

# Sustainability – Flying for the Future

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## About this report

This report presents a summary of Virgin Australia's sustainability progress and performance for the period 1 July 2013 through to 30 June 2014. This report encompasses the domestic and international operations of Virgin Australia. The Skywest Airlines Pte Limited group of entities has been included in the scope of this report for 2014 only. Virgin Australia's alliance partnerships, the other Virgin Group businesses and Virgin Australia's interest in Tiger Airways Australia Pty Limited have not been included in the scope of this report. For more information or to provide feedback on the sustainability content of this report please email [sustainability@virginaustralia.com](mailto:sustainability@virginaustralia.com).

### Sustainability

2014 marks the fourth year Virgin Australia has reported to stakeholders on our performance and progress towards becoming a more sustainable business. We continue to focus on sustainable growth and to ensuring that we are embedding sustainable practices across our business.

The format for this year's Sustainability Report has changed to accommodate the inclusion of information from Virgin Australia Regional Airlines Pty Ltd (VARA). For transparency, certain VARA figures have been reported separately to enable simpler comparisons with prior periods. The 2014 Sustainability Report continues to utilise the Global Reporting Initiative (GRI) G3.1 framework as the basis for our Sustainability assessment approach.

### Our approach to sustainability

Virgin Australia has a strong commitment to becoming a more sustainable business and working towards our vision of sustainability leadership within the aviation industry. As our business continues to change and mature we remain focussed on ensuring that we are growing sustainably. This approach is enshrined in our Sustainability Policy, a copy of which can be downloaded from our website<sup>(1)</sup>. Relevant sustainability performance data can be found on page 134.

Further information on our corporate governance processes and ethical business practices can be found in the Directors' Report.

### Engaging our stakeholders

Virgin Australia recognises that we have many important stakeholders. Our list of key stakeholders have been identified and prioritised after careful consideration of groups and individuals who have invested in our business, been affected by our activities or who affect our ability to implement strategies and achieve our objectives. As the business continues to grow and diversify there is an ongoing need to consider an ever broader range of stakeholders. Our ability to communicate with our stakeholders and receive their feedback also continues to improve which assists in assessing the materiality of our impacts.

### Assessing materiality

The assessment of materiality is critical to sustainability reporting as it ensures that our Sustainability Report appropriately reflects our significant economic, environmental and social impacts along with issues that may substantively influence the assessments and decisions of our stakeholders. Those issues most critical to our stakeholders have again been identified by using a five-part materiality test. This test included the consideration of our:

1. Direct financial impacts
2. Policy related performance
3. Organisational peer based norms
4. Stakeholder behaviour and concerns
5. Societal norms

Each issue was then prioritised using a materiality matrix that plotted issues according to their relative significance to stakeholders and the relative significance to Virgin Australia. The results were then reviewed and validated by the Virgin Australia Sustainability Steering Committee.

## About this report (continued)

### Assessing materiality (continued)

Material issues identified by airline stakeholders

Environment	Commercial	Society and Community	People	Safety
Reducing climate change impacts	Product	Regional routes/development	Workforce diversity	Operational and flight safety
Waste, recycling and resource consumption	Alliances	Indigenous programs	Australian jobs and investment	Occupational health and safety for staff and passengers
Carbon offsetting	On time performance	Community investments and sponsorship	Career development	Environmental safety
Aircraft noise	Customer satisfaction	Procurement from Australian businesses	Work/life balance	
	Financial performance	Sustainable procurement practices	Well being	
	Foreign ownership	Competition	Reward and recognition Contractors	



## Our vision

“To become a sustainability leader within the aviation industry”

Stakeholder Group	Our Engagement
Employees	Virgin Australia engages with staff through direct staff communications (email and intranet), an annual staff engagement survey, employee road shows, internal team meetings and internal training and development.
Guests	Virgin Australia engages with Guests in a number of ways including through our Guest Relations team, websites, our Velocity Frequent Flyer program, social media, market based research and focus groups, the in-flight magazine, touch points throughout a Guest's journey and the Guest Contact Centre.
Shareholders and investor groups	Virgin Australia engages with investors through investor briefings, annual general meetings, annual reports, sustainability reporting, and responding to investor group initiatives such as the Carbon Disclosure Project.
Governments and Regulators	Virgin Australia's engagement with governments and regulators is coordinated through the Group Executive, Government Relations. This includes direct engagement as well as participation in consultation processes, policy forums and advisory groups.
Community Groups	Virgin Australia engages with the broader community through our community partner program, our sponsorship program, Virgin Unite, annual reports, our websites, the mass media, social media and our guest contact centre. Virgin Australia also directly engages with representatives from communities that surround airports through the Community Aviation Consultation Groups and other forums.
Non-Government Organisations	Virgin Australia engages directly with select environmental NGOs in relation to sustainability reporting.
Unions	Virgin Australia engages directly with Union leaders on a regular basis on a range of topics, including health and safety and the negotiation of awards and EBAs.
Suppliers	Suppliers are engaged directly by Virgin Australia from procurement, contract execution and ongoing contract management.

# GRI performance indicators

## GRI Index

The following table indicates the location of the GRI sustainability performance indicators included within this report. The indicators that have been reported were selected from the GRI G3.1 Sustainability Reporting Guidelines on the basis of their materiality to our stakeholders and the business. The majority of indicators can be found in the data table following the financial statements.

GRI Reference	Topic	Page Reference
EC1	Direct economic value generated and distributed	135
EN3	Direct energy consumption	134
EN4	Indirect energy consumption	134
EN16	Direct and indirect greenhouse gas emissions	134
EN22	Total waste generated	134
EN23	Number and volume of spills	135
EN28	Value and number of fines	135
LA1	Total workforce breakdown	135
LA7	Occupational Health and Safety	136
LA13	Workforce diversity	136
PR5	Customer Satisfaction	136

## Environment

Performance Indicator	GRI reference	Unit	2014	2013	2012	2011	Notes
<b>1. Energy</b>							
Aviation Fuel	EN3	000 Litres	1,266,755*	1,271,666*	1,205,297*	1,161,232	1
Aviation Fuel VARA	EN3	000 Litres	58,030*				1
Aircraft Engine Oil	EN3	Litres	142,616	136,320	140,220	153,267	
Aircraft Engine Oil VARA	EN3	Litres	13,532				
Ground Fuel – Diesel	EN3	Litres	686,814	533,673	429,259	597,134	2
Ground Fuel – Diesel VARA	EN3	Litres	129,304				2
Ground Fuel – Petrol (ULP)	EN3	Litres	107,502	88,998	99,151	134,360	2
Ground Fuel – Petrol (ULP) VARA	EN3	Litres	22,348				2
Ground Fuel – Jet Kerosene	EN3	Litres	2,141	2,012	13,296	–	2
Ground Fuel – Jet Kerosene VARA	EN3	Litres	–				2
Electricity	EN4	kWh	20,482,214*	19,852,936*	16,990,137*	15,838,394	3
Electricity VARA	EN4	kWh	781,721*				3
Electricity total	EN4	kWh	21,263,935*				3
Direct energy use	EN3	Gj	48,794,159*	46,826,325*	44,380,836*	42,766,927	4
In-direct energy use	EN4	Gj	76,550*	71,471*	61,164*	57,018	4
Total energy use	EN4	Gj	48,870,709*	46,897,796*	44,442,000*	42,823,945	4
<b>2. Emissions (CO<sub>2</sub>-e)</b>							
Total CO <sub>2</sub> -e Emissions	EN16	Tonnes CO <sub>2</sub> -e	3,414,417*	3,277,298*	3,104,963*	2,991,486	5
Scope 1 Emissions	EN16	Tonnes CO <sub>2</sub> -e	3,396,319*	3,259,813*	3,089,551*	2,976,751	5
Scope 2 Emissions	EN16	Tonnes CO <sub>2</sub> -e	18,098*	17,484*	15,412*	14,735	5
Emissions offset by Guests		Tonnes CO <sub>2</sub> -e	38,653	54,462	65,971	65,491	6
<b>3. Waste</b>							
Waste to landfill (Australia only)	EN22	Tonnes	3,297	3,168	3,348	1,960	7
Waste to landfill VARA	EN22	Tonnes	37				7
Waste diverted from landfill (Australia only)	EN22	Tonnes	424	114	101	102	7
Waste diverted from landfill VARA	EN22	Tonnes	2				7
Total paper recycled (Australia only)	EN22	Tonnes	185	115	102	–	7
Total paper recycled VARA	EN22	Tonnes	2				7
Printer cartridges recycled (Australia only)	EN22	Kgs	412	881	1,445	1,212	8

## Environment (continued)

Performance Indicator	GRI reference	Unit	2014	2013	2012	2011	Notes
<b>4. Other Environmental</b>							
Total paper consumption (Australia only)		A4 reams	45,998	71,470	66,967	–	9
Total paper consumption (Australia only) VARA		A4 reams	5,122				9
Significant spills – occurrences	EN23	#	0	0	0	–	10
Significant spills – occurrences VARA	EN23	#	0				10
Aviation fuel jettison events		#	0	0	1	1	11
Aviation fuel jettison volume		000 Litres	0	0	35.00	16.67	11
Number of fines	EN28	#	0	0	0	0	12
Value of fines	EN28	AUS \$	0	0	0	0	12
Non-monetary sanctions	EN28	#	0	0	0	0	12
<b>5. Efficiency measures</b>							
Carbon Efficiency		kg CO <sub>2</sub> -e/RTK	1.1	1.07	0.93	0.95	13
Carbon Efficiency		Grams CO <sub>2</sub> -e/RPK	105.87*	103.52*	99.96*	99.83	13
Fuel Efficiency		Litres/100 RTK	42.7	41.48	36.01	36.94	13
Fuel Efficiency		Litres/100 RPK	4.11*	4.02*	3.88*	3.88	13

\* Limited assurance obtained on EN3 (with the exception of engine oil), EN4, EN16 and efficiency measures (grams CO<sub>2</sub>-e/RPK and litres fuel/100RPK). Refer the the independent limited assurance report on page 139.

# Denotes number

– Denotes data unavailable

## Economic

Performance Indicator	GRI reference	Unit	2014	2013	2012	2011	Notes
<b>1. Financial</b>							
Revenue, income and finance income	EC1	AUD m\$	4,319.9*	4,040.4*	3,956.0*	3,307.1	14
Operating expenditure including derivative gains/ losses less labour and staff related costs	EC1	AUD m\$	(3,594.2)*	(3,148.5)*	(3,011.2)*	(2,575.5)	15
Labour and staff related costs	EC1	AUD m\$	(1,041.4)*	(976.1)*	(841.4)*	(742.1)	16
Finance costs – interest and finance charges paid/payable	EC1	AUD m\$	(145.0)*	(73.5)*	(88.4)*	(93)	17
Payments to governments (income tax)	EC1	AUD m\$	-*	-*	-*	-	18
Economic value retained	EC1	AUD m\$	(460.7)*	(157.7)*	15*	(103.5)	19
<b>2. Community</b>							
Red Jet donations and sponsorships	EC1	AUD \$	97,998	117,350	212,000	361,239	20
Other community donations and sponsorships	EC1	AUD \$	975,619	807,951	345,667	64,435	20

\* Limited assurance obtained on EC1 (excluding Community donations). Refer the the independent limited assurance report on page 139.

# GRI performance indicators (continued)

## People

Performance Indicator	GRI reference	Unit	2014	2013	2012	2011	Notes
<b>1. Workforce</b>							21
Full time employees	LA1	#	7,815	7,023	7,006	6,159	22
Part time employees	LA1	#	1,610	1,400	1,361	1,104	22
Australian based	LA1	#	8,927	7,904	7,813	6,735	23
New Zealand based	LA1	#	483	504	540	528	23
United States based	LA1	#	15	15	14		23
Total Employees	LA1	#	9,425	8,423	8,367	7,263	24
% part time	LA1	%	17.08	16.62	16.27	15.20	
Personal Leave Rate	LA7	%	3.93	4.46			25
<b>2. Health and Safety</b>							26
Lost Time Injury Frequency Rate (LTIFR)	LA7	Rate	5.14	6.9	7.4	17.1	27
Lost Time Injury Frequency Rate (LTIFR) VARA	LA7	Rate	5.5				27
Occupational disease	LA7	Rate	19	5	9	3	28
Occupational disease VARA	LA7	Rate	1				28
<b>3. Employee Diversity</b>							29
Female employees	LA13	#	4,700	4,226	4,231	3,519	
Female employees	LA13	%	49.9	50.2	51	48	
Male employees	LA13	#	4,726	4,197	4,136	3,744	
Male employees	LA13	%	50.1	49.8	49	52	
Indigenous employees	LA13	#	98	82	81	38	30
Females in senior management positions	LA13	%	29.4	33.2			31
Females in non-executive director positions	LA13	#	1	1			32
Females in senior leadership positions	LA13	%	35.3	37.5			33
Employees by age group							
16-24 Years	LA13	%	10.6	9.9	11.7	10.7	
25-34 Years	LA13	%	38.1	41.1	42.4	43.2	
35-44 Years	LA13	%	31.3	31.4	30.0	30.1	
45-54 Years	LA13	%	15.2	13.7	12.3	12.3	
55-64 Years	LA13	%	4.3	3.6	3.3	3.5	
Over 65 Years	LA13	%	0.5	0.4	0.4	0.3	
<b>4. Guest Satisfaction</b>							
On Time Performance – Departures	PR5	%	83.8	80.8	82.7	79.9	34
On Time Performance – Departures VARA	PR5	%	84.8				34
On Time Performance – Arrivals	PR5	%	81.7	78.4	80.6	78.7	34
On Time Performance – Arrivals VARA	PR5	%	82.3				34
Cancellations Virgin Group including VARA	PR5	%	1.5	1.6	1.3	2.0	35
Customer Satisfaction (Domestic Travellers)	PR5	%	69	70	72	71	36
Customer Satisfaction VARA	PR5	%	69				36
Likelihood to Recommend (Domestic Travellers)	PR5	%	75	76	77	75	37
Likelihood to Recommend VARA	PR5	%	72				37

# Denotes number

# Footnotes to GRI performance indicators

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## Footnotes and definitions

1. Total volume of aviation fuel used by Virgin Australia and VARA for domestic and international operations (excluding Tiger and Virgin Samoa), based on fuel uplifted for each flight.
2. Total volumes of ground fuel (unleaded diesel, petrol, biodiesel and jet kerosene) used in ground service equipment (GSE) at Australian airports where Virgin Australia has operational control over the entity and where this fuel is billed separately, including push back tugs, baggage conveyors, baggage tugs and ground power units.
3. Electricity consumption from facilities in Australia and New Zealand under the operational control of Virgin Australia where it is metered separately and Virgin Australia and VARA is billed separately (i.e. excludes electricity incorporated in overheads in lease agreements).
4. EN3 (direct energy consumption by primary energy source) includes aircraft fuel and engine oil (excluding Tiger and Virgin Samoa), as well as unleaded petrol, diesel, turbine fuel (Australian operations only) used for ground operations. EN4 (indirect energy consumption by primary source) is limited to purchased electricity in Australia and New Zealand by Virgin Australia. The Virgin Australia Group of airlines did not purchase any other forms of indirect energy including heating and cooling, steam, or nuclear energy. Direct and indirect energy (in gigajoules) is calculated based on the energy content of aviation fuel, ground fuel (unleaded petrol and diesel), engine oil and electricity purchased by the Virgin Australia Group of airlines. Virgin Australia has used the energy content factors published in the Australian Government's NGER Technical Guidelines (July 2013), Table 2.4.2A, page 195, Table 2.4.2.B, page 198 and Table 7.2, page 581.
5. EN16 (total direct and indirect greenhouse gas emissions by weight) includes scope 1 emissions from aviation fuel and aircraft engine oil from international (excluding Tiger and Virgin Samoa) and domestic operations as well as ground fuel (unleaded petrol, diesel, turbine fuel and biodiesel) from airport operations in Australia. Scope 2 emissions include electricity use from Australian facilities where it is billed and metered separately. The Australian Government's NGER Technical Guidelines (July 2013), Table 2.4.2A, page 195, 2.4.2.B, page 198 and Table 7.2, page 581, have been used to calculate scope 1 and 2 emissions. Scope 2 emissions from New Zealand have been calculated according to the New Zealand domestic emissions factors - Guidance for Voluntary, Corporate Greenhouse Gas Reporting (updated April 2014).
6. Total emissions voluntarily offset by Virgin Australia Guests using the Virgin Australia Carbon Offset Program. Carbon offset values (measured in kgs of CO<sub>2</sub> per passenger per sector) are based on an extensive life cycle assessment, which is updated annually using actual fuel burn and energy use data from the previous 12 months. Virgin Australia's Carbon Offset Program is certified under the Australian Government's National Carbon Offset Standard Carbon Neutral program.
7. EN22 (total weight of waste by type and disposal method) is limited to non-hazardous waste sent to landfill or recycled from Australian facilities and domestic airline services only. Total waste sent to landfill in Australia from Virgin Australia facilities where Virgin Australia has operational control and where it is billed separately (i.e. it is not included in overheads in lease agreements or waste disposed of using shared waste facilities provided by airport operators). This is limited to aircraft waste at Sydney, Brisbane, Adelaide, Perth, Townsville, as well as our Brisbane head office and domestic terminal building and our maintenance facilities in Brisbane and Melbourne. Total waste diverted from landfill (recycled), from Virgin Australia facilities where Virgin Australia has operational control and is billed separately (i.e. it is not included in overheads in lease agreements or waste disposed of using shared waste facilities on airports). Paper recycled is limited to our Brisbane head office and domestic terminal building as well as paper recycling across all ports and facilities in Australia.
8. Total weight of toner bottles, cartridges and drums collected and recycled from Virgin Australia facilities in Australia. Previously this measure has been the number of toner cartridges recycled but a change in provider has meant that now the recycled weight is reported for 2014.
9. Consumption of office paper within the business for Australia only. Excludes paper used in the production of outsourced publications.
10. EN23 (total number of significant spills) includes the number of significant spills on airports relating to the Virgin Australia Group of airlines operations. A significant spill is defined as any spill of hazardous material (e.g. fuel, oil, hydraulic fluid, waste water etc) that is greater than 20 litres. During the 2014 financial year Virgin Australia had no spills that passed this test of significance.
11. Fuel jettison: The number and volume of fuel jettison events from our Boeing 777 and Airbus 330 (partial) fleet. Boeing 737, ATR-72, Embraer E190 and some Airbus 330 aircraft do not have capability to dump fuel.
12. EN28 (monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations) is limited to any fine and/or sanction for failure to comply with Australian national and state environmental laws and regulations.
13. Efficiency Measures: Fuel efficiency measured in litres of aviation fuel per 100 revenue tonne kilometres (RTK) and litres of aviation fuel per 100 revenue passenger kilometres (RPK). Carbon efficiency measured in grams of CO<sub>2</sub>-e per revenue tonne kilometre and kilograms of CO<sub>2</sub>-e per revenue passenger kilometres (total greenhouse gas emissions from EN16 have been used to calculate carbon efficiency).
14. EC1 (economic performance): Amounts reported for revenue, income and finance income are extracted from the audited consolidated financial statements. Please refer to the consolidated statement of profit or loss.
15. EC1 (economic performance): Amounts reported for operating expenditure, including derivative gains/losses less labour and staff related costs are extracted from the audited consolidated financial statements. Please refer to the consolidated statement of profit or loss. Derivative gains/losses represent ineffective cash flow hedges and non-designated derivatives as set out in the consolidated statement of profit or loss.
16. EC1 (economic performance): Amounts reported for labour and staff related costs are extracted from the audited consolidated financial statements. Please refer to the consolidated statement of profit or loss.
17. EC1 (economic performance): Amounts reported for finance costs – interest and finance charges paid/payable are extracted from the audited consolidated financial statements. Please refer to note 10(a) of the consolidated financial statements. Amount represents the gross interest and finance charges paid/payable and incorporates amounts subsequently capitalised to aircraft and aeronautic related assets.

# Footnotes to GRI performance indicators (continued)

## Footnotes and definitions (continued)

18. EC1 (economic performance): Amounts reported for payments to governments have been determined to be any income tax paid by Virgin Australia for the 2014 financial year. Virgin Australia claims refunds of transaction taxes (for example GST) paid to suppliers for in-country purchases of goods, services and also collects GST in respect of certain sales to customers. These amounts are not included in payments to the government. The amount reported does not include deferred taxes.
19. EC1 (economic performance): Economic value retained is the sum of the amounts reported in the GRI Performance Indicator table for the financial indicators.
20. EC1 (economic performance) - Total value of donations made by Red Jet on behalf of Virgin Australia in financial year 2014. Other community donations and sponsorships - monetary value of gratis flights provided to community organisations plus other donations made outside of Red Jet. Please refer to the Our Community section of this annual report for more information on Virgin Australia's community sponsorships and donations. An error occurred in the 2013 Sustainability Report where the Other donations figure was incorrectly recorded as \$349,960. The correct amount of \$807,951 for financial year 2013 has been included in this Sustainability Report.
21. LA1: (GRI: total workforce by employment type, employment contract, and region, broken down by gender) is limited to employment type (full time or part time) and region. LA1 does not include casual employees (of which there are 36) or contractors. A gender breakdown is reported at LA13.
22. LA1: Total number of employees as at 30 June 2014 by employment type - full time or part time. Reporting in 2013 did not include employee numbers gained through the acquisition of Skywest. Reporting in 2014 includes these employees as follows: Full Time 846, Part Time 31.
23. LA1: Total number of employees (full time and part time) by region - those based in Australia, New Zealand and the United States. Reporting in 2013 did not include employee numbers gained through the acquisition of Skywest. Reporting in 2014 has included these employees as follows: Australian based 877.
24. LA1: Total number of Virgin Australia Group team members (full time and part time combined). Does not include, casual employees or contractors.
25. LA7: Personal Leave Rate – The personal leave rate is a calculation of: Personal Leave Hours/(Total Available Hours-Annual Leave Hours). Excludes Casuals and International based team members. Personal leave encompasses all sick/ bereavement/ carers/ family/ special circumstances/ URTI/ sick leave (maternity), both paid and unpaid. Reporting in 2012 and 2011 is not shown due to updated methodology.
26. LA7 (GRI: rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and gender) is limited to lost time injuries and occupational diseases. An injury/illness is considered to be 'work related' if any of the following are considered to have contributed: any building, facility or workplace occupied, or managed by Virgin Australia; any occupational, educational, commercial or other Virgin Australia endorsed activity, regardless of location. 'Work related' does not apply to leisure activities, or other activities performed 'out of hours' over which Virgin Australia has no control.
27. LA7: Lost Time Injury Frequency Rate (LTIFR): Lost time injuries per million hours worked, where lost time was greater than four hours.
28. LA7: Occupational disease is defined as the number of accepted workers compensation claims related to hearing loss and mental health (including stress, anxiety, depression and post-traumatic stress disorder).
29. LA13: (GRI: composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity) is limited to total workforce broken down by gender, age group and indigenous employees as well as women in the following positions: Non-Executive Directors, Key Management Positions and Senior Management Positions. These indicators of diversity are consistent with Virgin Australia's diversity policy and targets (refer to Directors' report). Indigenous employees refer to team members who have identified as Aboriginal or Torres Strait Islander. Does not include, casual employees or contractors.
30. LA13: An indigenous employee only includes those who have identified as Aboriginal or Torres Strait Islander. Does not include, casual employees or contractors.
31. LA13: Senior Management positions are defined as CEO, Group Executive, General Manager and Manager.
32. LA13: Non-Executive Directors.
33. LA13: Senior Leadership positions are defined as Non-Executive Directors, CEO and any Senior Executive reporting directly to the CEO.
34. PR5: OTP - On Time Performance as measured by the percentage of flights departing or arriving within 15 minutes of scheduled departure or arrival time for Australian domestic operations.
35. PR5: Cancellations - The percentage of flights cancelled relative to total flights.
36. PR5: The Customer Satisfaction metric represents the proportion of recent guests rating their overall satisfaction with their recent flight experience with Virgin Australia as 8, 9, or 10 on a 10 point scale, which is interpreted to mean 'very good or excellent'. Source: Virgin Australia, Guest Satisfaction Track.
37. PR5: The Likelihood to Recommend metric represents the proportion of recent guests indicating their likelihood of recommending Virgin Australia to friends, family members and/or colleagues as 8, 9, or 10 on a 10 point scale, which is interpreted to mean 'very likely or definitely will recommend'. Source: Virgin Australia, Guest Satisfaction Track.





## Independent limited assurance report to Virgin Australia Holdings Limited

### Our conclusion:

Based on the procedures performed, as identified below, we have not become aware of any matter that would lead us to believe that the selected sustainability parameters identified below, have not, in all material respects, been prepared in accordance with the requirements of the GRI G3.1 Guidelines and Virgin Australia Holding Limited's calculation methodologies for the year ended 30 June 2014.

We have been engaged by Virgin Australia Holdings Limited to perform an engagement to provide limited assurance in respect of the selected sustainability parameters as identified below (the Assured Sustainability Parameters), which have been included in the Sustainability Supplement of Virgin Australia Holdings Limited's annual report (the Sustainability Section) for the year ended 30 June 2014.

The Assured Sustainability Parameters covered by our limited assurance engagement are:

Assured Sustainability Parameters	Sustainability section
Direct energy consumption by primary energy source (EN3), excluding Ground Service Equipment (GSE) Fuel. (Units: Litres and GJ)	Page 134
Indirect energy consumption (EN4). (Units: kWh and GJ)	Page 134
Total direct and indirect greenhouse gas emissions by weight (EN16), excluding the emissions attributed to GSE fuel. (Unit: Tonnes CO <sub>2</sub> -e)	Page 134
Financial performance indicators (EC1) excluding community donations and sponsorships. (Unit: Dollars)	Page 135
Reporting over Virgin Australia Holding Limited's efficiency measure for carbon and fuel. (Unit: Grams CO <sub>2</sub> -e/PRK and Litres/100 RPK)	Page 135

### Management's and directors' responsibility for the Assured Sustainability Parameters

The directors and management of Virgin Australia Holdings Limited are responsible for the preparation of the Assured Sustainability Parameters in accordance with the GRI G3.1 Guidelines as stated in the indicator protocols applicable to EN3, EN4, EN16, EC1 and Virgin Australia Holdings Limited's calculation methodology for reported fuel efficiency measured in litres of aviation fuel per 100 revenue passenger kilometres and carbon efficiency measured in CO<sub>2</sub>-e per revenue passenger kilometre. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the Assured Sustainability Parameters that are free from material misstatement whether due to fraud or error.

### Our responsibility

Our responsibility is to express a limited assurance conclusion to the directors and management on the preparation and presentation of the Assured Sustainability Parameters included in the Sustainability Section of the annual report for the year ended 30 June 2014.

We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits and Reviews of Historical Financial Information* and other relevant Auditing and Assurance Standards, in order to state whether we have become aware of any matter that would lead us to believe that the Assured Sustainability Parameters have not, in all material respects, been prepared in accordance with the applicable elements of the GRI G3.1 Guidelines and Virgin Australia Holding Limited's calculation methodologies.

ASAE 3000 requires us to comply with the requirements of the Code of Ethics for Professional Accountants as issued by the Accounting Professionals and Ethical Standards Board and plan and perform the engagement to obtain limited assurance about whether the Assured Sustainability Parameters are free from material misstatement.





## Independent limited assurance report to Virgin Australia Holdings Limited (continued)

A limited assurance engagement on sustainability information consists of making enquiries, primarily of persons responsible for the management, monitoring and preparation of the Assured Sustainability Parameters, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included the following:

- Interviews with and enquiries of relevant staff responsible for the preparation of the Assured Sustainability Parameters including obtaining an understanding of the design and implementation of the systems and methods used to collect and process the Assured Sustainability Parameters, including the aggregation of the reported information;
- Interviews and enquiries with senior management and relevant staff at corporate and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews and enquiries with senior management to gain an understanding of Virgin Australia Holding Limited's processes for determining material issues for Virgin Australia Holdings Limited's key stakeholder groups;
- Performing analytical procedures to determine whether the Assured Sustainability Parameters are in line with our overall knowledge of, and experience with, the sustainability performance of Virgin Australia Holdings Limited; and
- Comparing the Assured Sustainability Parameters to relevant underlying sources on a sample basis.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement or an audit conducted in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance or audit opinion.

This report has been prepared for Virgin Australia Holdings Limited. We disclaim any assumption of responsibility for any reliance on this report, or the Assured Sustainability Parameters to which it relates, to any person other than Virgin Australia Holdings Limited, or for any purpose other than that for which it was prepared.

### Independence

In conducting our engagement, we have complied with the applicable ethical requirements, including independence requirements of the Code of Ethics for Professional Accountants issued by the Australian Accounting Professional and Ethical Standards Board.



KPMG

Sydney, 29 September 2014

# Corporate directory

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## Company secretary

Mr Adam Thatcher

## Principal administrative and registered office

Virgin Australia Holdings Limited  
56 Edmondstone Road  
Bowen Hills  
QLD 4006  
Australia  
Telephone: (07) 3295 3000 (within Australia) or +61 7 3295 3000 (outside Australia)

## Share registry

Computershare Investor Services Pty Limited  
117 Victoria Street  
West End  
QLD 4101  
Australia  
Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia)

## Securities exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Brisbane.

## Other information

Virgin Australia Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.