



# Modern Slavery Statement FY21

# Modern Slavery Statement FY21

## **Acknowledgment**

Virgin Australia pays respect to the traditional custodians of the lands on which we walk, work, live and fly. We also acknowledge and pay our respects to Aboriginal and Torres Strait Islanders past, present and future.

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This is an interactive PDF and designed to be best viewed in Adobe Reader. Click on the below links to navigate to each section within the document.

## Disclosure Notes

This Statement has been prepared in accordance with the requirements of the Modern Slavery Act 2018 (Cth) (Modern Slavery Act). This is the second joint Statement made on behalf of the reporting entities in the Virgin Australia Group<sup>1</sup> of which there are 11 (please see Appendix One for a full list of the entities covered in this Statement). As Virgin Australia uses the same policies and processes, operates in the same sector and shares many suppliers, this Statement provides a single, consolidated description of the actions taken to assess and address the risk of modern slavery in the operations and supply chains of Virgin Australia for the period July 2020 to June 2021 (FY21).

<sup>1</sup>In this Statement a reference to 'Virgin Australia', 'Group', 'Virgin Australia Group', 'we', 'us' and 'our' is to the identified reporting entities set out in Appendix One.



## Message from the Chief Executive Officer

Today, it is estimated that over 40 million people around the world live in modern slavery. Slavery targets vulnerable people in our communities and is a violation of fundamental human rights.

As a major Australian airline, with a complex supply chain and operation, we recognise the important role we, and the aviation sector, can play in the global effort to manage modern slavery. We are committed to respecting human rights and taking meaningful action to address these risks. We all have an ethical obligation to play our part in eradicating modern slavery practices. Not only is it integral to our vision of becoming Australia's most loved airline and central to our value of doing the right thing, it is fundamental to the integrity and success of our business.

This is our second statement under the Modern Slavery Act. While our business and the broader aviation industry (including many of our suppliers and partners) continue to be significantly affected by the impacts of COVID-19, we have remained committed to our goal of gaining a deeper understanding of the potential modern slavery risks across our supply chain, and operations. Our Modern Slavery Framework has enabled us to identify key areas, which we will prioritise, for undertaking risk-based due diligence and preventative action. Equally important has been increasing awareness of modern slavery across our organisation. More information on our progress is detailed in this statement.

Modern slavery is a distressing reality. We believe it's everyone's responsibility to change that, and we know that Virgin Australia and its people can be a positive force in that cause. During the next year, our focus will be on educating our people, equipping them with the tools to best support the customers, businesses and suppliers we work with.

**Jayne Hrdlicka**

CEO and Managing Director, and Director of  
Virgin Australia Holdings Pty Ltd

15 December 2021



# Review of FY21

## Key actions delivered

Engaged external human rights and sustainability advisors to assist us in identifying and assessing the potential modern slavery risks across our operations and supply chain

Conducted a modern slavery gap analysis to assess opportunities for strengthening current policies and processes to better assess and address our modern slavery risks

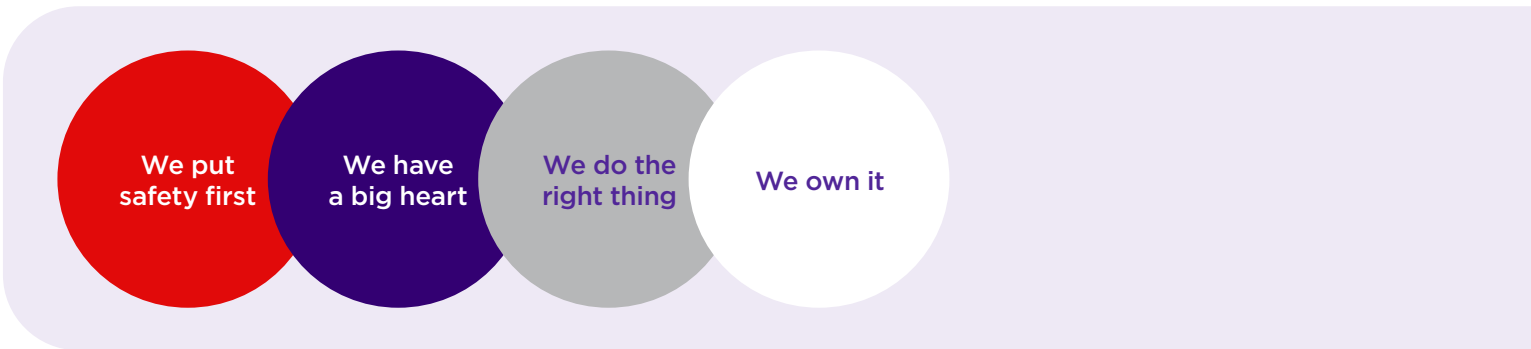
Formalised a Modern Slavery Framework to support our cross-functional Modern Slavery Working Group, strengthening our approach to understanding the impact and risk of causing, contributing to or being directly linked to modern slavery and reporting under the Modern Slavery Act

Developed a 12-month action plan and three-year road map embedding our commitment to addressing modern slavery risks, monitoring progress and driving accountability

Developed a modern slavery incident response policy, ensuring a victim-centric approach

Continued collaboration with Anti-Slavery Australia to build capacity and awareness to team members through bespoke training

## Our values



At the centre of everything we do is our values, which represent our Virgin way of working and our Virgin way of being.

### We put safety first

We put the health and safety of our people, customers and communities above all else.

### We have a big heart

Our customers live at the centre of everything we do.

### We do the right thing

Everything we do for our people, our customers and our community - is done with absolute integrity, always.

### We own it

We're different and that's not going to change. We all, in our own way, embody Virgin's flair and laid back, authentic spirit.

# Our road map

## The journey to date



- Developed awareness training tailored to support team members
- Established a Modern Slavery Working Group
- Conducted modern slavery risk assessment
- Launched Supplier Code of Conduct



- Conducted modern slavery gap analysis
- Established a Modern Slavery Framework, comprising of a 12-month action plan and three-year road map
- Prepared a group-wide modern slavery incident response policy
- Continued collaboration with Anti-Slavery Australia to build capability and awareness



- Develop and publish procurement guidelines
- Continue integrating our approach into governance documents
- Create opportunities to collaborate across our industry
- Implement a risk-based Third Party Assurance program

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# Our structure, operations and supply chain

## Structure and operations

Virgin Australia was founded in 2000 as Virgin Blue – a challenger brand providing low-cost fares to the domestic Australian market. The Group has since evolved, setting its sights on becoming Australia’s most loved airline, underpinned by great customer value, award-winning Virgin Australia service, and supported by its loyalty program, Velocity Frequent Flyer.

Together with our Group companies including Virgin Australia Regional Airlines, Virgin Australia Cargo and Virgin Australia International Airlines, we service all key segments of the Australian market, including leisure, corporate and government, regional and charter travellers, and air freight customers. Currently, our operation is domestic-focused due to the impacts of COVID-19 and ongoing border closures. However, we look forward to resuming international operations, starting with travel to Fiji from December 2021.

People are the heart of our business, and our commitment to respect human rights of all workers starts in our own operations. Virgin Australia has a workforce of 9,420 people, included 5,795 direct employees and 3,625 contractors<sup>2</sup>. These workers are directly and indirectly employed across multiple locations, with 8,084 people in Australia, 374 in Philippines, 143 in New Zealand and 819 in other countries

We are a proudly Queensland-based business with our main hub and headquarters in Brisbane and additional hubs located in Sydney and Perth.

### FY21 Statistics as at 30 June 2021



**6,262,564**  
passengers



**6,234 tonnes**  
of cargo tonnes of freight



**56 city and regional routes in Australia**  
regular Passenger  
Transport operations

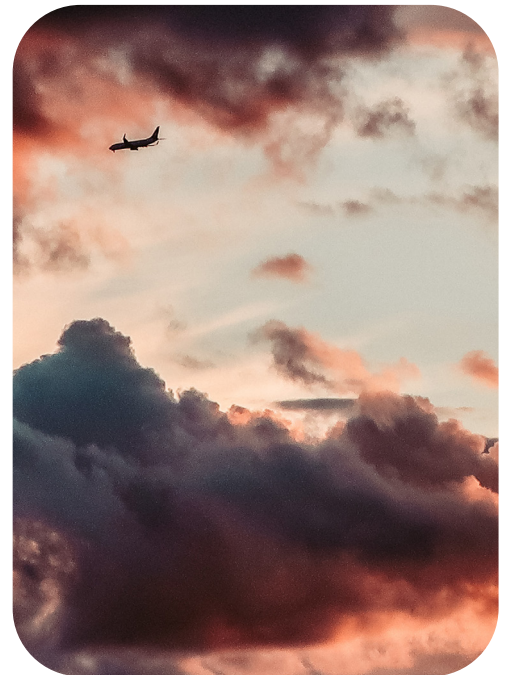
<sup>2</sup>including contractors, sub-contractors and labour hire resources that support our business with ongoing labour or the provision of services

### Impact of COVID-19

FY21 was a challenging year for our operations due to the ongoing impact of the COVID-19 outbreak. Virgin Australia continued to operate a minimal domestic Australia schedule to maintain connectivity on key routes. At the beginning of FY21, COVID-19 lockdowns in Victoria (July to September 2020) and New South Wales (December 2020) continued to repress travel demand. As border restrictions eased and strong consumer demand returned, Virgin Australia re-instated a significant number of routes. However, COVID-19 outbreaks in New South Wales, Melbourne, Brisbane, and Perth impacted demand largely from mid-June 2021, which resulted in a significant reduction in Virgin Australia's network schedule. All Virgin Australia international services remained suspended throughout FY21.

In the course of implementing our Modern Slavery Framework, our attention has been drawn to the way in which COVID-19 is impacting vulnerable individuals and communities around the world. With this in mind, supporting our team members' wellbeing and mental health has been a critical focus for the entirety of Virgin Australia's COVID-19 response.

Virgin Australia invested significantly in an extensive suite of support measures, including: increased onsite and remote access to our Employee Assistance Program for team members and leaders; internal mental health awareness and skill-based leadership training; promotion and provision of health and wellbeing resources such as guided meditations, medical professional guest speakers, and onsite physiotherapy for work and non-work-related concerns; flu vaccination program and flexible work arrangements for COVID-19 vaccination; peer-to-peer mental health support program; partnerships with health and wellbeing providers; and continuous improvement of management systems based on team member feedback and consultation.



<sup>3</sup>as outlined in the Australian Border Force's Modern Slavery Act Information Sheet: Coronavirus



**Our supply chain**

Our commitment to running a responsible airline also extends to our supply chain. We procure a range of high-quality, cost-competitive goods and services from over 1,400 suppliers.

We engage with our suppliers through varied types of arrangements; from one-off purchases with non-contracted suppliers through to multi-year, large value strategic partnerships governed by master service agreements and statements of work.

Procurement of goods and services is primarily managed by a central procurement function based in Queensland and is undertaken with oversight and support from key business units who help the business understand and mitigate contractual risk.

During the year, our total procurement spend was AUS\$1.02 billion and we engaged with 1,156 direct suppliers located in 34 countries. Over 88% of our total procurement spend was with direct suppliers in Australia. The remaining spend was with international suppliers (see map on following page<sup>(4)</sup>). Goods and services from 32 categories were procured from our direct suppliers. The top 5 categories, making up 71% of our total spend, are outlined below, with spend examples for the category:

**32 spend categories**

Top 5 categories by Total Spend



**FINANCE**

- Corporate Finance
- Fees
- Corporate expenses



**FUEL**

- Aviation fuel
- Oil & Lubricants
- Handling equipment



**TECHNOLOGY**

- IT Software
- IT Network
- Support Services



**PROPERTY**

- Real Estate
- Management Services
- Commercial Services



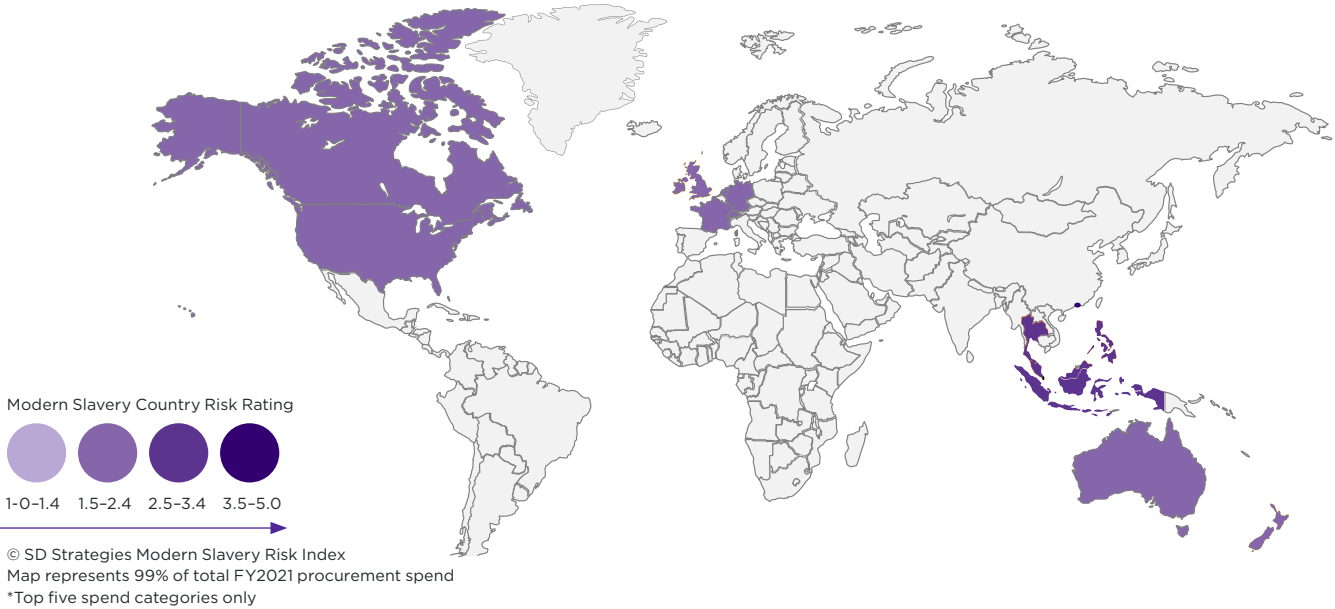
**PROFESSIONAL SERVICES**

- Legal, tax, insurance and other services
- Management advisory
- Business Services

We acknowledge that goods and services supplied by our direct suppliers may not be manufactured or provided in those direct suppliers' countries, but in jurisdictions that are higher risk for modern slavery.

Further work will be undertaken to map and better understand the inherent modern slavery risks within our extended supply chain. Engaging our direct (Tier 1) suppliers to identify potential risk in their operations and posed by their direct suppliers (i.e. our Tier 2 suppliers) will be a priority action in the coming years.

<sup>4</sup>The map on the following page provides an overview of the geographic location of our suppliers, the number of suppliers, percent of total spend in each country and the main categories of goods and services procured for FY21. The map provides an indication of modern slavery risk in each country based on the SD Strategies country risk rating tool.



<p><b>AUSTRALIA</b> ●●●●</p> <p><b>815 Suppliers</b></p> <p>88% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft fuel</li> <li>Professional services</li> <li>Real estate / property management</li> <li>ICT software and network support</li> <li>Materials handling and transport</li> </ul>	<p><b>UNITED STATES</b> ●●●●</p> <p><b>144 Suppliers</b></p> <p>4% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft engineering / maintenance</li> <li>ICT software and network support</li> <li>Aircraft components</li> <li>Travel and accommodation</li> <li>Professional services</li> </ul>	<p><b>NEW ZEALAND</b> ●●●●</p> <p><b>32 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Business and process services</li> <li>Professional services</li> <li>ICT software and network support</li> <li>Aircraft engineering / maintenance</li> <li>Plant and equipment</li> </ul>	<p><b>SINGAPORE</b> ●●●●</p> <p><b>31 Suppliers</b></p> <p>1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft leasing</li> <li>Professional services</li> <li>Aircraft components</li> <li>Aircraft engineering / maintenance</li> </ul>
<p><b>GREAT BRITAIN</b> ●●●●</p> <p><b>29 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Professional services</li> <li>Aircraft engineering / maintenance</li> <li>ICT software and network support</li> <li>Aircraft components</li> <li>Business process services</li> </ul>	<p><b>HONG KONG (HKSAR)</b> ●●●●</p> <p><b>18 Suppliers</b></p> <p>1% of total spend</p> <ul style="list-style-type: none"> <li>Professional services</li> <li>Aircraft engineering / maintenance</li> <li>ICT software and network support</li> <li>Food and catering</li> <li>Data management</li> </ul>	<p><b>GERMANY</b> ●●●●</p> <p><b>13 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft components</li> <li>ICT software and network support</li> <li>Food and catering</li> <li>Aircraft engineering / maintenance</li> <li>Plant and equipment</li> </ul>	<p><b>CANADA</b> ●●●●</p> <p><b>11 Suppliers</b></p> <p>2% of total spend</p> <ul style="list-style-type: none"> <li>Business process services</li> <li>ICT software and network support</li> <li>Aircraft engineering / maintenance</li> <li>Advertising and media</li> <li>Professional services</li> </ul>
<p><b>IRELAND</b> ●●●●</p> <p><b>7 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>ICT software and network support</li> <li>Aircraft components</li> <li>Advertising and media</li> <li>Materials handling and transport</li> </ul>	<p><b>FRANCE</b> ●●●●</p> <p><b>6 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft leasing</li> <li>Aircraft components</li> <li>Aircraft engineering / maintenance</li> </ul>	<p><b>NETHERLANDS</b> ●●●●</p> <p><b>4 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft leasing</li> <li>ICT software and network support</li> <li>Aircraft engineering / maintenance</li> <li>Aircraft components</li> </ul>	<p><b>SWITZERLAND</b> ●●●●</p> <p><b>4 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Professional services</li> <li>Materials handling and transport</li> <li>Aircraft engineering / maintenance</li> </ul>
<p><b>PHILIPPINES</b> ●●●●</p> <p><b>3 Suppliers</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft engineering / maintenance</li> <li>Aircraft components</li> </ul>	<p><b>MALAYSIA &amp; THAILAND</b> ●●●●</p> <p><b>1 Supplier each</b></p> <p>&lt; 1% of total spend</p> <ul style="list-style-type: none"> <li>Aircraft engineering / maintenance</li> </ul>		

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## Identifying our modern slavery risks



The term ‘modern slavery’ describes serious forms of exploitation including human trafficking, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour. It occurs when coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery breaches the most fundamental freedoms and human rights of individuals and is never acceptable in any of its forms.

In identifying our modern slavery risks, we recognise a potential continuum of ‘involvement’ by Virgin Australia, as set out in the UN Guiding Principles on Business and Human Rights (UNGPs). This explains that companies may cause, contribute, or be directly linked to adverse human rights impacts through their operations and supply chain.

**Operation**

Virgin Australia is committed to compliance with all labour, employment, immigration and whistleblower laws of Australia, across all states and territories. We have processes and procedures in place to support our compliance, with these laws, including a Group-wide Ethics and Compliance Program. Our operations are primarily conducted in countries that have a lower modern slavery risk, such as Australia. Our direct workforce is covered by individual employment contracts, modern awards, and enterprise agreements. These agreements confer at least minimum pay and entitlements, in compliance with legal requirements, and provide for consultation regarding significant operational changes. We recognise the right of team members to negotiate collectively, with or without the involvement of third parties, such as unions.

Considering the nature of our workforce, we assess the risk of directly causing or contributing to modern slavery to be low. Nearly 87% of the 9,420 direct and indirect employees live and work in Australia and New Zealand. While we understand these countries to be at a lower risk of modern slavery compared to team members from our indirect (third party) workforce located in Philippines and India, we know modern slavery can still occur.

Our main centres for indirect workforce outside Australia are Philippines, India, and across the South Pacific Islands. We recognise the risk tends to be higher in relation to indirect employment arrangement in countries that are higher risk for modern slavery.

Virgin Australia’s commitment to respect human rights in our workplace and increasing awareness of modern slavery risks is embedded in our policies and procedures. Our policies promote a safe, diverse and inclusive workplace, including as follows:

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Our Code of Conduct outlines our expectations of our people and our culture. It covers our purpose, values and behaviours, and helps each of us **to do the right thing** in our day-to-day work.

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Our commitment to supporting our people to feel safe, valued and included is outlined in our Equal Employment Opportunity Policy, Diversity and Inclusion Policy, Mental Health and Wellbeing Policy and our Safety Policy.

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Our Whistleblower Policy embeds the legal right of our people to speak up when they see or experience issues of concern. We also support a ‘speak up’ culture by having multiple channels for our people to raise their concerns, including our Ethics Hotline.

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**Supply Chain**

Given the diverse and complex nature of our procurement activities and business operations, we know we are not immune to potential modern slavery risks in our supply chain.

Building on our FY20 baseline assessment, we worked with external advisors to map, assess and prioritise our entire direct (Tier 1) supply chain. Potential risks for modern slavery were determined according to the following indicators:

**Industry sector**

Specific industry sectors (for example manufacturing, ICT, construction etc) deemed as high risk in international and national guidance documentation.

**Commodity/Product**

Specific products and commodities deemed as high risk by the US Department of Labor’s 2018 List of Goods Produced by Child and Forced Labor, the Global Slavery Index (GSI) and other international guidance materials.

**Geographic location**

Based on estimated in-country prevalence of modern slavery determined by a custom risk index developed by the external experts engaged to support our program. While we predominantly use Australian suppliers, we recognise that our goods and services may come from countries other than those of suppliers’ headquarters which may have elevated risk of poor labour standards and modern slavery.

**Workforce Profile**

In undertaking our supplier analysis we considered the type of labour involved in the production of our goods and services, particularly where children, low skilled, vulnerable, or migrant labour is used, or where the work is deemed as ‘4D’ work (Dirty, Dull, Degrading or Dangerous).

**Data at a glance**



**\$1.02 billion**  
total spend



**32 spend categories**  
Number of spend categories  
(goods and services)



**\$1,000 – \$123,000,000**  
supplier spend range



**26%**  
Direct suppliers based in potential  
High Risk countries (based on total spend)



**1,156**  
total suppliers

Based on the indicators outlined above, we identified the following potentially high-risk spend categories, which collectively amounted to 26% of the total spend:

## Top 5 High-risk categories

by Total Spend



### FUEL

Aviation fuel, Oil & Lubricants, Handling equipment

18% of Total Spend



### FACILITY SERVICES

Maintenance and security services

2% of Total Spend



### AIRCRAFT COMPONENTS

Aircraft engineering materials, equipment and consumables

2% of Total Spend



### CLOTHING AND PPE

Uniforms, merchandise, other personal equipment and safety equipment (gloves, eye and hearing protection, hearing, high-visibility clothing, and safety footwear)

2% of Total Spend



### FOOD & CATERING

Food, catering and hospitality supplies and services including – meat preparation, delivery, cleaning and waste management services

2% of Total Spend

Higher levels of modern slavery risk associated with these spend categories are due to a number of factors. Specifically, country of manufacture (such as countries across the Asia-Pacific region), the industry sectors involved (for example petroleum, agriculture, service and manufacturing) and commodities (for example metal, electronic components, food, chemicals).

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## Our actions to address modern slavery risks ✈️

At Virgin Australia we all have a responsibility to identify and address modern slavery risks.



**Governance**

Virgin Australia has an established robust governance structure that oversees the management of modern slavery risks across our own operations and our supply chain. Our Ethics and Compliance Program, which includes our Modern Slavery Framework, has been endorsed by Virgin Australia’s Board, and Executive Leadership Team. The governance structure for modern slavery is outlined below.

- **Board**  
Directors are responsible for the oversight and approval of our modern slavery statement.

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- **Audit, Risk and Compliance Committee**  
Oversees the implementation and effectiveness of Virgin Australia’s risk, compliance and safety frameworks, and receives quarterly updates from the Group Compliance Officer on the Ethics and Compliance Program, including the actions taken to assess and address modern slavery.

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- **Group Compliance Officer**  
Oversight of the Modern Slavery Framework and Modern Slavery Working Group.

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- **Modern Slavery Working Group**  
Responsible for developing and implementing agreed outcomes under Virgin Australia’s Modern Slavery Framework.



**Policies that govern our operations**

The following policies are designed to help ensure that human rights, labour rights, employee health and wellness, diversity and inclusion are respected, promoted, and protected and to prevent modern slavery within our operations:

- Code of Conduct
- Whistleblower Policy
- Diversity and Inclusion Policy
- Mental Health and Wellbeing Policy
- Equal Employment Opportunity Policy
- Procurement Policy
- Sustainable Procurement Policy





Our focus in FY21 was to strengthen our understanding of potential modern slavery risks in our operations and supply chain. With the support of external human rights and sustainability specialists, we undertook a number of key activities which have formed the basis of our Modern Slavery Framework. These activities are outlined below:

**BASELINE** → **FULLY EFFECTIVE**

- MANAGEMENT SYSTEMS**
  - Governance
  - Commitment
  - Business Systems
- SUPPLY CHAIN**
  - Policy / procedures
  - Contract management
  - Screening / traceability
  - Supplier engagement
  - Monitoring / Corrective action
- HUMAN RESOURCES**
  - Awareness
  - Policies and systems
  - Training
  - Labour Hire
- RISK MANAGEMENT**
  - Risk framework
  - Operation risk
  - Identifying external risk
  - Monitoring / reporting
- CUSTOMERS & STAKEHOLDERS**
  - Customer attitude
  - Information provision
  - Feedback mechanism
  - Worker voice

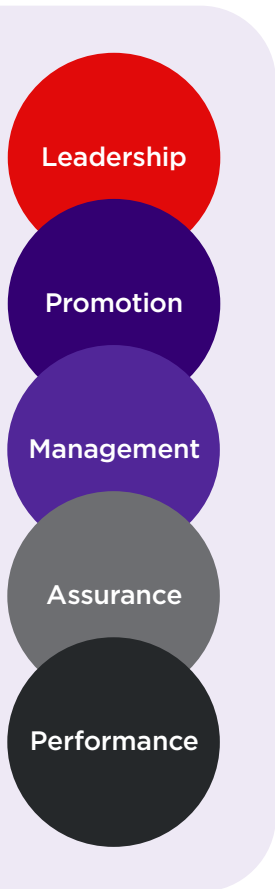
**Operational Gap Analysis**

We undertook an internal modern slavery gap analysis to collaboratively identify areas for improvement across five key categories: management systems, human resources and recruitment, procurement and supply chain, risk management, and customers and stakeholders. The analysis provided insight into our governance maturity specific to modern slavery and identified gaps and opportunities for better managing our

response to modern slavery risks and human rights due diligence more broadly. The results of the gap analysis informed the development of our Modern Slavery Framework, which was a collaborative effort involving key stakeholders across the Group.

**Framework**

We developed a Modern Slavery Framework to support our cross-functional Modern Slavery Working Group, strengthening our approach to understanding the impact and risk of causing, contributing to, or being directly linked to modern slavery and reporting under the Modern Slavery Act.



**Framework**

**Leadership**

**Commit | Guide**

Establish and implement an effective Governance framework supported by policies/ procedures that visibly demonstrates Virgin Australia’s modern slavery strategy, and outlines the responsibilities of our employees.

**Promotion**

**Train | Communicate**

Develop and execute an effective training and communication program that provides awareness to all (internal and external stakeholders), encourages participation and drives desired culture and behaviours.

**Management**

**Process | Control**

Identify, establish and evolve consistent, reliable measures and controls that address modern slavery risks in our operations.

**Assurance**

**Assess | Engage**

Design and implement a practical, cost effective and systematic approach to identifying, assessing and addressing modern slavery risks in Virgin Australia’s supply chain, business partners and operations.

**Performance**

**Monitor | Improve**

Set up indicators to regularly assess the effectiveness and continuously improve the Modern Slavery Program and Virgin Australia’s own performance.



### Action Plan

A cross-disciplinary team, which included members of our senior leadership team, worked collaboratively to develop a focused 12-month action plan and a three-year road map. This includes actions for enhancing our approach to modern slavery governance, due diligence, risk, and compliance; procurement and supply chain systems and processes; supplier engagement and monitoring, training and communications.

### Supply Chain

We recognise that a consistent approach to identifying, assessing, and managing a broad range of risks, including modern slavery, in our supply chain is critical.

### Supplier Risk Management

During FY21, we commenced the development of a Third Party Assurance program, which is a consolidation of our approach to multiple third party risk assessment activities across the Group. The program will set out the policy, standard and solution to identify, assess and manage third party risks, including modern slavery risks. It is anticipated that Phase 1 of the program will be finalised during FY22.

### Supplier Risk Identification and Prioritisation

Our Modern Slavery Framework is supplemented by our risk identification and prioritisation analysis, which enabled us to:

#### Map

Map our direct (Tier 1) supply chain including suppliers across four key risk criteria:

- industry sector
- commodity/product
- geographic location
- workforce profile

#### Identify and assess

Identify and assess potential risks through the data sets to identify modern slavery risks by spend, supplier and category of specific goods and services we procure.

#### Prioritise

Prioritise our actions based on the level of risk posed and our capacity to influence and effect change, for example through contractual terms, industry collaboration or spending priorities.

**Awareness and training**

We seek to empower our team members to identify, mitigate, manage and report on modern slavery risks in their roles by building awareness and capability. During the year, we prioritised building capability in team members in targeted risk, supplier-facing and customer-facing roles to manage and report on modern slavery risks.

We engaged an external human rights specialist to conduct a half-day modern slavery training workshop with our Modern Slavery Working Group which provided an overview of modern slavery, the legislative requirements, relevance to our industry sector and actions for assessing and addressing risks.

We delivered additional modern slavery risk-based training to our senior operations leaders, Procurement and Sales team members, and key members of the Alliances and Velocity teams. Through interactive activities and scenarios, team

members were stepped through:

- what modern slavery is and risks within Virgin Australia’s supply chain and operations
- how to respond to those risks to fulfil our mandatory compliance requirements
- resources and support available and other ways they can get involved

We also partnered with Anti-Slavery Australia to develop an awareness training module tailored to support team members with customer-facing roles to identify and respond to modern slavery risks, with a particular focus on human trafficking.



**Case study**

Virgin Australia continued collaboration with Anti-Slavery Australia – a specialist legal research and policy centre dedicated to the abolition of human trafficking and slavery-like practices in the development of awareness training.

In FY21 around 2,600 cabin crew and ground team members completed human trafficking awareness training (as part of their Aviation Security Training course) on how to recognise signs of human trafficking and what action to take if they suspect human trafficking.



**Grievance mechanisms and remediation**

We have developed a Group-wide modern slavery incident response policy which applies to all team members across our organisation. This policy provides team members with instructions on how to respond to suspected instances of modern slavery in the business’ supply chain or operations, including escalation, engagement with law enforcement and risk management. A key consideration of the policy is ensuring that any decisions or actions taken will not cause further impacts to possible victims of modern slavery.

Our Ethics Hotline provides a secure channel for people to report concerns relating to Virgin Australia and provides assurance that concerns will be reviewed and/or investigated in an objective, independent and confidential manner, with appropriate corrective action taken where concerns are substantiated. This confidential service is available to all Virgin Australia team members, contractors, suppliers and others in our supply chain that are connected to the provision of services to Virgin Australia.

While no incidents of modern slavery were reported in FY21, we acknowledge that this may change in future as awareness training continues to roll out to team members and our risk assessment processes continue to mature. Where incidents of modern slavery or slavery-like practices are reported, we will work with our suppliers and other stakeholders to ensure a victim-centred response is implemented.

**What is constitutes a remedy?**

The UNGPs recognise different remedies that a company may seek (or cooperate in providing) if they identify that they have caused or contributed to human rights harm.

These could include:

- Apologies
- Restitution
- Rehabilitation
- Financial or non-financial compensation and punitive sanctions (including administrative, such as fines)
- Prevention of harm through, for example, guarantees of non-repetition

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# Assessing the effectiveness of our actions

We understand the importance of assessing the effectiveness of the actions we are taking to assess and address modern slavery risks. Tracking our effectiveness is also a key aspect of broader human rights due diligence, as set out in the UNGPs.

We sought to evaluate the actions conducted during the year, by both tracking the output and seeking feedback from key stakeholders to gain insight into the effectiveness of our actions and inform improvement opportunities in future reporting

periods. This included tracking general awareness training participation, updates to policy and procedure documents and the outcomes of our risk assessments.

We are still developing our approach to measure the effectiveness of how we assess and manage modern slavery related issues. A description of the measures that we will seek to implement in FY22 is outlined in the table below.

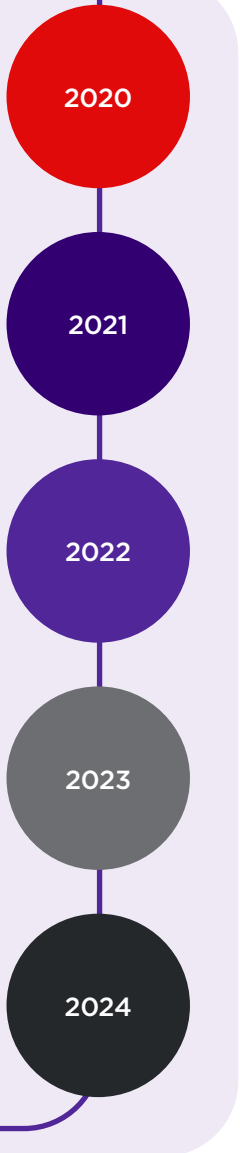
OUR FRAMEWORK	OUR ASSESSMENT
<p><b>Leadership: Commit   Guide</b> Establish and implement an effective governance framework, supported by policies / procedures</p>	<ul style="list-style-type: none"> <li>Twice-yearly reviews of our modern slavery risk profile, led by the Modern Slavery Working Group</li> <li>Targeted surveys to better understand supplier sentiment and the effectiveness of modern slavery programs and tools</li> </ul>
<p><b>Promotion: Train   Communicate</b> Develop and execute an effective training and communication program that raises awareness and drives desired culture and behaviours</p>	<ul style="list-style-type: none"> <li>Completion rates for modern slavery awareness training</li> <li>Targeted surveys to better understand the effectiveness of modern slavery programs and tools</li> </ul>
<p><b>Management: Process   Control</b> Embed consistent, reliable measures (controls) that address modern slavery risks identified in business operations</p>	<ul style="list-style-type: none"> <li>Total number of modern slavery cases reported and responded to</li> <li>Reporting rates via the Ethics Hotline</li> <li>Perform an annual review to refresh understanding of modern slavery risks across our supply chain including highest risk/priority focus categories and suppliers</li> </ul>
<p><b>Assurance: Assess   Engage</b> Design and implement a practical, cost effective and systematic approach to identifying, assessing and addressing modern slavery risks in Virgin Australia's supply chain, business partners, and operations.</p>	<ul style="list-style-type: none"> <li>Total number of modern slavery reports assessed and remediated</li> <li>Completion rates for the supplier modern slavery questionnaire</li> <li>Remedial actions are timely and effective</li> </ul>
<p><b>Performance: Monitor   Improve</b> Set up indicators to regularly assess the effectiveness and continuously improve the Modern Slavery Program and Virgin Australia's own performance.</p>	<ul style="list-style-type: none"> <li>Analysis of operational reporting and grievance mechanisms statistics, reports, investigations, and responses to identify and address systemic issues</li> <li>Report on progress against the three-year road map prepared by the Modern Slavery Working Group and provided to the Executive Leadership Team and Board</li> </ul>

**Plan for continuous improvement**

We aim to continually improve our approach to identify, assess and manage modern slavery risks in our operations and supply chain. Over FY22, we will continue to apply our Modern Slavery Framework and implement our action plan as part of our ongoing process to assess and address risk. We will monitor and track our progress towards best practice.



## Our road map



**2020**

- Developed awareness training tailored to support team members
- Established a Modern Slavery Working Group
- Conducted a Group-wide modern slavery risk assessment
- Launched the Supplier Code of Conduct that outlines our expectations for our suppliers to identify and address the risks of modern slavery in their supply chains

**2021**

- Engaged external human rights and sustainability consultants to assist us in identifying and assessing the potential modern slavery risks
- Conducted a modern slavery gap analysis to assess opportunities for strengthening program
- Established a Modern Slavery Framework, 12-month action plan and three-year road map
- Prepared a Group-wide modern slavery incident response policy that ensures a victim-centric approach
- Continued our collaboration with Anti-Slavery Australia to build capacity

**2022**

- Enhance level of transparency across our third-party relationships through a targeted due diligence program
- Develop and publish procurement guidelines that address the requirement to continuously improve measuring and monitoring of modern slavery risks
- Continue integrating our approach to managing modern slavery risks into our governance documents such as relevant policies, standards, contractual terms and conditions
- Seek opportunities to collaborate across industry to leverage similarities and enhance efficiencies

**2023**

- Identify other third parties in the business who may be in high-risk areas of modern slavery including Airline and Velocity partners
- Drive compliance with workplace rights across our extended workforce, including through enhanced due diligence and contractor management programs
- Develop a process to review actions taken and develop KPIs to assess the effectiveness of the Modern Slavery Framework

**2024**

- Explore opportunities to enhance the depth of our modern slavery risk identification and assessment of our direct suppliers where possible.
- Build on our existing grievance and remediation procedures to ensure that they are efficient and accessible to all higher risk third parties
- The analysis of key modern slavery initiatives (e.g. third party assurance program) will be used to improve our approach to identifying modern slavery related risks across our business units

# Consultation and approval

## Consultation

This statement is jointly submitted on behalf of the reporting entities in the Virgin Australia Group, outlining the steps taken during FY21, in compliance with the Modern Slavery Act. The Virgin Australia Group (including all reporting entities and other entities they own or control) uses the same policies and processes, operates in the same sector and shares many suppliers. The Virgin Australia Group is supported by functional teams that work across all entities. As outlined in Annexure One, the Virgin Australia Group has operational and holding entities. Consultation is undertaken with functional teams that work across the operational entities to address the Group's response to modern slavery through the Modern Slavery Framework and action plan. This ongoing process is primarily undertaken through the Modern Slavery Working Group, which is comprised of members from across the Commercial, Corporate Affairs, Sustainability, People and Culture, Legal and Compliance, Procurement, and Risk and Audit teams.

## Approval

This statement was approved by the Virgin Australia Holdings Pty Ltd Board on 15 December 2021 on its own behalf and as the parent entity on behalf of the following reporting entities:

1. VBNC5 Pty Ltd (ABN 16 119 691 502)
2. VB PDP 2010-11 Pty Ltd (ABN 88 140 818 266)
3. BC Hart Company Pty Ltd (ABN 65 645 265 514)
4. Virgin Australia Airlines Holdings Pty Ltd (ABN 19 093 924 675)
5. Velocity Frequent Flyer Pty Ltd (ABN 60 601 408 824)
6. Velocity Frequent Flyer 1 Pty Ltd (ABN 50 601 273 072)
7. Velocity Frequent Flyer 2 Pty Ltd (ABN 54 601 273 527)
8. Velocity Frequent Flyer Holdco Pty Ltd (ABN 44 169 684 093)
9. Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965)
10. Virgin Australia Regional Airlines Pty Ltd (ABN 76 008 997 662)

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**Jayne Hrdlicka**

CEO and Managing Director, and Director  
of Virgin Australia Holdings Pty Ltd

15 December 2021



**Appendix One****Overview of reporting entities**

The following table provides an overview of each reporting entity covered by this Statement.

REPORTING ENTITY	PRINCIPAL ACTIVITIES	BRANDS
Virgin Australia Holdings Pty Ltd (ABN 54 100 686 226)	Virgin Australia Holdings Pty Ltd is the parent entity of the Virgin Australia Group. The principal activities of the Group were the provision of domestic airline services and a frequent flyer loyalty program.	Virgin Australia, Virgin Australia International, Virgin Australia Regional Airlines, Virgin Australia Cargo, Velocity Frequent Flyer
VBNC5 Pty Ltd (ABN 16 119 691 502)	The principal activity of the company was that of a holding company for the Virgin Australia Group.	Virgin Australia, Virgin Australia International, Virgin Australia Regional Airlines, Virgin Australia Cargo, Velocity Frequent Flyer
VB PDP 2010-11 Pty Ltd (ABN 88 140 818 266)	The principal activity of the company was that of a holding company for the Virgin Australia Group.	Virgin Australia, Virgin Australia International, Virgin Australia Regional Airlines, Virgin Australia Cargo, Velocity Frequent Flyer
BC Hart Company Pty Ltd (ABN 65 645 265 514)	The principal activity of the company was that of a holding company and a debt financing facility for the Virgin Australia Group.	Virgin Australia, Virgin Australia International, Virgin Australia Regional Airlines, Virgin Australia Cargo, Velocity Frequent Flyer
Virgin Australia Airlines Holdings Pty Ltd (ABN 19 093 924 675)	The principal activity of the company was that of a holding company for the Virgin Australia Group.	Virgin Australia, Virgin Australia International, Virgin Australia Regional Airlines, Virgin Australia Cargo, Velocity Frequent Flyer
Velocity Frequent Flyer Pty Ltd (ABN 60 601 408 824)	The principal activity of the company was the provision of a loyalty program for frequent flyers with Virgin Australia or other partner airlines.	Velocity Frequent Flyer
Velocity Frequent Flyer 1 Pty Ltd (ABN 50 601 273 072)	The principal activity of the company was that of a holding company for the frequent flyer program.	Velocity Frequent Flyer
Velocity Frequent Flyer 2 Pty Ltd (ABN 54 601 273 527)	The principal activity of the company was that of a holding company for the frequent flyer program.	Velocity Frequent Flyer
Velocity Frequent Flyer Holdco Pty Ltd (ABN 44 169 684 093)	The principal activity of the company was that of a holding company for the frequent flyer program.	Velocity Frequent Flyer
Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965)	Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965)	Virgin Australia
Virgin Australia Regional Airlines Pty Ltd (ABN 76 008 997 662)	The principal activity of the company was the provision of domestic aviation charter services in Australia.	Virgin Australia Regional Airlines

**Appendix Two**

**Overview of mandatory reporting criteria**

This Statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act. The table below provides reference pages for the relevant disclosures in each criterion within this Statement.

MODERN SLAVERY ACT MANDATORY CRITERIA	MODERN SLAVERY STATEMENT FY21
Identify the reporting entity	Disclosure Notes (page 3) Appendix One: Overview of reporting entities (page 25)
Describe the structure, operations and supply chain of the reporting entity	Our structure, operations and supply chain (pages 7-10)
Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity, and any entities that the reporting entity owns or controls	Identifying our modern slavery risks (pages 11-14)
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Our actions to assess and address modern slavery risks (pages 15-21)
Describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions (page 22)
Describe the process of consultation with any entities that the reporting entity owns or controls	Consultation and approval (page 23)
Any other information that the reporting entity considers relevant	Introduction: Message from the Chief Executive Officer (page 4) Impact of COVID 19 (page 8) Our Plans for Continuous Improvement (page 23) Collaboration (page 20)

