

Annual Report and Action Plan

Company Name: **Virgin Australia Airlines Pty Ltd**

Trading As:

ABN: **36090670965**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2025 APCO Annual Report. The organisation's reporting period was **July, 2023 - June, 2024**.

1 Getting Started 2 Good Progress 3 Advanced 4 **Leading** 5 Beyond Best Practice

Understanding APCO Annual Reporting performance levels:

- | | | |
|---|------------------------------|--|
| 1 | Getting Started: | You are at the start of your packaging sustainability journey. |
| 2 | Good Progress: | You have made some first steps on your packaging sustainability journey. |
| 3 | Advanced: | You have taken tangible action on your packaging sustainability journey. |
| 4 | Leading: | You have made significant progress on your packaging sustainability journey. |
| 5 | Beyond Best Practice: | You have received the highest performance level and have made significant progress on your packaging sustainability journey. |

Contact

A: Suite 1402, Level 14, 55 Clarence Street, Sydney, NSW, 2000
E: apco@apco.org.au

Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

In FY24, we introduced the Supplier Handbook and the Sustainable Procurement Checklist. Following the retirement of the guidelines for packaging procurement, Virgin Australia's Sustainable Procurement Supplier Handbook was developed for use in procurement of products and packaging. It includes specific, measurable and time-based commitments for packaging sustainability (including the APCO 2025 targets) and the SPGs. The Sustainable Procurement Checklist (SPC) is a comprehensive framework based on our Sustainable Procurement Principles (SPP), to enable integration of our packaging commitments into business processes. We have reviewed more than 130 of our customer products against the checklist. As an APCO signatory, the SPC helps Virgin work towards the APCO 2025 targets, including 100% recoverable or reusable packaging, an average of 50% recycled content and the phasing out of unnecessary and problematic plastics. These initiatives have encouraged conversations with suppliers and improved understanding of sustainability across the organisation.

Describe any opportunities or constraints that affected performance within your chosen reporting period

While progress is being made, certain products have limited options for high-quality recycled materials. Airlines are subject to various aviation regulations and standards. Ensuring that recycled materials meet these standards, especially in terms of food safety and durability, can be a challenge. For example, it is difficult to find workable alternatives to soft plastic packaging that keep the product fresh/clean, are light weight, and cost effective. There is an additional complexity with differing state rules, for example, moving from recyclable PET to compostable cups in WA, when they can't be composted in some states (like NSW).

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

In FY24 we replaced individual milk jiggers onboard (of which we consumed more than 8 million a year). These were problematic due to their small size, meaning additional packaging was used per serving and they were not recoverable. We switched to 1L UHT cartons, which overall reduced the amount of packaging by an estimated 500kg per year.

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Include a commitment to achieving the 2025 National Packaging Targets in our strategy.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **95%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **76%** of our packaging to be optimised for material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.
- Use recycled content in:
 - Our products

- Primary packaging that we use to sell our products
- Secondary packaging that we use to sell our products
- Tertiary packaging that we use to sell our products
- 100% of our packaging to be made using some level of recycled material

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- 97% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Aim to have 70% of our compostable packaging certified to Australian standards.
- Investigate opportunities to use reusable packaging.
- 21% of our packaging to have all packaging components that are reusable.
- Participate in a close-loop recovery program/alternative collection system.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- 26% of our packaging to have on-pack labelling to inform correct disposal.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Rigid plastics
 - Q4_8 Partners for Change - Virgin Australia - FY23-24

Other - container collection program

Q6_1_i Inflight recycling

In FY24, we launched inflight recycling on our A320 fleet within WA. We have worked with our cabin catering partners, Food Folk, in Perth to ensure the recyclable items separated by our cabin crew onboard are sent for recycling. We have also trialled inflight recycling on 55 B737 flights arriving into Melbourne and Perth. We continue to ramp up this initiative in FY25, working with airports, waste providers and our crew members to ensure a successful rollout.

Q6_1_ii Organics separation

In FY24, we established organic waste separation in four of our seven Virgin Australia lounges. This initiative has resulted in 51% of organic waste being diverted from landfill in the

Sydney lounge alone. In FY25, we will work towards rolling out organics separation in the remaining three lounges. Organic waste in our lounges includes coffee grounds, kitchen waste and guests' plate waste. In FY24, we participated in a project with End Food Waste Australia to better understand how the catering sector can measure and reduce food waste. This project, funded by NSW EPA, included interviews with our Food and Beverage staff, organic waste audit and culminated in the catering sector Toolkit.

Q6_1_iii Fw_ 2024 05 MAY Waste Report (interim) and Q6_1_iv Veolia 2024 summary report Waste reporting (FY24 summary and interim reports) from Veolia & BGIS who manage waste at some VA sites. These show Waste being diverted to Cardboard recycling and Comingled recycling (incl. Rigid Plastics) streams. This recyclable waste is separated into specific bins at VA sites and collected separately by Veolia.

Q6_1_iv Iron Mountain Data - July 2023 to June 2024

Paper/Cardboard recycling in offices and training sites from Iron Mountain. FY24 report for all sites.

- Aim for 20% of our on-site waste to be diverted from landfill.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Delivering a litter education campaign
 - As part of our Project Zero strategy, VA are working to help educate our teams on which items can be recycled/composted. We have developed new signage for our offices and some of our operational sites, and have sent email communications sharing relevant information with teams.

Virgin Australia also has clear processes for collecting rubbish inflight. Cabin Crew are to complete a comprehensive cabin tidy on every flight by proactively engaging with guests and asking them for any rubbish. This takes place following the food service, regularly during longer flights and before the aircraft lands. Rubbish clearance is an important process for us to reduce the risk of litter becoming Foreign Object Debris (FOD) and becoming a safety risk on the airport tarmac. As evidence, please see a screenshot of the Cabin Crew Handbook detailing the process.
- Phase-out the following problematic and unnecessary single-use plastic items:
 - Rigid plastic packaging with carbon black