



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 2010 to 30 June 2011
Date of most recent verification:	March 2011
Carbon Neutral Disclosure Type:	Product
Product Name:	Virgin Australia Carbon Offset Program
Brief Description:	<p>In March 2007 Virgin Australia (then Virgin Blue) launched its "Fly Carbon Neutral" offset program, first Government-certified airline carbon offset program in the world.</p> <p>"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).</p>

2. PRODUCT DESCRIPTION

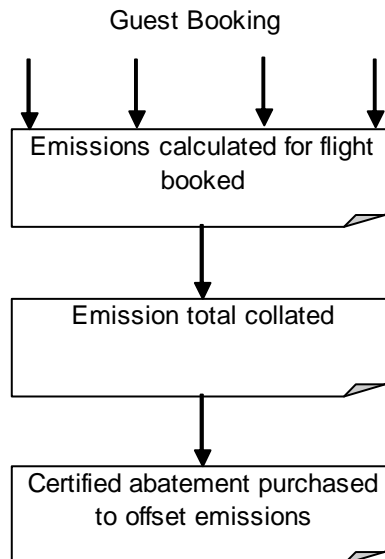
The "Fly Carbon Neutral" offset program allows guests flying with the airline to offset the greenhouse gas emissions "attributed" to the seat on their flight. Emissions are predominantly due to flight fuel burn with lesser amounts arising from ground energy use and waste disposal.

The emission values used in the offsetting program for the current year (FY10/11) 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 FY2010/11 is as follows:

Product Sold Carbon Footprint: 65,491 Tonnes CO₂-e

5. EMISSION REDUCTION MEASURES

Virgin Australia is committed to addressing our climate change impacts through a combination of fuel efficiency, sustainable biofuels and carbon offsetting.

- Fuel efficiency is critical to managing our carbon footprint in the short to medium term. Virgin Australia is already ahead of many of our industry peers in this regard as we already operate a young and fuel efficient fleet, with an average age of just 4.9 years. To ensure our fleet remains fuel efficient we have invested in a \$2.5 billion fleet renewal program over the next six years and by June 2012 our average aircraft age will be 4.1 years. A review of all major aspects of the business has also been commissioned to identify fuel saving initiatives.
- Virgin Australia is actively seeking to partner with biofuel companies to encourage the commercialisation of individual projects. In June, we signed a Memorandum of Understanding with Renewable Oil Corporation, GE and Future Farm Industries Co-operative Research Centre to develop a sustainable aviation biofuel from eucalyptus mallee trees. Virgin Australia is also the sole airline participant in the Queensland Sustainable Jet Fuel Initiative, a University of Queensland led project looking at sustainable aviation fuel production from three feedstocks: sucrose, oilseeds and algae.
- In 2007 Virgin Australia launched the world's first government certified airline offset program, under the Australian Government's Greenhouse Friendly program. Fly Carbon Neutral is now certified under the National Carbon Offset Standard.

Virgin Australia is also required to comply with the Energy Efficiency Opportunities Act. Our first annual report will be completed and released publicly on our website by 31 December 2011. This report will provide further detail on Virgin Australia's emissions reduction initiatives.

6. OFFSET PURCHASE / CANCELLATION

Offset Type	Details of Transaction	Register	Offset Quantity (Tonnes CO ₂ -e)
VCU	582-26996090-26999062-VCU-001-CDC-KH-3-181-10122005-09122006-0	Markit	2,973
VCU	581-26956011- 26958529-VCU-001-CDC-KH-3-181-10122004-09122005-0	Markit	2,518
VCU	874-41471511-41477510-VCU-008-CDC-KH-3-181-01012009-31122009-0	Markit	6,000
VCU	1579-65601229-65630438-VCU-018-MER-TH-13-82-01092009-31122009-0	Markit	29,210
VCU	932-43986483-43987482-VCU-009-TZ1-TH-13-82-01012009-31082009-0	Markit	1,000

VCU	1402-60700678-60710677-VCU-018-MER-TH-13-82-01092009-31122009-0	Markit	10,000
VCU	932-44006523-44014622-VCU-009-TZ1-TH-13-82-01012009-31082009-0	Markit	8,100
VCU	932-43990338-43996027-VCU-009-TZ1-TH-13-82-01012009-31082009-0	Markit	5,690

7. OTHER INFORMATION

Virgin Australia Group of 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.