



29 November 2007

Mr Edward Cordner
Chief Executive Officer
National Packaging Covenant
Level 6, 457 St Kilda Road
MELBOURNE VIC 3004

Dear Mr Cordner

Qantas Airlines Limited is a signatory to the National Packaging Covenant and in accordance with Covenant Guidelines, I submit this first Action Plan covering the period 2007-2010.

Qantas is committed to growing its operations in an environmentally sustainable manner and supports the Covenant's waste reduction objectives. Waste minimisation is one element of our broader commitment to minimise our environmental footprint in all areas of the Group's operations – inflight and on the ground. The Group has set aggressive environmental improvement targets for delivery by June 2011.

Under Covenant guidelines, Qantas is a "brand owner" and Group businesses sell packaged products online, onboard and in Australian airports. Although these products are a small part of the Group's total revenue, the philosophy underpinning the Covenant is in line with the Group's waste minimisation strategy and plans.

A key element of this strategy is transparent reporting of our environmental performance to key stakeholders. In 2007, Qantas published its first Sustainability Report focussing on fuel consumption and carbon emissions. Qantas sustainability reporting will continue to develop and there are plans to report on all aspects of our environmental footprint, including waste minimisation in future reports.

Early in 2008, Qantas will launch "be green" a company-wide cultural change initiative designed to take the Group to the next level of environmental management. The "be green" program will provide staff with the tools to identify areas where the purchase and eventual disposal of packaging and products can be reduced, and the re-use or recycling of waste can be increased.

This first National Packaging Covenant Action will assist the Group in understanding the extent of branded packaging waste generated, increase awareness and integrate packaging considerations into our current plans and systems. Key areas of focus of the Action Plan include:

- Complete audit of "branded" products sold by Qantas Group businesses to develop robust baseline data
- Train operational managers responsible for the sourcing and sale of branded products in National Packaging Covenant objectives



- Work with suppliers to establish opportunities for minimising use/impacts of packaging used in existing branded products
- Include packaging minimisation criteria in new product assessment guidelines
- Include packaging education in the Group's "be green" program
- Update the Group's online "How To" Guides on waste minimisation to include packaging and waste minimisation ideas
- Incorporate National Packaging Covenant reporting into Qantas Group Environmental Management System and waste minimisation plans in the Group's Sustainability Report
- Work with our supply chain to encourage suppliers to become signatories to the National Packaging Covenant
- Adopt the Environmental Code of Practice for Packaging
- Work with Group procurement to investigate opportunities for implementing 'green procurement' including implement a "Buy Recycled" policy and "Eco buying" across the business.

Qantas is committed to specific actions to minimise the impact of its branded product packaging waste. In accordance with our sustainability strategy, we are also committed to transparency of our performance over the life of this Action Plan.

A handwritten signature in purple ink, appearing to read "Rob Kella".

Rob Kella
Chief Risk Officer
Qantas Airways Limited



QANTAS AIRWAYS LIMITED
ABN 16 009 661 901

National Packaging Covenant Action Plan

2007-2010

REGISTERED ADDRESS

Qantas Airways Limited
Building A
203 Coward Street
Mascot NSW 2020
AUSTRALIA
Phone +61 2 9691 3636
Fax +61 2 9691 3339
SITA SYDXLQF
Telex 20113
Website qantas.com



Table of Contents

<u>1. Executive Summary</u>	5
<u>2. Purpose of this Action Plan</u>	6
<u>3. Period of the Action Plan</u>	6
<u>4. National Packaging Covenant Contact</u>	6
<u>5. Company Profile</u>	7
<u>6. Place in the Supply Chain</u>	7
<u>7. Qantas Group Sustainability Strategy</u>	8
<u>8. Action Plan 2007-2010</u>	12
<u>Appendix 1 – Qantas Environment Policy</u>	17



1. Executive Summary

Qantas Airways Limited is committed to actively managing its operations and growth in an environmentally sustainable manner and to reducing its environmental footprint. Waste minimisation is an important element of the Group's overall strategy to mitigate its environmental impact with further conservation strategies relating to fuel, energy and water in all areas of the operation – inflight and on the ground.

Qantas is a signatory to the National Packaging Covenant and committed to its objectives. This Action Plan has been prepared in accordance with National Packaging Covenant guidelines for the period July 2007-June 2010. Under Covenant guidelines, Qantas Airways Ltd is a brand owner and sells Qantas, Jetstar and Frequent Flyer branded products online, onboard and in Australian airports.

The Qantas Chief Risk Officer is responsible for delivering environmental performance improvement and resources have been committed to waste minimisation including packaging waste.

Early in June 2008, Qantas will launch “be green” a cultural change program aimed at stepping up environmental improvements. Qantas has set aggressive performance improvement targets for the program by June 2011.

This Action Plan forms one part of the overall waste reduction and management plan. It presents a summary of achievements to date and outlines planned initiatives to achieve overall waste reduction target. The Action Plan activities will be integrated into the new Qantas Environmental Management System currently under development.

Qantas will actively seek to educate and influence in supply chain to minimise packaging waste and to implement “buy recycled” procurement policies.

In accordance with our sustainability strategy, Qantas is also committed to transparency of its performance over the life of this Action Plan.



2. Purpose of this Action Plan

This Action Plan has been prepared by Qantas Airways Limited in accordance with National Packaging Covenant guidelines.

This Action Plan forms one part of the Group's overall waste reduction and management plan. It presents a summary of achievements to date and outlines planned initiatives to achieve overall waste reduction target.

3. Period of the Action Plan

Qantas signed the National Packaging Covenant in August 2007 and in accordance with the Covenant is submitting this Action Plan in November 2007. The Action Plan covers the period the three year period July 2007-June 2010.

4. National Packaging Covenant Contact

Mr Peter Broschovsky
General Manager Environment and Fuel Conservation
Qantas Airways Ltd
Building QCD/1
203 Coward Street
Mascot, NSW, Australia, 2020

Telephone: +612 9691 1876
Email: peterbroschovsky@qantas.com.au



5. Company Profile

Company History

Qantas is the world's second oldest airline. It was founded in the Queensland outback in 1920 and is Australia's largest domestic and international airline. Qantas is recognised as one of the world's leading long distance airlines, having pioneered services from Australia to North America and Europe. The Qantas Group employs approximately 31,000 staff across a network that serves 143 destinations in 36 countries – 57 in Australia and 86 in other countries (including codeshare services) in Australia, Asia and the Pacific, the Americas, Europe and Africa.

Business and Investments

Qantas Airways Limited is an Australian public corporation with annual revenues of over \$15 billion. Qantas employs approximately 31,000 staff across a network that serves 143 destinations in 36 countries – 57 in Australia and 86 in other countries (including codeshare services) in Australia, Asia and the Pacific, the Americas, Europe and Africa.

The company's main business is the transportation of passengers. In addition to its flying operations, the Qantas Group operates a diverse portfolio of airline-related businesses.

These include Qantas Engineering, Airports, Catering, Qantas Freight, Loyalty and Qantas Holidays. Qantas Airways Limited owns 45.04 per cent of Orangestar Pte Limited, which owns and operates the value-based intra-Asia airlines Jetstar Asia and Valuair, based in Singapore. Qantas also holds a 46.3 per cent shareholding in Air Pacific and is a partner with Australia Post in two jointly controlled entities – the domestic air freight operator Australian air Express and the national road freight business, Star Track Express.

Qantas is headquartered in Mascot, NSW with more than 100 sites around the country.

6. Place in the Supply Chain

Under National Packaging Covenant guidelines, Qantas Airways Limited is a brand owner and the Action Plan covers products sold by Group businesses and channels:

- Qantas branded products through qantas.com, onboard Qantas aircraft and at Australian airports
- Jetstar branded products through jetstar.com, onboard aircraft and at Australian airports
- Frequent Flyer branded products through qantas.com

These products include model aircrafts, key chains, toys, stuffed animals, bags, mugs, pens and other novelties. These products are generally packaged in cardboard and plastic. As branded products are a small part of the Group's total revenue, to date they have received limited focus from the environment team. This first action plan focuses on developing a robust baseline to determine both the nature of our branded packaging and opportunities for minimising waste.



The philosophy underpinning the National Packaging Covenant is in line with the Group's sustainability strategy and waste minimisation plans and initiatives in progress outlined in the next sections. Thus incorporation into our overall plans should not be difficult to achieve although the magnitude of improvement in packaging waste minimisation may be small compared to other areas of our business.

7. Qantas Group Sustainability Strategy

Qantas is committed to actively managing its operations and growth in a sustainable manner and to reducing its environmental footprint. As an airline, Qantas seeks to mitigate its climate change impact directing significant effort towards improving fuel efficiency and reduction of carbon emissions. Other key areas of focus include reduction in energy usage, waste minimisation and water consumption.

Qantas aims to achieve world class environmental performance as outlined in our Group Environment Policy (Appendix 1). Qantas applies a co-ordinated sustainable development approach as a key element of risk management and to balance the concerns and interests of all its stakeholders. Environmental issues within the Qantas Group are managed systematically through the Qantas Integrated Safety Management System (ISMS). The Qantas ISMS is a group-wide overarching framework for managing Health, Safety and Environment (HSE) for all Qantas operations. It contains a set of interrelated elements which detail the structure and process for managing these issues. A stand-alone Environmental Management System is in development and packaging will be incorporated into the system.

Qantas has committed significant resources to the environment with issues managed centrally through the Group's Environment and Fuel Conservation Team. This team will be responsible for managing the implementation of the National Packaging Covenant Action Plan.

In the interests of transparency and as part of our broader sustainability strategy, we have publicly acknowledged our carbon footprint for the first time in the 2007 Qantas Annual Report. In this first Sustainability Report, Qantas disclosed its achievements to date and future plans to improve the environmental efficiency of its operations. The report was developed using the Global Reporting Initiative's G3 methodology, the most used, credible and trusted framework with performance data independently audited by KMPG. Qantas will continue to develop its Sustainability Reporting with plans to report on all key aspects of its footprint.

Last financial year, Qantas Australian operations generated 22, 822 tonnes of waste (including liquid and quarantine waste), with 8031 tonnes of waste sent to landfill. An average of 13% recycled from its Australian operations.

Significant work has been done in the area of waste minimisation and the next section provides a summary of recent initiatives completed or in progress. In many cases, waste minimisation efforts have multiple benefits: reducing environmental impact, improving company profitability and providing funds to community organisations.



More can be done and in early 2008, Qantas will launch “be green” a company-wide cultural change program designed to take the Group to the next level of environmental management. The program aims to ensure that environment and fuel are integrated into business decision-making and operational management at both corporate and business unit levels with new environmental KPIs implemented. In preparation for launch, senior “Environmental Champions” have recently been appointed in every business unit. An environmental “innovations database” will also be launched to ensure successful ideas are shared across the whole Group.

“Be green” will provide staff with the training and tools required to reach these targets. In line with National Packaging Covenant objectives, packaging education will also be integrated in the program in order to ensure that operational managers and staff consider packaging when sourcing branded products by helping identify areas where the purchase and eventual disposal of packaging and products can be reduced, and the re-use or recycling of waste can be increased.

Green Team and Environmental eXcel Award

Created in July 2005, the Qantas Green Team is a voluntary group of staff from all business units, countries and levels of the organisation who are committed to environmentally friendly initiatives. Team members are encouraged to review resource use and waste management at their place of work and help identify opportunities for improvement. Team members are encouraged to share their successes with the Green Team and Environment and Fuel Conservation to ensure ‘cross pollination’ across the Group. The team has its own intranet site, and shared email address. Team members also receive regular updates and newsletters and are invited to regular forums to discuss environmental issues. Initiatives that have a measurable impact are also eligible for the recently launched “Environment eXcel” award.

Summary of related waste minimisation initiatives (2005-2007)

This section highlights a number of waste minimisation initiatives delivered or in progress across the business between 2005 and 2007.

Delivered

- Green Charter for Group Loyalty – Qantas recently created a separate strategic business unit to grow its Frequent Flyer Program. As part of this process, Group Loyalty moved into separate premises in Sydney and Green Team members on the Loyalty Moving Committee set out to ensure that sustainability was a key consideration in designing the new offices. They developed a Green Charter and tips on how the team can reduce their impact through behavioural measures; recycled existing workstations, furniture and fit-out to avoid waste/additional energy consumption for production; requested the architect incorporate as many green options as feasible in the design for the phase two fit-out (eg, new workstations and furniture to be made from recycled and recyclable material, kitchen to have separate recycling bins for glass, paper, food scraps. This approach has received wide publicity throughout the company and will be used as model for future office relocations at Qantas.



- Bottle recycling - Qantas Property has installed bottle-cycler crushing machines at the Qantas Club in Melbourne and also at Flight Catering. Qantas Property estimates that the introduction of the bottle recycling for the Qantas Club has reduced waste to landfill from Qantas' terminal operations by around 75%.
- Commingled waste - where operationally achievable, commingled waste is collected for recycling in our ground operations.
- Cork recycling supporting Guides Australia – Wine corks from domestic and international lounges around Australia are donated to Guides Australia, who use the proceeds of sale for environmental projects and to support membership for financially disadvantaged members.
- Wildlife Projects Assistance and Aluminium Can Recycling – Aluminium cans are collected from the Sydney Qantas Club lounge and recycled. Money raised from the sale of aluminium is used to help fund wildlife assistance projects, like the 'Ecocean' Whale Shark conservation program. This program is helping to protect this unique and threatened species by educating local communities of the benefits of whale shark protection and eco-tourism, versus hunting. Qantas Freight has provided logistical support and transport expertise to the whale shark program.
- Recycling CDs - facilities for recycling CDs are available for staff. Drop-off facilities are available for Mascot-based staff. Staff in other locations can post CDs to Sydney.
- Mobile phone recycling - Qantas has recently joined the Mobile Muster mobile phone recycling campaign. Members of the Qantas Green Team are assisting with the coordination of the program and drop-off points are located at various sites
- Recycling at Qantas Engineering – In Adelaide, oily rags, scrap metal, oil filters and used aircraft oil and ground equipment oil are all recycled. Used oil cans are collected and crushed by cleaning staff and collected by a local recycling company. Qantas Engineering also collect a large amount of fluorescent tubes (which contain mercury and other heavy metals) during servicing of aircraft and have recently begun recycling these tubes. Unique purpose-built collection units have been designed by the local OHS Committee for fluorescent tubes of differing lengths, and are placed in strategic locations to enable recycling to take place.
- Recycling in the Hobart Call Centre – Working with the Tasmanian Government, two Hobart sales consultants ran an internal campaign for 500 sales staff to improve recycling within the Hobart Call Centre. To increase awareness, the campaign focussed on demonstrating how products can be used or recycled. For example recycled toner cartridges and plastic can be made into garden chairs, and aluminium cans made into 'mag' wheels. Each month the Centre focuses on collecting various items that would normally be thrown out but are now recycled or re-used. For example, a Christmas Cards for recycling by Planet Ark, spectacles and reading glasses were collected for the local Lions Club, aluminium cans are collected and proceeds are donated to the Royal Hobart Hospital. Recycling awareness is now included in the staff induction program.



- Newspaper recycling facilities are provided outside Cityflyer gates across Australia. QantasLink (Cairns) recycle magazines by flying them to Thursday Island.

In progress

- Waste audits – Business Segments will be provided with a template to undertake a basic waste audit of facilities as part of the company “be green” program. Packaging waste will be included in this template.
- Cabin Weight Management – Qantas is implementing a number of initiatives that will reduce cabin weight to reduce fuel consumption and in some cases reduce waste to land-fill. We are working with our recycling partner, Visy Closed Loop, to review and audit waste generated on board our aircraft. This will assist us to: determine the percentage of recyclable material being generated, identify areas where product wastage can be minimised, and identify areas where packaging can be reduced.
- Airline/Catering supply chain re-engineering project – to reduce waste and improve profitability, Qantas inflight services and Qantas Catering are working on an initiative to improve demand forecasting and reduce over catering of flights.
- Zero Waste at QFCL - working with Zero Waste, a South Australian government initiative, Qantas Catering in Adelaide undertook a complete waste assessment to identify opportunities to reduce waste to landfill and to identify more efficient uses of water and energy. Recycling facilities are already in place in the Adelaide facility, however the assessment identified opportunities to extend the program further. Plastic shrink-wrap used to package incoming supplies was identified for future recycling and new technology to compost food waste will also be investigated. A change to the wash line process may also result water savings. Findings from the forthcoming report will be incorporated in audits of other catering sites nationally as part of the “be green” program.
- Plastic shrink wrap recycling - some freight facilities are recycling plastic wrap used to wrap pallets. About 8,000 kgs are being recycled per month in Melbourne alone. There are plans to extend this to all Australian-based freight facilities.
- Recycling of uniforms – Qantas has in place a waste minimisation program for all Qantas staff uniforms in Melbourne. The uniforms are shredded for security reasons and then given to charity for use stuffing for pillow and doona stuffing. Ninety cubic metres of uniforms have been diverted from landfill. There are plans to extend this program to other ports.
- Green Building Council of Australia – Qantas became a member this year and is exploring opportunities to incorporate environmentally sustainable design features into new developments including the Perth Terminal Expansion Works and Sydney Terminal Expansion works. Minimisation of waste during the construction and fit out phase of a development is a key element of environmentally sustainable design.



8. Action Plan 2007-2010

Ref	Objective	Action	Target and Measurement	Covenant Reference	Action Year	Responsibility
General Stewardship						
1.	Waste minimisation target	Reduce waste to landfill Define yearly waste minimisation targets	Commercial in confidence Complete waste minimisation target setting by year out to 2011		2011 (outside this Action Plan) June 2008	Chief Risk Officer
2.	Environmental Compliance	Effective Environmental Management	No fines or prosecutions		Annual	Chief Risk Officer
3.	Environmental Performance Management	Integrate National Packaging Covenant into Environmental Management System	100% integration into EMS		June 2008	GM Environment and Fuel Conservation
4.	Sustainability Reporting	Publish waste minimisation target and progress in Sustainability Report	Publish for first time in FY08 Annual Report and report progress in subsequent reports		October 2008 Annually	
5.	Environmental KPIs into Qantas external waste contract	Incorporate stricter targets for our waste contractors to encourage innovative thinking and a more proactive approach to increasing recycling programs	100% of environmental KPIs incorporated into waste contract		June 2008	GGM Procurement GM Property GM Environment and Fuel Conservation
Assessment Phase, Improvements and Reporting						
6.	Completed assessment of existing branded products to provide baseline data for	Source sample branded products from business units	100% assessment of existing products completed	1 and 2	February 2008	GM Environment and Fuel



	Packaging Covenant	<p>Analysis of packaging in conjunction with suppliers:</p> <ul style="list-style-type: none"> ▪ Local/Imported Packaging ▪ Tonnes of packaging ▪ Nature of packaging ▪ Ratio of product to packaging ▪ Volume of non-recycled packaging sold total/ in Australia <p>Record data in Covenant Database</p>	Baseline data recorded in Covenant database		October 2008	Conservation
7.	Complete assessment of Existing Recycling Facilities for branded packaging	Determine recycling facilities for branded products at key sites	<p>100% assessment of existing products completed</p> <p>Baseline data recorded in Covenant database</p>	16	<p>February 2008</p> <p>October 2008</p>	GM Environment and Fuel Conservation
8.	Assessment completed of all baseline data required for National Packaging Covenant	Assessment of all baseline data complete	<p>100% assessment complete</p> <p>Baseline data recorded in Covenant database</p>	27	<p>June 2008</p> <p>October 2008</p>	GM Environment and Fuel Conservation
9.	Annual Reporting to show progress against targets	Annual report to show continuous improvement	<p>Annual NPC Report completed on time</p> <p>Data entered into database</p> <p>Continuous improvement against targets</p>	28 and 29	Annually	GM Environment and Fuel Conservation
Design						
10.	Adopt and Publish the Environmental Code of Practice for Packaging	<ul style="list-style-type: none"> ▪ Work with Procurement and Operational Divisions to implement 	<p>2.1 Formally adopt policy</p> <p>2.2 Packaging Assessment Tool</p>	26	<p>2.1 June 2008</p> <p>2.2 June 2008</p>	GM Environment and Fuel



		new EcoPP	and Briefing Pack Developed		2.3 June 2008	Conservation Operational Managers
			2.3 100% relevant operational managers briefed on requirements			
			2.4 Increase percentage of new branded products assessed through EcoPP from 0% to 100% by 2010		2.4 New products assessed: 25% by June 09 50% by June 10 100% by June 11	
11.	Adopt waste minimisation criteria in assessing new products	Include packaging minimisation criteria in new product assessment guidelines	Inclusion in product selection criteria	28 and 29	June 2009	GM Environment and Fuel Conservation Operational Managers
Disposal						
	Waste Audit	<ul style="list-style-type: none"> Give business units tools to conduct waste audits to ensure adherence to waste minimisation objectives 	Audit minimum of two business unit annually		June 2009 Annually	GM Environment and Fuel Conservation
Education						
	Packaging Awareness in "be green" program	<ul style="list-style-type: none"> Develop packaging module for "be green" program 	Develop packaging module for "be green"	28 and 29	June 2008	GM Environment and Fuel Conservation
	Packaging Awareness in	<ul style="list-style-type: none"> Include packaging 	Update existing guide	28 and 29	June 2008	GM



	online "How To" guide	guidelines in existing packaging guide				Environment and Fuel Conservation
	Operational managers responsible for sourcing branded products	<ul style="list-style-type: none"> Training operational managers in sourcing environmentally friendly packaging 	100% operational managers trained	28 and 29	June 2008	GM Environment and Fuel Conservation
	Environmental Champions	<ul style="list-style-type: none"> Train environmental champions on key principles 	100% environmental champions trained	28 and 29	June 2008	GM Environment and Fuel Conservation
	Green Team Awareness Training	<ul style="list-style-type: none"> Train Green Team on key principles 	100% Green Team trained	28 and 29	June 2008	GM Environment and Fuel Conservation
	Supply Chain Awareness	<ul style="list-style-type: none"> Train branded product suppliers in National Packaging Covenant guidelines with a view to encourage suppliers to sign up 	100% suppliers trained	28 and 29	June 2009	GM Environment and Fuel Conservation
Labelling						
	Ensure that packaging includes appropriate recycling labelling	<ul style="list-style-type: none"> Ensure that packaging includes appropriate recycling labelling 	100% recycling label applied	22	June 2009	GM Environment and Fuel Conservation
Recycling						
12.	Complete assessment of destination of branded waste products	Determine volume of packaging waste sent to landfill vs recycling	<p>100% assessment of existing products completed</p> <p>Baseline data recorded in Covenant database</p>	21	<p>February 2008</p> <p>October 2008</p>	GM Environment and Fuel Conservation
13.	Assessment of opportunity for "Buy Recycling" Policies for General Procurement around the Group	Determine level of recycled purchasing	100% assessment of current level of "recycled" products purchased through Group Procurement	26	June 2008	GGM Procurement GM



			Implement "buy recycled" policy if appropriate		June 2009	Environment and Fuel Conservation
14.	<p>Assessment of Eco-Buy Program</p> <p>A data base of 'green' products.</p> <p>One of the criteria for listing is reduced packaging waste</p>	Assessment of opportunity to use "Eco-buy" or similar service	100% assessment completed	26	June 2008	<p>GGM Procurement</p> <p>GM Property</p> <p>GM Environment and Fuel Conservation</p>



Appendix 1 – Qantas Environment Policy

This policy is currently being updated to include an increased focus on Climate Change



Group Environment Policy

Our vision at Qantas is to achieve world class environmental performance in our business as an aviation passenger and freight carrier. Our activities will therefore be planned and managed in a manner that minimises effects on the environment and supports the principles of sustainability.

This will be achieved by:

- developing and maintaining management systems that identify and manage the significant environmental impacts and risks that are apparent in our operations;
- integrating considerations for the environment into business planning and operational activities;
- meeting or exceeding all relevant environmental laws and regulations;
- setting and regularly reviewing objectives and targets created to effect continuous improvement in environmental performance;
- promoting processes and work practices which minimise, and where possible, eliminate environmental impacts;
- minimising waste and improving the efficiency of resources utilised;
- providing all employees with access to environmental awareness training to maintain understanding and to foster active involvement; and
- building relationships by communicating openly with authorities, the community and other stakeholders.

Through the active participation and commitment of all Qantas staff, we will strive to meet and exceed these goals and to demonstrate environmental excellence to our customers and the community.

Geoff Dixon
Chief Executive
QANTAS AIRWAYS LIMITED

Revised: Nov 2001