n/a
J Sipek	12/08/2004 – 23/08/2019	2020 – 2021	n/a	n/a	n/a
		2019 – 2020	\$0	\$0	\$0
M Thorpe	12/06/2008 – 12/06/2021	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0
R Yangoyan	10/11/2016 – current	2020 – 2021	\$0	\$0	\$0
		2019 – 2020	\$0	\$0	\$0

Notes

1. In recognition of the impact that COVID-19 has had on Qantas Airways, John Atkin and Lorraine Berends volunteered to not receive any fees from 1 April 2020 to 30 June 2020.
2. John Atkin, as Chair of the Board, is entitled to one free of charge long-haul and two short-haul flights on Qantas operated services each calendar year for him and his nominated beneficiaries. If the trips are not taken during the year, that year's entitlements lapse.

2. About our executive team

The Trustee's executive team consists of specialists across member experience, investments, operations, legal, finance, and risk and compliance.

The Trustee's Remuneration Committee oversees the remuneration policy.

The objectives for executive remuneration are to attract, motivate, retain and appropriately reward a capable executive team. This is achieved by setting pay fixed remuneration and performance-based incentive opportunity at an appropriate level and by linking remuneration outcomes to performance.

An independent benchmarking review of executive remuneration was conducted in 2020.

In addition, each year, the Remuneration Committee reviews the McGuirk Fund Executive and Staff Remuneration Survey benchmark data for certain roles.

The Board, in principle, does not support guaranteed or upfront cash payments for incoming executives or accelerated or unusually large payments to terminating executives.

What's the Remuneration Committee?

This committee consists of three Trustee directors. Among other responsibilities, the committee reviews and/or makes recommendations to the Board on the remuneration of all responsible persons of the executive team, including the CEO.

The Trustee's executive remuneration framework

The framework is based on:

- **Base pay** – referred to as Fixed Annual Remuneration (FAR). This is established upon employment and is reviewed annually. Performance and the positioning of an executive's FAR relative to market data will be considered in each review. FAR is comprised of salary, statutory and salary sacrifice superannuation contributions and other salary package benefits as detailed on employment and amended from time to time.
- **Annual performance-based incentive** – this incentive depends upon Trustee's overall performance relative to objectives as well as the executive's individual performance.

The key elements are:

- the ability to achieve a performance-based incentive payment is dependent on the performance of Qantas Super and the individual;
 - there is no entitlement to the performance-based incentive;
 - the magnitude of the target of the performance-based incentive for each executive is established upon employment and is reviewed annually. This is expressed as a percentage of FAR;
 - the total performance-based incentive paid annually in full is calculated as: (Target) x (a factor reflecting the Trustee's performance) x (a factor reflecting individual performance); and
 - the performance-based incentive is paid in the form of cash.
- **The key performance indicators** - the Trustee includes measurement of performance against targets in areas such as:
 - net returns to members in accordance with their investment strategy;
 - member attraction and retention;
 - financial;
 - enhancements to the value of the business operations of Qantas Super year to year;
 - compliance with risk and compliance frameworks;
 - management of staff; and
 - behaviour that demonstrates appropriate culture.

Note: Long-term incentives such as share-based payments or the issue of any options or rights over equity are not paid or awarded. There are no contracts for services or payments to organisations or entities other than persons.

Travel concessions are provided to the Trustee's executives under the Qantas Airways' staff travel policy. Travel at concessionary prices is on a sub-load basis, that is, subject to considerable restrictions and limits on availability.

Executive Officers - Payment and benefits

as at 30 June 2021

The Trustee's executives do not receive fees or other short-term employee benefits and are not compensated for short-term absences. They do not participate in short-term cash profit sharing or receive other short-term employee benefits.

Executive name & title	Period of employment	Year	Base pay – FAR (includes super) ¹	Annual performance-based incentive (cash) ^{2,3}	Minimum & maximum possible value of bonus for future financial years ⁴
M Clancy Chief Executive Officer	07/12/2015 – current	2020 – 2021	\$426,500	\$202,588	\$0-\$367,575
		2019 – 2020	\$426,500	\$211,118	\$0-\$360,393
A Spence Chief Investment Officer	28/07/2008 – current	2020 – 2021	\$440,000	\$242,000	\$0-\$379,405
		2019 – 2020	\$440,000	\$118,800	\$0-\$371,800
S Thurman Chief Risk Officer	16/12/2019 – current	2020 – 2021	\$255,000	76,500	\$0-\$134,482
		2019 – 2020	\$137,951	\$39,109	\$0-\$129,285

Notes

1. FAR means Fixed Annual Remuneration. FAR includes compulsory superannuation contributions (post-employment benefits). For executives who commenced prior to 1 July 2013, the Trustee pays the individual's superannuation administration and standard insurance fees.
2. The Remuneration Committee makes the decision to allocate bonuses at its first meeting following the end of the financial year. This meeting usually takes place in August. Accordingly, the bonus grant date is August of the relevant year.
3. This figure represents the percentage of the annual performance-based incentive paid to the person based upon whether they, and the Trustee, have met performance criteria. Bonuses are paid in relation to the year in which they are earned and in full (in other words, they are not deferred).
4. These are estimates of the minimum and maximum possible total value of the bonus for future financial years after the most recently completed financial year. They are based on FAR. Any change in FAR will change these amounts.