

16 October 2024

Rami Greiss
Executive General Manager
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Australian Competition and Consumer Commission
23 Marcus Clarke St
Canberra ACT 2601

Via email: rami.greiss@accc.gov.au

Dear Rami

Complaint about potential greenwashing by Qantas Airways Limited

- 1. We act for Climate Integrity. Climate Integrity is a not-for-profit advocacy group championing science, transparency, accountability and justice in the transition to zero emissions.
- Our clients request that the Australian Competition and Consumer Commission (ACCC) investigate whether certain statements made by Qantas Airways Limited (Qantas) about the sustainability of its business and its plan to achieve net zero emissions by 2050 are in breach of sections 18 and/or 29 of the Australian Consumer Law (ACL), being Schedule 2 to the Competition and Consumer Act 2010 (Cth).
- 3. Our client notes the ACCC's Compliance and Enforcement Priorities for 2024-2025 include 'consumer, product safety, fair trading and competition concerns in relation to environmental claims and sustainability', as well as 'consumer issues in the aviation sector'.¹ Our client also notes the recent ruling against Dutch Airline KLM for greenwashing by the District Court of Amsterdam,² which considered similar issues raised here in respect of Qantas. The Amsterdam District Court applied the Dutch implementation of the EU Unfair Commercial Practices Directive to KLM's advertising. The European Commission's Guidance on the interpretation and application of the Unfair Commercial Practices Directive states that:³

¹ ACCC, 'Compliance and enforcement policy and priorities 2024-25' https://www.accc.gov.au/system/files/compliance-enforcement-policy-priority-2024_0.pdf.

² See Client Earth, 'Judgment in greenwashing lawsuit against KLM (unofficial English translation)' (20 March 2024) https://www.clientearth.org/media/cx4po41h/klm-judgment-20-march-2024.pdf (KLM Decision (translated)).

³ European Union, 'Guidance on the interpretation and application of Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices in the internal market', 29 December 2021. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021XC1229(05)#ntr297-C 2021526EN.01000101-E0297.

green claims must be truthful, not contain false information and be presented in a clear, specific, accurate and unambiguous manner, so that consumers are not mislead. [...] Traders must have the evidence to support their claims and be ready to provide it to competent enforcement authorities in an understandable way if the claim is challenged. [...] [Environmental] claims should be based on robust, independent, verifiable and generally recognised evidence which takes into account updated scientific findings and methods.

The relevant statements

- 4. Qantas makes the following statements on its website which are directed at promoting, directly or indirectly, the positive environmental and climate impacts of Qantas' business and plans to reduce its greenhouse gas emissions:
 - a. 'Acting Sustainably' and 'Driving sustainability to protect the future of travel' beneath an image of a turtle swimming in the Great Barrier Reef;⁴
 - b. 'Sustainability at Qantas' and 'Protecting the future of travel for the next generation' beneath an image of a turtle on the Great Barrier Reef, which in September 2024 replaced an image of a smiling child lifted towards the sun; ⁵
 - c. 'Net zero emissions by 2050';6
 - d. 'Fly Carbon Neutral';7
 - e. 'your contributions are used to purchase carbon offsets from accredited, high-integrity projects worldwide;⁸
 - f. 'Traveling responsibly';9
 - g. 'Carbon offsetting allows us to help compensate for these emissions by purchasing offsets that remove, reduce or avoid emissions in the atmosphere'; ¹⁰ and

⁴ Qantas, 'Acting Sustainably' https://www.qantas.com/au/en/qantas-group/sustainability.html (accessed 16 September 2024).

⁵ Qantas, 'Sustainability at Qantas' https://www.qantas.com/au/en/about-us/our-company/in-the-community/sustainability-at-qantas.html (accessed 16 September 2024).

⁶ Ibid.

⁷ Qantas, 'Fly Carbon Neutral' https://www.qantas.com/au/en/about-us/our-company/in-the-community/sustainability-at-qantas/fly-carbon-neutral.html (accessed on 16 September 2024) ⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

h. 'We're committed to supporting the aims of the Paris Climate Agreement to limit warming to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.'11

(together, the Statements)

5. Screenshots evidencing the Statements are at **Annexure A**.

The relevant representations

- 6. Our client considers that the Statements, alone or in combination, represent that:
 - a. Qantas' services are sustainable and do not have a significant adverse environmental or climate impact (**Sustainability Representation**); and/or
 - b. Qantas has a net zero plan aligned with the Paris Agreement and has a reasonable basis for expecting to achieve net zero emissions by 2050 (Net Zero Representation), (together, the Representations).
- 7. As outlined below, our client considers the Representations may be misleading or deceptive, or likely to mislead or deceive, because:
 - a. Qantas' repeated use of the vague and broad term 'Sustainability' is incongruous with its current and likely future emissions given its long term reliance on fossil fuels;
 - b. Qantas' 'Fly Carbon Neutral' option is likely to mislead consumers into thinking that their flight is 'sustainable' and/or makes no significant contribution to climate change;
 - c. Qantas has not disclosed a science-aligned, credible methodology to substantiate alignment with its stated commitment to the Paris Agreement; and/or
 - d. Qantas' emissions reduction measures are insufficient to achieve its net zero targets.

Significance of aviation industry greenwashing

- 8. The significance of greenwashing in the aviation industry, including the potential harm to consumers and the effective operation of competitive markets, has been drawn to the attention of the ACCC previously.¹²
- 9. Flying is a heavily polluting activity and is one of the most emissions intensive forms of travel. 13 The aviation sector has made a significant contribution of approximately 2.5% of global CO_2

¹¹ Qantas, 'Valuing our planet' https://www.qantas.com/au/en/qantas-group/sustainability/our-planet.html (accessed 16 September 2024).

¹² See, for example, Environmental Defenders Office complaint on behalf of Flight Free Australia, 'Complaint about potential greenwashing by Etihad Airways PJSC' (22 March 2023) https://www.edo.org.au/wp-content/uploads/2023/03/230322-Complaint-to-ACCC-Etihad-Airways-climate-advertisements.pdf, pp 3-4.

¹³ Our World in Data, 'Which form of transport has the smallest carbon footprint?' (30 August 2023) https://ourworldindata.org/travel-carbon-footprint.

- emissions to date, and around 4% to global warming to date. ¹⁴ This is a substantial contribution given studies estimate that only 10% of the world flies in most years. ¹⁵
- 10. Certain claims of sustainability and net zero carbon emissions in the aviation industry are at odds with there being no current 'sustainable' flying option for consumers, nor any clarity that such an option will exist in the foreseeable future.
- 11. Consumers should be able to make informed decisions cognisant of the true emissions impacts of flying. A single long-haul flight can produce a greater amount of CO₂ emissions than the average annual target footprint per person in 2030, required for limiting the maximum temperature increase to 1.5°C as stated in the Paris Agreement temperature goals.¹⁶
- 12. Greenwashing by airlines which may drive ticket sales growth is especially concerning because it encourages the public to fly more and prevents informed decision making. This impedes the achievement of the Paris Agreement temperature goals as outlined below.
- 13. The aviation industry heavily relies on carbon offsets as a component of its net zero plans and related marketing to climate-conscious consumers. As a 'hard-to-abate' sector, credible decarbonisation pathways, such as International Energy Agency (IEA), Science Based Targets Initiative (SBTi) and the Intergovernmental Panel on Climate Change (IPCC), outline that airlines should only purchase and retire carbon credits to neutralise projected residual emissions at 2050.¹⁷ These pathways do not support using carbon offsets to achieve current net zero and emissions reduction targets. Environmental and sustainability claims underpinned by carbon offsetting may be misleading by giving the impression that a customer's financial contribution to a carbon offsets program, such as reforestation, nature development or biofuels initiatives, can reduce, compensate or neutralise the negative effects of CO2 emissions from their flight. Such claims rely on a false equivalency that one tonne of CO₂ sequestered is equal to one tonne of CO₂ emitted by the aviation industry's practices which is not supported by the science. The Australian Government considers carbon sequestered in land as 'permanent' for only 100 years, while carbon from the burning of fossil fuels has a very long lifetime in the atmosphere – 40% remaining after 100 years, 10-25% remaining after 1,000 years, and up to 20% after 10,000 years.¹⁸ Land-based offsets do not and cannot guarantee such long-term sequestration.

¹⁴ Our World in Data, 'What share of global CO₂ emissions come from aviation?' (8 April 2024) https://ourworldindata.org/global-aviation-emissions.

¹⁵ Ibid.

¹⁶ Stay Grounded, 'How unjust is flying?' https://stay-grounded.org/get-information/#injustice (accessed 16 September 2024).

¹⁷ IEA, *Net Zero by 2050 - A Roadmap for the Global Energy Sector* (May 2021)
SBTi, Technical Report: The SBTi Interim 1.5°C Sector Pathway for Aviation, February 2023,
https://sciencebasedtargets.org/resources/files/1.5C-Aviation-Interim-Technical-Report-Final.pdf;
IPCC, Climate Change 2022, Mitigation of Climate Change, Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (2022),
https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC AR6 WGIII FullReport.pdf

¹⁸ Climate Analytics, 'Why offsets are not a viable alternative to cutting emissions', February 2023,
https://ca1-

- 14. Misleading statements regarding the environmental and climate impacts of flying and the efficacy of carbon offsets may delay necessary action in this critical period where significant reductions in total emissions are required to meet interim targets and the temperature goals of the Paris Agreement.
- 15. Moreover, in the absence of adequate information about the basis for net zero plans and targets, consumers must take companies' environmental and sustainability claims at face value and are unable to assess the credibility of those claims and companies' net zero pathways.

Why the Sustainability Representation is potentially misleading or deceptive

- 16. Our client considers that the Sustainability Representation may be misleading or deceptive, or likely to mislead or deceive, because it misrepresents that Qantas' services are sustainable and do not have a significant adverse environmental or climate impact.
- 17. Qantas prominently displays the bold heading 'Acting Sustainably' on its website, together with imagery of a turtle swimming in the Great Barrier Reef and the subheading 'Driving sustainability to protect the future of travel.' Similarly, the heading 'Sustainability at Qantas' appears on another page of the Qantas website, with the subheading 'Protecting the future of travel', beneath an image of a turtle swimming in the Great Barrier Reef (which in September 2024 replaced an image of a smiling young child lifted towards the sun). Sustainability' is a vague and broad term which principle 5 of the ACCC's guide on environmental claims (ACCC Guide) cautions businesses against using. Principle 7 of the ACCC Guide emphasises that the visual elements can contribute to an overall impression, and risk being misleading if that overall impression is not true.
- 18. The Sustainability Representation is incongruous with Qantas' current and likely future emissions given its long term reliance on fossil fuels. The IPCC's modelled pathways consistent with the continuation of policies implemented by the end of 2020, without further strengthening of those policies, anticipate greenhouse gas emissions will continue to rise, leading to global warming of 3.2°C causing widespread and escalating environmental and climate harms.²³
- 19. Qantas regularly concedes the challenge of decarbonising its practices and the industry writ large, ²⁴ but simultaneously claims to have a plan to achieve these targets without providing

clm.edcdn.com/assets/why offsets are not a viable alternative to cutting emissions.pdf?v=169712393 2, page 17

https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf, page 17.

https://investor.qantas.com/FormBuilder/_Resource/_module/doLLG5ufYkCyEPjF1tpgyw/file/annual-reports/OAN_2024_Sustainability_Report.pdf (Sustainability_Report 2024), p 23, 31, 41.

¹⁹ Qantas, 'Acting Sustainably' https://www.qantas.com/au/en/qantas-group/sustainability.html (accessed 16 September 2024).

²⁰ Qantas, 'Sustainability at Qantas' https://www.qantas.com/ph/en/about-us/our-company/in-the-community/sustainability-at-qantas.html (accessed 12 July 2024).

²¹ ACCC, *Making environmental claims: A guide for business* (December 2023) https://www.accc.gov.au/system/files/greenwashing-guidelines.pdf, pp 21-25.

²² Ibid, pp 28-29.

²³ IPCC, Climate Change 2022: Mitigation of Climate Change (2022),

²⁴ Qantas, Sustainability Report 2024

- sufficient qualifications and information for consumers to assess that claim. Importantly, Qantas does not adequately disclose its own emissions footprint and growth plans, which our client considers to be inconsistent with the Sustainability Representation.
- 20. Qantas' use of sustainability messaging and imagery is similar to that used by KLM which was deemed misleading by the Amsterdam District Court. The Court found that KLM misled consumers through the use of vague and general statements about environmental benefits, including phrases like 'net zero CO2 emissions' and 'sustainable aviation fuel', along with imagery of green leaves and a child sitting on a swing against a background of sky, water and mountains.²⁵ The Court further ruled:²⁶

KLM here uses the absolute designation "CO2ZERO" and the stilted "Reduce your impact" (with an image of green leaves around an aircraft). [...] The expressions in this case also suggest more than can be fulfilled. KLM is in fact urging consumers to "change the future together" and "create a better future together". This creates the impression that with the reforestation programme offered by KLM and its contribution to SAF when flying, important steps are being taken to make a positive contribution to the future, in that aviation is becoming a "more sustainable industry". In doing so, KLM gives too rosy a picture of the (small) environmental benefits that can be achieved with a customer contribution to reforestation or SAF. Moreover, again, it wrongly suggests a direct link between a customer contribution and the environmental impact of their flight.

21. Contrary to the Sustainability Representation, Qantas' current and anticipated future services have a significant adverse environmental and climate impact that is not made clear to consumers and is unlikely to align with a consumer's understanding of what 'sustainable' means, including for the following reasons.

Qantas' emissions footprint

22. In 2024, Qantas reported that it emitted a total (Scope 1, Scope 2 and Scope 3) 17.6 million tonnes of CO_2 , which is equivalent to around 4% of Australia's total CO_2 emissions of 440.2 million tonnes for the year to March 2024. Qantas' annual emissions in FY24 grew significantly from the 13.7 million tCO_2 e total emissions reported in FY23. This increase is partly due to a 91% rise in reported Scope 3 emissions compared to FY23, in part attributable to an expansion of this reporting boundary to include additional GHG Protocol categories. However, Qantas' total combined Scope 1 and 2 emissions have also increased by 18% between FY23 and FY24 (rising from 9.8 million tCO_2 e to 11.5 million tCO_2 e), approaching the pre-Covid 12.5 million tCO_2 e

²⁵ KLM Decision (translated).

²⁶ KLM Decision (translated), para. 4.51.

²⁷ Qantas, Sustainability Report 2024, p 88.

²⁸ Department of Climate Change, Energy, the Environment and Water, 'Australia's greenhouse gas emissions: March 2024 quarterly update' (accessed 26 September 2024)

https://www.dcceew.gov.au/climate-change/publications/national-greenhouse-gas-inventory-quarterly-update-march-2024.

²⁹ Qantas, Sustainability Report 2024, p 88.

³⁰ Ibid.

- Qantas reported in FY19.³¹ This casts doubt on the achievability of Qantas' target of a 25% reduction in net emissions from 2019 levels within the next five years by 2030, ³² given the lack of progress over the past five years.
- 23. Qantas' business is reliant on fossil-fuels and highly polluting and contributes significantly to current and future greenhouse gas emissions which are driving climate change. Without significant changes, these business activities are incompatible with Qantas' net zero goals.

Qantas' growth plans

- 24. The IEA states that demand management in the aviation sector is critical to achieving the goals of the Paris Agreement. The IEA net zero by 2050 pathway states that nearly 80% of emissions reductions in transport in 2050 need to 'come from measures to reduce passenger aviation demand, with the remainder from road transport'.³³ To remain within Paris aligned net zero targets, the IEA pathway indicates a maximum growth of 3% annually in revenue-passenger kilometres for airlines, assuming a significant scaling of efficiency and sustainable aviation fuel usage. This management of aviation demand is required because of the 'scarcity of commercially available options to eliminate all emissions' from aviation.³⁴ A failure to manage demand has been projected to lead to >3°C of global heating, seeing parts of the world becoming uninhabitable for humans, which is also not in the interests of the aviation industry.³⁵
- 25. Qantas' lack of a demand management strategy alongside its continued efforts to increase ticket sales and market share impedes the achievement of the Paris Agreement temperature goals in two important ways:
 - a. Firstly, it incentivises more travel, not less. According to the IPCC, demand-side strategies are crucial for decarbonising the aviation sector. ³⁶ The IPCC points out 'socio-cultural factors such as avoiding long-haul flights and shifting to train wherever possible can contribute between 10% and 40% to aviation GHG emissions reduction by 2050'. ³⁷
 - b. Secondly, the IPCC states such practices also prevent the necessary broader cultural change around flying needed to realise the required demand management strategies.³⁸

³¹ Qantas, Sustainability Report 2023, p 59.

³² Qantas, 'Sustainability at Qantas' https://www.qantas.com/au/en/about-us/our-company/in-the-community/sustainability-at-qantas.html (accessed 26 September 2024).

³³ IEA, *Net Zero by 2050 - A Roadmap for the Global Energy Sector* (May 2021) p 69 (**IEA Net Zero Report**). ³⁴ Ibid. p 42.

³⁵ Proceedings of the National Academy of Sciences of the United States of America; Visualizing Life in a 3°C Warmer World - Climate Adaptation Platform https://www.pnas.org/doi/10.1073/pnas.2305427120

³⁶ IPCC, Climate Change 2022, Mitigation of Climate Change, Working Group III contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (2022),

https://www.ipcc.ch/report/ar6/wg3/downloads/report/IPCC_AR6_WGIII_FullReport.pdf (IPCC WGIII Report), ch. 5, p 505.

³⁷ Ibid, ch. 5, p 531 [5.3.1.1].

³⁸ Ibid, ch. 5, p 506.

The IPCC goes on to say that in their supply side interactions, companies can influence the preferences and behaviour of consumers, with a clear effect on decarbonisation.

- 26. According to the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) forecasts, with an increased demand in flights 'emissions are projected to grow steadily...peaking at 9 Mt CO₂-e in 2027'.³⁹
- 27. There is no indication that Qantas plans to manage consumer demand in line with recognised net zero pathways. Instead of opting for the 'urgent and deep' emissions reductions that are required, ⁴⁰ Qantas is aiming for growth both in its business plan and, according to research by InfluenceMap, alongside active lobbying in support for sustainable aviation fuels (**SAF**s), has lobbied against meaningful aviation regulations through membership in industry organisations such as the International Transport Association, Business Council of Australia, Chamber of Minerals and Energy of Western Australia, and Airlines for Australia & New Zealand. ⁴¹
- 28. Qantas' ambition to expand its business and flights is clear from its 'plans to create 8,500 new operational jobs over the next decade as we recover and expand', as outlined on its 'Investor Day 2023' video. 42 With Project Sunrise, Qantas is also expanding into ultra-long-haul flights which are less fuel efficient, more carbon intensive, and misaligned with all credible net zero pathways. 43 Qantas International chief, Cam Wallace recently stated that the company is working to increase the airline's market share through introducing more long-haul flights, stating 'What we're seeing is the business case for Project Sunrise playing out in real time, [...] We do think it's going to be really compelling and we're really looking forward to broadening the network.'44
- 29. Qantas further incentivises increased travel through its Green Tier frequent flyer program. The program, launched in 2022, offers rewards to frequent flyers including 'digital recognition', access to 'exclusive sustainability events and experiences', bonus Qantas Points and Status Credits, or the option for 'Qantas to offset 3 tonnes of carbon on your behalf'. This has the

³⁹ Department of Climate Change, Energy, the Environment and Water, *Australia's emissions projections 2023* (November 2023) https://www.dcceew.gov.au/sites/default/files/documents/australias-emissions-projections-2023.pdf, p 56.

⁴⁰ UN High-Level Expert Group, *Integrity Matters: Net zero commitments by businesses, financial institutions, cities and regions* (8 November 2022) https://www.un.org/sites/un2.un.org/files/high-level <a href="https://www.un.org/sites/un2.un.org/sites/u

https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC AR6 SYR FullVolume.pdf, pp 20-21.

⁴¹ InfluenceMap, 'Qantas Airways Disclosure Scorecard' https://lobbymap.org/company/QANTAS-AIRWAYS-5b39cefc74e3c8c6349ba2fb86996177 (accessed 16 September 2024).

⁴² Qantas, 'Introduction: Taking the spirit of Australia further' 2023 Investor Day video, https://investor.gantas.com/investors/?page=investor-days (accessed 16 September 2024).

⁴³ Qantas, 'A350 Project Sunrise', https://www.qantas.com/au/en/about-us/our-company/fleet/new-fleet/project-sunrise.html (accessed 16 September 2024).

⁴⁴ The Australian Business Review, 'Qantas eyes new non-stop destinations to boost market share', https://www.theaustralian.com.au/business/aviation/qantas-eyes-new-nonstop-destinations-to-boost-market-share/news-story/d01d406f834cfc6de6ca7a46bc377607 (accessed 16 September 2024)

⁴⁵ Qantas, 'Green Tier', https://www.qantas.com/au/en/frequent-flyer/status-and-clubs/green-tier.html (accessed 16 September 2024)

- potential to misleads consumers into believing that increasing their travel with Qantas, alongside purchasing other products Qantas claims to be 'sustainable' including hotels and wine, will have no or limited impact on the climate.
- 30. Moreover, for the reasons outlined below, Qantas' net zero ambition is not supported by a credible plan such that its growth may be considered consistent with a sustainable future.

Why the Net Zero Representation is potentially misleading or deceptive

- 31. Our client considers that the Net Zero Representation may be misleading or deceptive, or likely to mislead or deceive, because Qantas has not disclosed a comprehensive plan for reducing its emissions, and its current disclosures do not credibly substantiate its claims to achieve net zero by 2050 in line with the goals of the Paris Agreement.
- 32. Further, Qantas' Net Zero Representation is incompatible with the limited viability and highly speculative nature of existing decarbonisation options for aviation as a 'hard-to-abate' sector.
- 33. The Net Zero Representation is likely to be a representation as to future matters under s 4(1) of the ACL, which requires reasonable grounds at the time the representation is made.
- 34. Our client, Climate Integrity, recently conducted a study which found that Qantas' disclosures of its decarbonisation plans are vague, lacking reference to alignment of credible net zero pathways, and included a number of low integrity practices. The study concluded that Qantas has no comprehensive, full-costed or independently verified plan for reducing its emissions in line with a scientific pathway, as discussed further below.⁴⁶

Qantas has not disclosed a science-aligned, credible methodology required to substantiate alignment with the Paris Agreement

- 35. In order to be consistent with the criteria set out in the United Nations High Level Expert Group's Report on the Net-Zero Commitments of Non-State Entities (**UN HLEG**), corporate net zero targets must be consistent with IPCC or IEA sectoral pathways that limit warming to 1.5°C, companies must prioritise urgent and deep emissions reductions, and only use carbon credits for residual emissions.⁴⁷ Further, net zero targets must account for all greenhouse gas emissions, not just CO₂.⁴⁸
- 36. As outlined in Climate Integrity's *Net Zero Integrity* report, Qantas' disclosures on its net zero targets and strategies do not align with the Paris Agreement, the IEA sectoral pathway, nor the UN HLEG criteria for coverage or level of ambition. Qantas has not disclosed any robust

⁴⁶ Climate Integrity, *Net Zero Integrity: Assessment of the Net Zero Pledges of Australian Companies* (February 2024)

https://static1.squarespace.com/static/657654bd58d85f1af6083b13/t/65d29a8de72f8b0e75339696/1708300954251/Net Zero Integrity Report 2024.pdf (Climate Integrity Report).

⁴⁷ UN HLEG, p 12; Science Based Targets Initiative, Corporate Net-Zero Standard v1.2 (March 2024) https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf, p 81.

⁴⁸ UN HLEG, p 12.

- methodologies for its target setting nor how its plan is substantiated by disclosing alignment with established, credible aviation decarbonisation pathways.
- 37. Qantas has set a 2030 target that is significantly less than 50% below 2020 levels and allows for the use of offsets, rather than a gross target. It covers only Scope 1 and 2 emissions. No intensity target has been set. Qantas' approach to target setting has not been explained and is not stated to be aligned with a robust methodology. There is a single target for emissions, and it is unclear whether there are material emissions for which additional targets should be set, such as fossil methane relating to transport fuel.⁴⁹
- 38. As explained above, Qantas' disclosures do not include any commitment, intent or strategy to constrain customer demand for flying, which is critical for the aviation sector to meet its net zero targets alongside other emissions reductions strategies being successful.
- 39. The marketing of biofuels and synthetic fuels as SAF itself has the potential to mislead or deceive consumers. Qantas' statements regarding SAFs are similar to those made by KLM which the District Court of Amsterdam's found to be misleading, stating:⁵⁰

KLM lists measures such as fleet renewal, operational improvements and CO_2 compensation and then states "but by far the largest contribution will be made by SAF". This suggests that a lot can already be expected from the other measures that KLM is committed to and that SAF will contribute much more to the goal of achieving "net zero CO_2 emissions" by 2050. This paints too rosy a picture, because the explanation of the measures shows that they currently only bring about a marginal reduction in terms of CO_2 emissions and the negative environmental aspects of flying. It cannot be ruled out that this will improve in the future, but given all the uncertainties in this area, it is inappropriate for KLM to paint the rosy picture that it has presented in its statements. With one exception, the statements are therefore misleading.

- 40. Qantas does not disclose which types of SAF it currently uses or plans to use in either its Sustainability Report or on its 'Sustainable Aviation Fuel' webpage. However, Qantas explains both synthetic fuels and biofuels in an image titled 'Key SAF production pathways'.⁵¹
- 41. It appears Qantas intends to use biofuels from waste. Under the section 'What is Sustainable Aviation Fuel?' on its 'Sustainable Aviation Fuel' webpage, Qantas mentions using biofuel made from used cooking oil (**UCO**) and other waste (e.g. council and agricultural waste).⁵² However, the IPCC cautions waste-based biofuels are unlikely to be used on a commercial scale in the near future as commercially feasible production has not yet been achieved.⁵³

⁴⁹ Climate Integrity Report, pp 65-21.

⁵⁰ KLM Decision (translated), para 4.37.

⁵¹ Qantas, 'Sustainable Aviation Fuel', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/sustainable-aviation-fuel.html (accessed 16 September 2024).

⁵² Ibid.

⁵³ IPCC WGIII Report, ch 10, p 1066 [10.3.1].

42. Qantas' intention to use biofuels and SAFs in its net zero plan lacks sufficient substantiation or qualification of the risks and barriers to their use, does not demonstrate alignment with recognised pathways, and thereby fails to provide adequate information for informed decision making by consumers. This is further detailed below.

Qantas' emissions reduction measures are insufficient to achieve its net zero targets

- 43. The UN HLEG recommends that non-state actors publicly disclose comprehensive and actionable net zero transition plans which indicate actions that will be undertaken to meet all targets.⁵⁴
- 44. The UN HLEG advises 'referenc[ing] credible sector pathways [such as the IEA] consistent with limiting warming to 1.5°C with no or limited overshoot and explain[ing] any material difference between the non-state actor's transition plan and sector pathways',⁵⁵ which Qantas has not done. This is important to enable consumers to make informed decisions. Moreover, this is inconsistent with the ACCC Guide, which at principles 3 and 4 outlines the importance of not omitting important information and explaining any conditions or qualifications.⁵⁶
- 45. Qantas published its Climate Action Plan in March 2022, along with additional details on emissions reductions initiatives in its 2023 and 2024 Sustainability Reports, published in September in each respective year. These disclosures are high level and vague, and in our client's view do not adequately substantiate Qantas' plan for reducing emissions to meet its net zero targets for the reasons outlined below.
- 46. Qantas' 2024 Sustainability Report details its 'Climate Action Plan', involving initiatives under the following three 'pillars' to help meet its emissions reduction targets:⁵⁷
 - a. Sustainable operations: focused on fuel efficiency;
 - b. Sustainable Aviation Fuels; and
 - c. Carbon markets: passengers can voluntarily contribute to nature-based solutions.
- 47. The Climate Action Plan includes concrete actions but only the high-level pillars are linked to targets with broad estimates of expected reductions to be achieved from each pillar. Broad allocation of capital is described, but not detailed allocation to specific initiatives with a link to expected emissions reductions. For the reasons that follow, the potential emissions reductions associated with the initiatives on which Qantas relies are, at best, vague and aspirational.

⁵⁵ UN HLEG, p 15.

UN HLEG p.21.

IEA Net Zero Report, pp 42, 69.

⁵⁴ UN HLEG, p 21.

⁵⁶ ACCC Guide, p 4.

⁵⁷ Qantas, Sustainability Report 2024, p 23; see also Qantas, 'Climate Action Plan', https://www.qantas.com/content/dam/qantas/pdfs/about-us/environment/qantas-group-climate-action-plan.pdf (accessed 16 September 2024)

⁵⁸ Climate Integrity Report, p 68.

'Sustainable operations'

- 48. Qantas' 'sustainable operations' pillar refers to 'reducing emissions by optimising fuel burn through flying and engineering procedures, airspace design and management, aircraft performance and flight planning'.⁵⁹
- 49. However, efficiency improvements alone will not result in an overall reduction in emissions and offer limited potential for further gains. Historically, such improvements have only spurred more growth, as increased efficiency makes flights cheaper, thereby boosting demand. This increase in demand negates any CO₂ emissions reductions through improved efficiency measures. Experts anticipate a further slowdown in efficiency improvements based on current capital investments. As the IPCC states:⁶⁰

In the future, Cumpsty et al. (2019) suggest that the highest rate of fuel burn reduction achievable for new aircraft is likely to be no more than about 1.3% per year, which is well short of ICAO's aspirational goal of 2% global annual average fuel efficiency improvement. Thus, the literature does not support the idea that there are large improvements to be made in the energy efficiency of aviation that keep pace with the projected growth in air transport.

- 50. Indeed, analysis that modelled the projected emissions reductions from optimisation projects against the forecasted growth of the aviation industry up to 2050 found that aviation CO_2 emissions would increase by a factor of 1.3 to 2.80.⁶¹ Or, in other words, the rate of CO_2 emissions increase from the growth of the aviation industry exceeds the forecasted reductions from optimisation activities.
- 51. Qantas previously had a stated aim to improve fuel efficiency by an average of 1.5% per annum to 2030,⁶² which has been removed in its 2024 Sustainability Report. Qantas pilots have publicly stated that Qantas' fuel efficiency claims were disingenuous, because Qantas' push into ultra long-haul travel with Project Sunrise will introduce 22-hour routes requiring carrying additional fuel and thus exceeding the most efficient flight length of 8-9 hours:⁶³

The ideal flight length for these aircraft in terms of fuel efficiency is eight or nine hours. In addition to this, we have to carry extra fuel in case we have to land somewhere else for an emergency. What people don't realise is that every extra tonne of fuel we carry costs an extra half a tonne of fuel burnt. Management green spin is just a joke, it's hypocritical.

52. Qantas acknowledges that removal of its short-term fuel efficiency target means that its 'pathways to the 25 per cent GHG emissions reduction by 2030 and net zero by 2050' are now underpinned predominantly by carbon projects and SAF.⁶⁴

⁵⁹ Qantas, Sustainability Report 2024, p 23.

⁶⁰ IPCC WGIII Report, ch 10, p 1087 [10.5.3].

⁶¹ Dray L et el, 'Cost and emissions pathways towards net-zero climate impacts in aviation' (2022) 12 Nature Climate Change 958.

⁶² Qantas, 'Operational and fleet efficiency', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/reducing-emissions.html (accessed 12 July 2024).

⁶³ Crikey, 'Green spin is just a joke': Qantas pilots rail against airline's greenwashing tactics' (10 May 2024) https://www.crikey.com.au/2024/05/10/qantas-pilots-greenwashing/.

⁶⁴ Qantas, Sustainability Report 2024, p 26.

Sustainable Aviation Fuels

- 53. Sustainable aviation fuels refer to two types of non-fossil aviation fuels: synthetic fuels and biofuels. Synthetic fuels, also known as e-fuels, can be produced using electricity and CO₂, which still involves burning fossil fuels. Biofuels are derived from organic materials such as waste and surplus crops and UCO. Crop-based biofuels are generally not considered sustainable due to environmental impacts, such as biodiversity loss and deforestation. ⁶⁵ Waste-based biofuels may be a cleaner alternative to traditional fossil fuels.
- 54. As discussed above, Qantas appears to rely heavily on SAFs to substantiate the Net Zero Representation. On its 'Sustainable Aviation Fuel' webpage, Qantas describes SAF as 'central to achieving our interim targets and net zero by 2050 goal' and 'the only viable technology/decarbonisation option available' for reducing emissions from long-haul routes, which constitute the majority of Qantas' carbon footprint.⁶⁶
- 55. However, there are currently many limitations that prevent SAF from being implemented at a commercial scale or a feasible net-zero measure. In its 2019 update on Global Environmental Trends, the International Civil Aviation Organisation (ICAO) concluded that 'significant uncertainties exist in predicting the contribution of sustainable aviation fuels in the future'. Our client considers these well established technological, sustainability, and production limitations associated with SAF viability are not adequately identified by Qantas.

56. The key limitations of SAFs are:

- a. Limited emissions reduction potential: While SAFs can reduce greenhouse gas emissions compared to traditional fossil fuels, they may not be able to fully decarbonise the aviation sector. Notably, SAFs do not eliminate the non-CO₂ aviation byproducts (such as NOx and contrail cirrus) which contribute to approximately two thirds of the aviation industries global warming yield.⁶⁸ The decarbonisation potential of SAFs is further limited by the fact they cannot be used 'neat', but only in a blend with existing jet diesel.
- b. *Limited availability:* Currently, SAFs are not widely available, making it difficult for airlines to incorporate them into their operations on a large scale. This limitation can be observed in Qantas' disclosure that 'current SAF use represents approximately 0.2 per cent of our total fuel consumption' and its concession that carbon offsets will be relied upon until SAF becomes more readily available. ⁶⁹ For example, while Qantas claims it will secure access to up to 500 million litres of SAF annually from 2028 through deals

⁶⁵ Stay Grounded, 'Biofuels Factsheet' https://stay-grounded.org/greenwashing/ (accessed 16 September 2024)

⁶⁶ Qantas, 'Sustainable Aviation Fuel', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/sustainable-aviation-fuel.html (accessed 16 September 2024).

⁶⁷ ICAO, 'Trends in Emissions that Affect Climate Change', https://www.icao.int/environmental-protection/pages/climatechange_trends.aspx (accessed 16 September 2024).

⁶⁸ D.S. Lee et al, 'The contribution of global aviation to anthropogenic climate forcing for 2000 to 2018' (2021) 244 Atmospheric Environment 2.

⁶⁹ Qantas, 'Carbon offsets', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/carbon-offsetting.html (accessed 16 September 2024).

with Airbus and Boeing, this is contingent on partnerships with those companies on SAF projects. ⁷⁰ In addition, the production of second-generation biofuel from UCO and other waste is severely constrained by the availability of waste which will likely be needed for other competing purposes, such as decarbonising the power, heating, agriculture and road transport sectors. ⁷¹

- c. *High cost:* SAFs are often more expensive than traditional fossil fuels, which can be a barrier for airlines looking to switch to more sustainable options.
- d. *Infrastructure challenges:* The infrastructure needed to produce, distribute, and use SAFs is not yet fully developed, which can make it difficult for airlines to access these fuels at a commercial scale. Due to these limitations, Qantas only purchases SAF for delivery to London Heathrow Airport and California (Los Angeles and San Francisco).⁷²
- e. *Compatibility issues:* Some types of SAFs may not be compatible with existing aircraft or airport infrastructure, which can limit their use.
- 57. In best case scenario modelling, whereby 100% of international aviation jet fuel demand was met with SAFs in 2050, ICAO determined that only a corresponding 56% reduction in CO₂ emissions would be achieved.⁷³ In order to achieve this modelled scenario, the ICAO reasoned that 'extremely large capital investments' and 'substantial policy support' would be required to an extent 'significantly exceed[ing] historical precedent for other fuels, such as ethanol and biodiesel for road transportation'.⁷⁴ Qantas' SAF webpage highlights collaboration on various initiatives to accelerate the development of a SAF industry in Australia, including a \$400 million Climate Fund and SAF Coalition Program.⁷⁵ However, the aforementioned ICAO modelling shows that Qantas can only expect modest emissions reductions from its target of 60% SAF in its fuel mix by 2050. Qantas' heavy reliance on SAFs to achieve its emissions reduction targets has a significant likelihood of misleading or deceiving consumers given the current aspirational state of SAF development and viability, which Qantas does not draw sufficient attention to.
- 58. The District Court Amsterdam found in the KLM decision that while the emissions reduction potential of SAF and other measures may improve in the future, 'given all the uncertain factors in that area, it [did] not befit KLM to paint the rosy picture it did' about achieving net zero.⁷⁶

⁷⁰ Qantas, 'Sustainable Aviation Fuel', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/sustainable-aviation-fuel.html (accessed 16 September 2024).

⁷¹ Stay Grounded, 'Biofuels Factsheet', https://stay-grounded.org/greenwashing/ (accessed 16 September 2024).

⁷² Qantas, 'Sustainable Aviation Fuel', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/sustainable-aviation-fuel.html (accessed 16 September 2024).

⁷³ ICAO, 'Trends in Emissions that Affect Climate Change', https://www.icao.int/environmental-protection/pages/climatechange_trends.aspx (accessed 16 September 2024);

⁷⁴ ibid

⁷⁵ Qantas, 'Sustainable Aviation Fuel', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/sustainable-aviation-fuel.html (accessed 16 September 2024).

⁷⁶ KLM Decision (translated), para 4.37...

Carbon credits and offsets

- 59. Carbon offsetting is relied upon as the third 'pillar' of Qantas' Climate Action Plan to achieve net zero by 2050.
- 60. Qantas offers customers a 'Fly Carbon Neutral' option at the point of purchase, stating that doing so supports 'accredited projects that offset your carbon footprint'. On the 'Fly Carbon Neutral' page on its website, Qantas displays 'Support our Planet' (previously 'Protect our Planet' until around mid-September) and 'Do good, feel good' in bold as reasons to offset flights, stating 'By choosing to Fly Carbon Neutral you can help support local communities as well as take action on climate change'. ⁷⁷ As further detailed below, this representation of the impact of Qantas' carbon offsets is likely to mislead consumers into believing that opting in to 'Fly Carbon Neutral' and offsetting their flight means their flight is 'sustainable' and makes no significant contribution to climate change.
- 61. Qantas concedes on its 'Carbon offsets' webpage that 'aviation is a hard-to-abate sector' and that carbon offsets will be used to achieve its climate goals 'even as alternate direct emissions reduction levers (such as sustainable aviation fuel, more fuel-efficient fleets, and emerging technologies) become more readily available'.⁷⁸ For the reasons provided above, our client considers the use of offsets in the manner Qantas proposes that is, offsets being used to compensate for continued emissions growth is fundamentally inconsistent with the 'urgent and deep' emissions reductions required to achieve net zero emissions by 2050.⁷⁹ Qantas' representation of offsets in this way has the potential to mislead consumers by creating a false equivalency between carbon emissions and carbon sequestration through offsets. The scientific evidence is clear that a tonne of carbon sequestered into land is not equal to a tonne of fossil fuel carbon emitted into the atmosphere due to well-established impermanence of sequestered carbon, alongside the known integrity issues of the voluntary carbon credit market.⁸⁰
- 62. The SBTi standard for corporate net zero commitments is established global best practice, and prohibits offsets being 'counted towards the progress of their science-based targets', 81 with only residual emissions neutralised. 82 Put another way, for airlines to credibly use offsets as part of a net zero strategy, the offsets need to contribute to residual emissions from 2050, and not current emissions reduction targets. By contrast, Qantas creates a potentially misleading impression that carbon offsetting reduces CO₂ emissions. On its 'Sustainability at Qantas' webpage, Qantas lists carbon markets under its 'Climate action' heading reinforced with a

https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC AR6 SYR FullVolume.pdf, pp 20-21

⁷⁷ Qantas, 'Fly Carbon Neutral' https://www.qantas.com/id/en/about-us/our-company/in-the-community/sustainability-at-qantas/fly-carbon-neutral.html (accessed 16 September 2024)

⁷⁸ Qantas, 'Carbon offsets', https://www.qantas.com/au/en/qantas-group/sustainability/our-planet/carbon-offsetting.html (accessed 16 September 2024)

⁷⁹ UN HLEG, pp 12, 19; IPCC, *ARG Synthesis Report: Climate Change 2023* (2023)

⁸⁰ Climate Analytics, 'Why offsets are not a viable alternative to cutting emissions' February 2023

⁸¹ Science Based Targets Initiative, *Corporate Net-Zero Standard v1.2* (March 2024) https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf, p 81.

⁸² Ibid, p 14.

'net zero by 2050' visual element — alongside direct decarbonisation levers like fleet efficiency and SAF:83

We recognise that climate change is a significant issue for the aviation industry. That's why we're committed to reducing our carbon emissions by net 25% by 2030 (from 2019 levels) and achieving net zero emissions by 2050. By purchasing and investing in more efficient aircraft and sustainable aviation fuel, minimising waste and single-use plastics, and investing in high-integrity carbon offset projects, we're working towards a brighter future..

63. There are significant legitimacy concerns of the use of offsets to be meaningfully contributing to emissions reductions, as canvassed, for example, in a recent 2023 Guardian analysis of the largest carbon offset projects which concluded that the majority of carbon credits sold globally are 'likely junk'. Moreover, certain carbon credit projects that Qantas highlights in its Sustainability Report 2023 have known credibility concerns. For example, Qantas includes a case study of the Katingan Peatland Restoration and Conservation Project in Indonesia. In late 2021, Japanese news outlet Nikkei Asia released an investigative report arguing that Katingan had issued credits up to three times more than the amount of carbon dioxide it is likely to absorb. Nikkei claimed that the project had overestimated the deforestation risk the project faced. No details are provided in Qantas' 2024 Sustainability Report as to whether the Katingan project is included in Qantas' updated FCN portfolio following a 'refresh' to increase transparency. Under 'Climate Risk Management' in its Sustainability Report 2024, Qantas acknowledges that its carbon offsets approach includes risks to its transition plans.

Potential legal contraventions

- 64. The Statements raise concerns about potential contraventions of sections 18 and/or 29 of the ACL.
- 65. For the above reasons, our client considers that the Sustainability Representation and/or Net Zero Representation are likely to mislead or deceive consumers.

Request to investigate

66. For the reasons set out above, and given the ongoing nature of Qantas' conduct, our client requests that the ACCC investigate the concerns raised by our client and take such compliance action as is deemed appropriate.

⁸³ Qantas, 'Sustainability at Qantas', https://www.qantas.com/ph/en/about-us/our-company/in-the-community/sustainability-at-gantas.html (accessed 16 September 2024).

⁸⁴ The Guardian, 'Revealed: top carbon offset projects may not cut planet-heating emissions' (19 September 2023) https://www.theguardian.com/environment/2023/sep/19/do-carbon-credit-reduce-emissions-greenhouse-gases.

⁸⁵ Nikkei Asia, 'Indonesian carbon credit project appears to betray its purpose' (13 December 2021) https://asia.nikkei.com/Spotlight/Environment/Climate-Change/Indonesian-carbon-credit-project-appears-to-betray-its-purpose.

⁸⁶ Qantas, Sustainability Report 2024, page 32.

67. We look to your response to the matters raised above. Please contact us by email to Kirsty Ruddock at kirsty.ruddock@edo.org.au.

Yours faithfully

Environmental Defenders Office

Kirsty Ruddock

Managing Lawyer

Safe Climate (Corporate and Commercial)

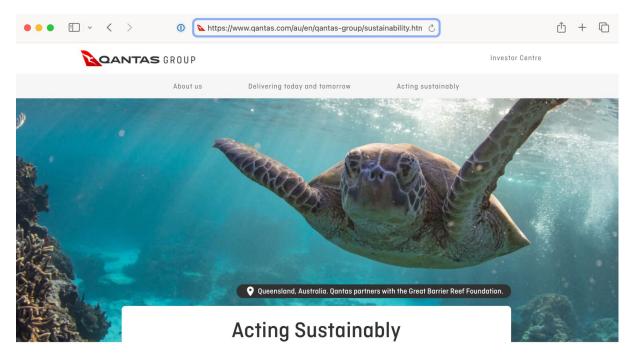
Asha Keaney

Senior Solicitor

Safe Climate (Corporate and Commercial)

Annexure A

Screenshots of the Statements on Qantas' website dated 16 September 2024



Driving sustainability to protect the future of travel.

Key areas of focus

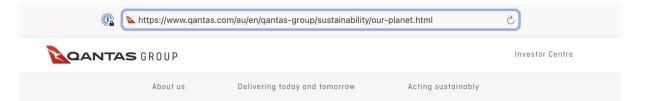
Access and Inclusion Plan

Sustainability Report

Overview

The Qantas Group has a long-standing commitment to sustainability and corporate responsibility. In 2019, we were the second airline in the world to commit to net zero emissions by 2050. In 2022 we updated our Corporate Strategy Framework to specifically reference sustainability.

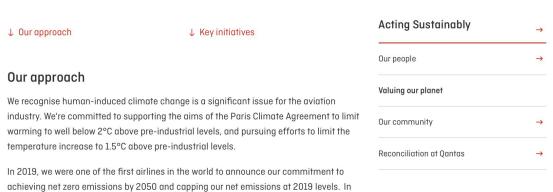
Our Sustainability Framework is aligned to our strategic priorities and focuses on three key principles - valuing our planet, enabling our people and connecting customers and communities - to support our vision of driving sustainability to protect the future of travel.



Valuing our planet

We're committed to reducing our impact on the planet - in the air and on the ground - so that future generations can continue to experience the wonder of travel.





March 2022, we announced new emission taraets as part of our Group Climate Action



Fly Carbon Neutral

Earn 10 Qantas Points per A\$1 equivalent spent on carbon offsetting.

Conditions apply

SEARCH FLIGHTS

When you tick-the-box to participate in the Fly Carbon Neutral program, you're supporting accredited projects that help to offset a proportional share of the emissions that will be associated with your flight. Tick-the-box to Fly Carbon Neutral when booking your flight or choose to offset your flight in bookings in My account.

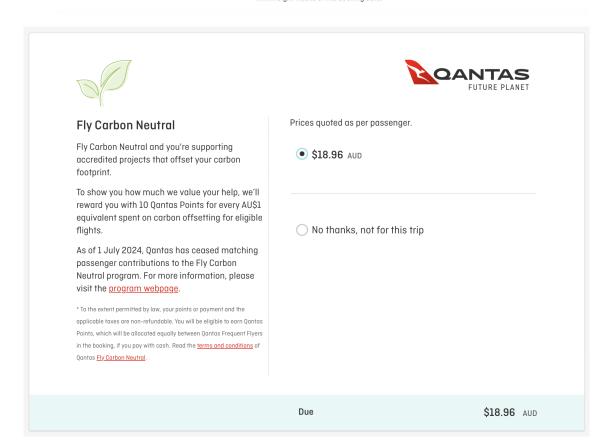
All customer contributions through Fly Carbon Neutral go directly to purchasing offsets from projects that meet our internal requirements for integrity and quality which remove, reduce or avoid an equivalent amount of emissions outside the aviation industry.

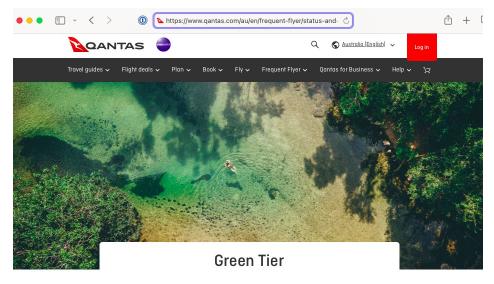
When you use cash to participate in the Fly Carbon Neutral program, we'll reward you with 10 Qantas Points for every A\$1 equivalent spent on carbon offsetting.



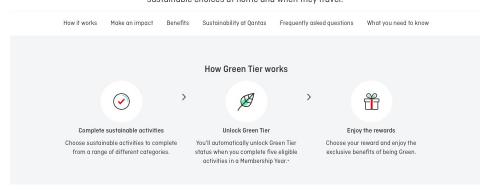
Carbon offsetting your flight will count towards achieving <u>Green Tier status</u>.

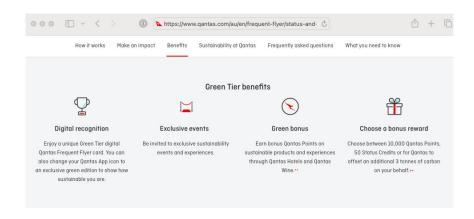
<u>Conditions apply</u>. Points will be credited and this activity will be counted as a Green Tier activity within eight weeks of the booking date.





Recognising and rewarding Qantas Frequent Flyer members for making sustainable choices at home and when they travel.





Our ongoing commitment

Qantas has been offsetting emissions for more than a decode - with our 'lick-the-box' to Fly Carbon Neutral offsetting program being one of the largest of any airline. We're proud to now provide our Qantas Frequent Flyer members with opportunities to offset their activities, both on the ground and in the air.

Find out more about the current carbon offset projects we support here in Australia and around the world.





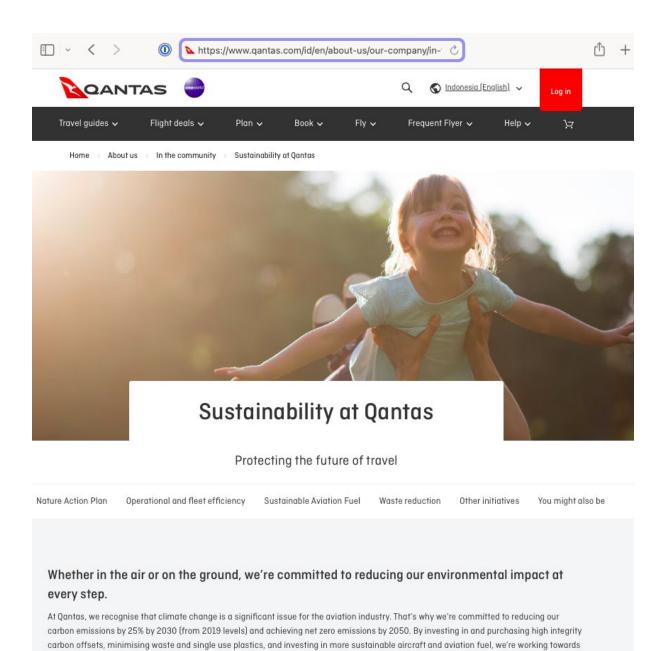


Fighting fire with fire

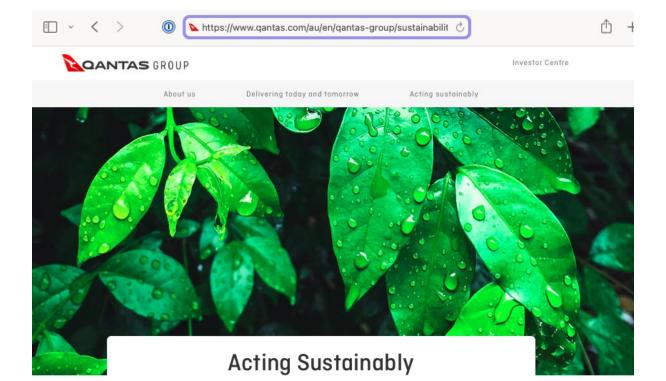
Energy-efficient cooking stoves

Rainforest conservation

Screenshots of the Statements on Qantas' website dated 11 September 2024



a brighter future of travel.

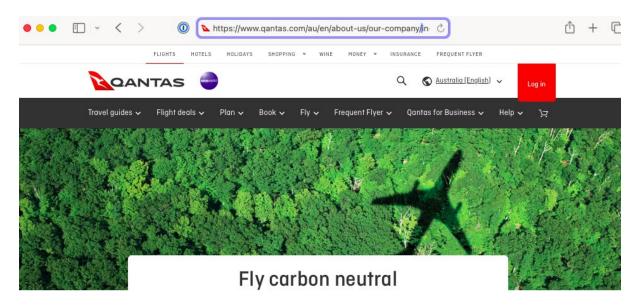


Driving sustainability to protect the future of travel.

Overview Sustainability Report Key areas of focus Access and Inclusion Plan

The Qantas Group has a long-standing commitment to sustainability and corporate responsibility. In 2019, we were the second airline in the world to commit to net zero emissions by 2050. In 2022 we updated our Corporate Strategy Framework to specifically reference sustainability.

Our Sustainability Framework is aligned to our strategic priorities and focuses on three key principles - valuing our planet, enabling our people and connecting customers and communities - to support our vision of driving sustainability to protect the future of travel.



We know travel is an essential part of life, and aviation is a hard to abate sector. We're committed to reducing the impact of aviation by driving change both within and outside the industry. Together we can help to create a healthier future planet.

Why carbon offset? Where does your money go? Find out more

Travelling responsibly

Carbon offsetting allows us to help compensate for these emissions by purchasing offsets that remove, reduce or avoid emissions in the atmosphere from projects outside the aviation sector.

With our Fly Carbon Neutral program, we've done the hard work for you, by calculating the emissions for each route we fly. When making your booking on this website or the Qantas App, you can easily 'tick-the-box' to offset your share.

Your contributions are used to purchase carbon offsets from accredited, high-integrity projects worldwide, including Australian projects, particularly those that support positive and social outcomes for Indigenous and regional communities.

