



An Australian Government Initiative

NCOS CARBON NEUTRAL PROGRAM

PUBLIC DISCLOSURE SUMMARY

1. ORGANISATION AND PRODUCT INFORMATION

Organisation Name: Virgin Australia Airlines

Disclosure Period: From: 1 July 2009 to 30 June 2010

Date of most recent verification: March 2011

Carbon Neutral Disclosure Type: Product

Product Name: Virgin Australia Carbon Offset Program

Brief Description: In March 2007 Virgin Australia (then Virgin Blue Airlines) launched its "Fly Carbon Neutral" offset program, the first Government-certified airline carbon offset program in the world.

"Fly Carbon Neutral" enables passengers to easily offset the greenhouse gas emissions from their flights with confidence when booking any Virgin Australia Airlines flight (Virgin Australia, Pacific Blue, Polynesian Blue and V Australia).

2. PRODUCT DESCRIPTION

The "Fly Carbon Neutral" offset program allows guests flying with the airline to offset the greenhouse gas emissions "attributed" to the seat on their flight. Emissions are predominantly due to flight fuel burn with lesser amounts arising from ground energy use and waste disposal.

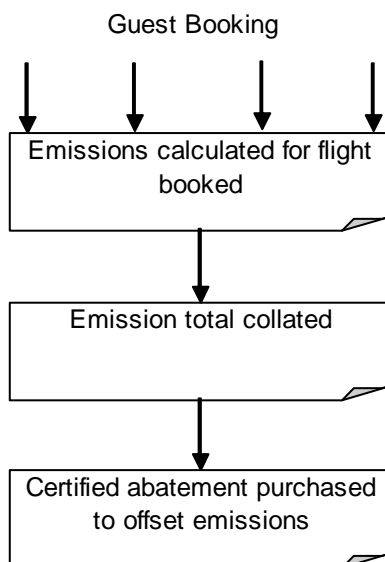
The emission values used in the offsetting program for the current year (09/10) are calculated from the previous year's data set. The greenhouse gas emissions are calculated per city pair (sector) flown in the previous twelve months within the network. Virgin Australia has a standardised fleet of 89 Boeing 737-NG, 777-300ER, Airbus A330-200 and Embraer E-Jet

aircraft. Utilising a twelve month data set provides normalisation of these variations due to differing operational parameters.

The emission figure is divided by the number of persons that travelled on these city pairs during that time and adjusted to account for freight. The number of persons that travelled on these city pairs during that time includes paying guests, duty staff travel, leisure staff travel, and flight crew. The resulting average emission figures expressed per passenger are used in the online calculator.

When booking a flight the guest can use this calculator to determine the greenhouse gas contribution due to their “seat” on the flight. These figures also allow the airline to calculate the proportion of the total emissions due to aircrew, duty passengers etc.

Guest emissions to be offset are banked and periodically acquitted against certified abatement. Greenhouse gas emissions attributed to airline staff travel (aircrew and duty) are not included in the paying guest’s “seat” emissions total. The airline’s Carbon Offset Program covers all flights on the Virgin Australia, Pacific Blue, Polynesian Blue and V Australia airlines (the Virgin Australia group) irrespective of whether the flights originate in Australia or not.



3. PURCHASE OF GREENPOWER™ OR NCOS CARBON NEUTRAL PRODUCTS AND/OR CANCELLATION OF GREENPOWER™ ELIGIBLE RENEWABLE ENERGY CERTIFICATES (RECS)

Not applicable.

4. TOTAL CARBON FOOTPRINT OF PRODUCT SOLD

The total carbon footprint of flights offset by Virgin Australia guests in FY2009/10 is as follows:

Carbon Footprint: 71,794 Tonnes CO₂-e

5. EMISSION REDUCTION MEASURES

Nearly 98% of Virgin Australia's carbon emissions are due to aircraft fuel consumption. As such, our dedicated Fuel and Emissions Management Team is focussed on a continuous effort to improve fuel efficiency and reduce emissions through a range of initiatives to seek operational improvements, adopt new technologies and work with the industry to improve navigation and airport infrastructure. The cross divisional team was established in October 2008 and forms a key part of Virgin Australia's sustainable aviation strategy. As fuel usage is directly related to greenhouse gas emissions, the program assists the airline to reduce its environmental impacts and prepares it for future regulatory requirements such as emissions trading. The team focuses on a core set of fuel management principles:

- Optimising Fuel Policy and Flight Planning
- Reducing Aircraft Weight
- Operational Process Excellence
- Air Services Reform

Virgin Australia is required to participate in the Federal Government's Energy Efficiency Opportunities (EEO) program and the Group's first EEO assessment report will be published in December 2011. This report will detail specific fuel efficiency opportunities and implemented identified by the Fuel and Emissions Management Team.

6. OFFSET PURCHASE / CANCELLATION

Offset Type <i>Refer NCOS 3.1</i>	Registry	Serial Numbers	Offset Quantity (Tonnes CO ₂ -e)
Greenhouse Friendly ERUs	Greenhouse Friendly Internal Registry	GFLP2008-01245975 to GFLP2008-01253994	8,020
Greenhouse Friendly ERUs	Greenhouse Friendly Internal Registry	GFLP2008-0177810 to GFLP2008-0207809	30,000
Greenhouse Friendly ERUs	Greenhouse Friendly Internal Registry	GFLP2008-0126495 to GFLP2008-0128369	1,875
Greenhouse	Greenhouse Friendly Internal	GWFA2008 - 0000002 to GWFA	30,000

Friendly ERUs	Registry	2008 – 0030001	
Greenhouse Friendly ERUs	Greenhouse Friendly Internal Registry	No serial number – banked from previous years.	2,000

7. OTHER INFORMATION

Virgin Australia Airlines Sustainability Policy

The Virgin Australia group constantly strives to deliver our customers great products and services. As a responsible corporate citizen, we aim to maximise the social, environmental and economic benefits and minimise the potential impacts of our products and services on the planet and to the communities within which we operate.

We are committed to working towards a position of sustainability leadership in the aviation industry. We regularly review our sustainability risks and opportunities to focus our sustainability initiatives on the issues that really matter to our business and to our customers.

We are taking practical steps to continually improve our sustainability performance:

- Governance:** Considering the long-term sustainability implications of our major business decisions.
- Leadership:** Behaving with integrity and honesty in all our business activities.
- People:** Supporting our people to reach their full potential, treating everyone with respect, building a diverse workforce and making health and safety a top priority.
- Community:** Making a measurable contribution through supporting community initiatives and sustainability programs.
- Customers:** Providing a superior and sustainable product offering.
- Supply chain:** Partnering with our key suppliers and market partners to share ideas and enhance sustainability performance across our entire supply chain.
- Climate Change:** Providing innovative fuel management solutions and encouraging the development of sustainable aviation biofuels to reduce our carbon footprint.
- Resources:** Reducing consumption and implementing recycling programs.
- Communication:** Sharing our sustainability aspirations, challenges and achievements with our stakeholders.

At the Virgin Australia group, it is everyone's responsibility to achieve our sustainability targets. The Board of Directors sets our vision and policy, the Sustainability Steering Group sets targets annually and our sustainability performance is reviewed periodically by the Executive Committee and the Board. Our progress and achievements will be independently assured where appropriate. We will review this policy at least every two years and update as required.