



australia  
group

# Modern Slavery Statement FY22

# Modern Slavery Statement FY22

## Acknowledgment of Country

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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## 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 third joint Statement made on behalf of the reporting entities in the Virgin Australia Group\* of which there are 11 (please see Annexure 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 2021 to June 2022 (**FY22**).

\*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 Annexure One.

➤ 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.

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# Message from the Chief Executive Officer

Virgin Australia recognises that the risks of modern slavery exist in the operations and supply chains of all businesses, including our own. We take an active role in identifying modern slavery risks, including where we may cause, contribute or be directly linked to adverse human rights impacts through our operations and supply chain. Our efforts during this reporting period have been intentionally focused on creating incremental but meaningful improvements where it is within our control to initiate change. We have also sought to use our influence with our suppliers and other business partners to encourage and promote better practices for addressing modern slavery risk more broadly.

Virgin Australia is committed to respecting human rights and to 'doing the right thing' in line with our core values. We recognise our responsibility as Australia's second largest airline to not only manage modern slavery risks in our operations with over 1,500 suppliers in our supply chain, but also to positively contribute to the broader global conversation on human rights and combatting slavery in all its forms.

Modern slavery continues to be a deeply concerning issue impacting vulnerable people in the communities we serve and operate in, both locally and abroad, with an estimated 49.6 million people subjected to instances of modern slavery on any day.<sup>1</sup> Tackling the challenges of slavery requires a steadfast commitment and ongoing focus on identifying, mitigating and managing modern slavery risks by both public and private sector entities, including Virgin Australia.

This is our third Statement under the Modern Slavery Act, and it details the key actions we have taken during the FY22 reporting period. Our focus has been to build on the foundations laid

over the previous two years and to improve our capacity for understanding and addressing potential modern slavery risks in our supply chain and operations. We have continued to address key priorities for action under our Modern Slavery Framework, including by further integrating our approach to modern slavery into our governance documents, and increasing our understanding of our high-risk procurement categories through initiatives such as undertaking a deep dive of the management of modern slavery risks with a key supplier within a high-risk category. We also worked hard to continue improving awareness and understanding of modern slavery risks with our team members through training and communication, and providing actionable guidance for our frontline team members.

For as long as modern slavery continues to exist, we recognise that there will always be work for Virgin Australia to do. As we progress along this journey, we are determined to be a force for change, to remain open and transparent about the risks we uncover, the actions we take to address them, and the lessons we learn from these issues.

I am pleased to sign and present this Statement for FY22.



**Jayne Hrdlicka**

CEO and Managing Director,  
Virgin Australia Holdings Pty Ltd

30 November 2022



<sup>1</sup> International Labour Organisation, Walk Free, and International Organization for Migration, *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage report*, page 2.



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# Review of FY22

## Key actions delivered









The ambition of our current five-year Modern Slavery Road Map is outlined on page 29. These commitments are underpinned by annual plans and quarterly objectives. We continue to monitor progress against our annual plans, as outlined on this page. Assessing our progress against these commitments also contributes to our work to track the effectiveness of our actions, which is described on page 28.



**On track and ongoing**



**Completed**

Commitments	Status	Comment
<b>Managing modern slavery risks in our operations</b>		
Continue integrating our approach to managing modern slavery risks into our governance documents such as relevant policies, standards, contractual terms and conditions		<b>Ongoing.</b> Conducted a review of multiple key business policies and documents (including the Modern Slavery Incident Response Policy and the Code of Conduct) to ensure appropriate references to human rights risks, including modern slavery, are included, and incorporated references into newly created documents for our supply chain. <b>New.</b> Updated three key business policies (the Code of Conduct, the Workplace Behaviours Policy and Procurement Policy) to further promote human rights and created an internal awareness plan for the Modern Slavery Incident Response Policy.
Identify data gaps about our workforce and developing methodology for improving data collection		<b>Ongoing.</b> Continued to collect data about our indirect workforce, and expanded procedures for collecting workforce information during onboarding.
Expand targeted training and awareness sessions to additional key stakeholders within the business		<b>Completed and ongoing.</b> Training was extended to incorporate key team members responsible for contracting with our indirect workforce.
<b>Managing modern slavery risks in our supply chain</b>		
Enhance level of transparency across our third-party relationships through a targeted due diligence program		<b>Ongoing.</b> Continued the rollout of Virgin Australia's 'Know Our Third-Party' due diligence program ( <b>KO3P</b> ), which is due to be completed in FY23. In this reporting period, we tested the integration of our KO3P program during a live sourcing event and the onboarding of a new supplier in our clothing and PPE procurement category.
Develop and publish procurement guidelines that address the requirement to continuously improve measuring and monitoring of modern slavery risks		<b>Completed.</b> The documents and communications which comprise the procurement guidelines were established during the reporting period to support and promote understanding and consideration of broader human rights risks, including modern slavery.
Engage with direct suppliers to identify potential risk posed by their operations		<b>Ongoing.</b> Developed a procedure for engaging with direct suppliers and completed the deep dive for one supplier in a higher-risk procurement category during FY22, to assess and identify opportunities for further engagement on modern slavery risks.
Engage with specialist human rights advisors to assist with reviewing and developing risk profiles for the top five high risk categories to Virgin Australia		<b>Completed.</b> Developed risk profiles for the five high-risk procurement spend categories, identified in our FY21 Statement: aircraft components; fuel; clothing and PPE; facility services (including maintenance and security services); and food and catering.
Seek opportunities to collaborate across industry to leverage similarities and enhance efficiencies		<b>Ongoing.</b> Engaged with several industry participants, and civil society and government bodies participants to share ideas, learnings and opportunities to collaborate on future initiatives.



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# Our structure, operations, and supply chain

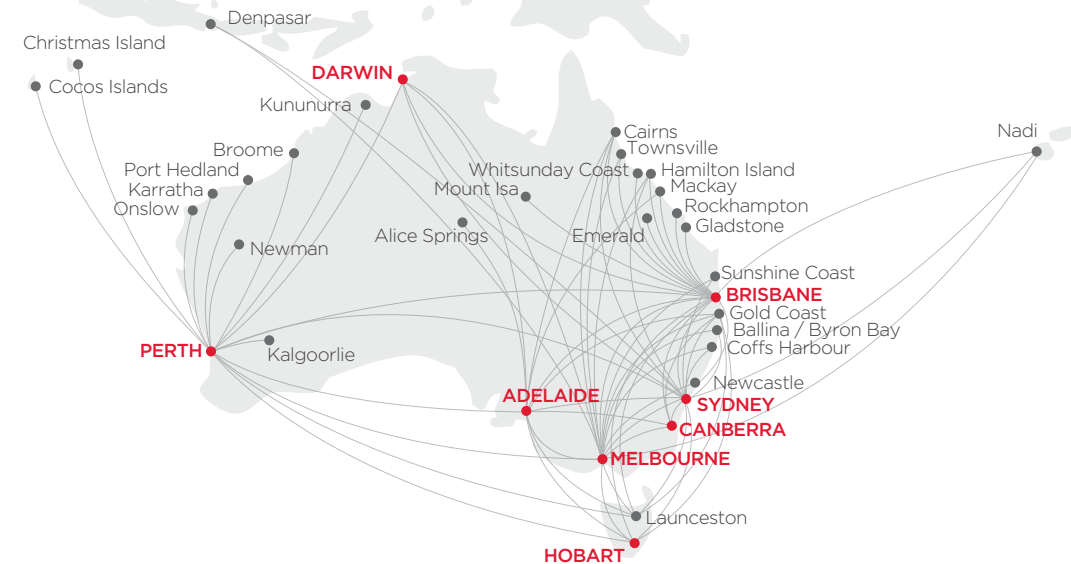
## Structure and operations

Virgin Australia is a Brisbane-based, privately owned airline group, providing domestic and international air travel, charter and cargo services under the Virgin Australia brand.

Known for its award-winning service and great value, and supported by its loyalty program, Velocity Frequent Flyer, the Group has emerged strongly from the prolonged impacts of COVID-19 with a focus on continuing to deliver experiences our customers love and supporting and developing our people, in line with our core values. Virgin Australia includes a number of subsidiaries, including the reporting entities listed in Annexure One.

This year, we've also focused on creating a flexible and adaptable operation that can withstand varied travel demand. Despite fluctuations in domestic capacity due to travel restrictions and ongoing waves of COVID-19, Virgin Australia performed strongly when demand returned, but like all Australian airlines, experienced operational challenges associated with the rapid return of demand. We resumed international services to Fiji in December 2021, with our international network expanding to include Bali and New Zealand in 2022, with flights to Samoa and Vanuatu set to resume in the first half of 2023. During the reporting period, we were also pleased to welcome two new major codeshare partners in Qatar Airways and United Airlines and four new partners into the Velocity Frequent Flyer program.

The Virgin Australia Group provides services to a range of customers, including leisure travellers, corporate and government, regional and charter travellers, and air freight customers.



### FY22 statistics as at 30 June 2022

10,516,851  
passengers

6,569  
tonnes  
of cargo freight

77 routes  
regular passenger  
transport operations



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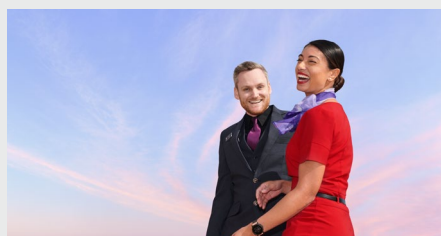
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# Our people

As at 30 June 2022, our workforce consisted of 6,880 direct employees and 4,699 contractors.

These workers are directly and indirectly employed across multiple locations, with 9,727 people in Australia, 607 in Philippines, 203 in Fiji, 136 in Indonesia, 50 in New Zealand and 856 in other countries. Virgin Australia's contracted workforce includes contractors, subcontractors and labour hire resources that support key functions within our operation, including ground handling at certain ports, technology services and some corporate roles.

Our workforce increased in size by 22.9% during the reporting period, a reflection of Virgin Australia's focus on building its operational capacity in preparation for the increase in demand for travel.



# 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 and 'big heart' orients our decisions and behaviour.



## 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 challenger mindset. We 'own' the opportunity to make a difference every day.

Taking action to manage our modern slavery risks aligns with our values, including our commitment to do the right thing, our big heart and our commitment to outcomes.



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# Our supply chain

As we continue to develop our capability for identifying and managing potential modern slavery risks within our supplier base, Virgin Australia remains committed to engaging with suppliers who embody our core value of 'doing the right thing'. Our supply chain is comprised of over 1,500 suppliers,<sup>2</sup> providing a range of products (such as aviation fuel and uniforms), services (such as ground transport and cabin cleaning) and facilities (such as office parking) to support Virgin Australia's domestic and international operations.

## Top 5 spend categories



**Aircraft  
fuel**



**Airport  
fees**



**Aircraft  
rentals**



**Heavy  
maintenance**



**Communications  
and technology**

We engage with our suppliers through varied types of arrangements; from one-off purchases with suppliers who are subject to standard Purchase Order Terms and Conditions (for example, where the products and services are considered to be low risk and low value), through to multi-year, large value, strategic partnerships governed by master service agreements and statements of work (for example, with suppliers who provide technology and data services and ground handling at airports).

Procurement of goods and services in strategic categories is managed by our 21-person strong Procurement function based in Brisbane. This team supports relevant business units to identify procurement requirements, leads commercial negotiations and works with the Virgin Australia Legal function to identify and manage contractual risk in our supplier agreements.

During the reporting period, our total procurement spend was AU\$2.11 billion, with over 74% of our spend directly procured from suppliers in Australia. We engaged a total of 1,523 direct suppliers located in 36 different countries, with the majority of suppliers based in Australia, the United States, Singapore, the United Kingdom and New Zealand. We recognise that these suppliers may operate in and source from a range of other countries.

<sup>2</sup> These are our direct (Tier 1) suppliers (those suppliers we have a contractual relationship with).



## Data at a glance



**\$2.11 billion**  
total spend



**1,523**  
total suppliers



**\$7-\$305 million**  
supplier spend range



**47**  
spend categories  
(goods and services)



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# Impact of COVID-19

Virgin Australia continued to be challenged by the impacts of COVID-19 during the reporting period. New South Wales and Victoria were in extended periods of lockdown until mid-October 2021, resulting in significant impacts to domestic capacity and resulted in a decrease in our scheduled operations.

Travel restrictions eased across most states and territories due to increased vaccination rates resulting in a small uplift in travel demand in December 2021 and January 2022 (except for Western Australia, where borders remained shut until March 2022).

However, significant Omicron outbreaks across Australia impacted this demand in early 2022, and travel demand dipped again until the Easter holidays in April 2022.

While travel demand peaked in April, with over 4.5 million passengers travelling with airlines during this time,<sup>3</sup> Virgin Australia's operation, like other airlines, was impacted by delays and cancellations due to absenteeism across the network, because of illness from COVID-19 and isolation requirements, as well as illness due to influenza and other viruses.

Virgin Australia continued providing support measures for its team members to help them manage the ongoing impacts of COVID-19 in our operation. These measures included ongoing access to our Employee Assistance Program, internal mental health awareness and skill-based leadership training, health and wellbeing resources (such as guided meditations and onsite physiotherapy for work), partnerships with health and wellbeing providers, flu vaccination vouchers and flexible working arrangements to obtain COVID-19 vaccinations, and peer-to-peer mental health support.

We also recognise that COVID-19 has continued to affect the availability of some goods and services from third party suppliers and required substitution of normal suppliers. One example is the impact on availability of crew transport and accommodation. Virgin Australia often requires transport to and from the airport, and accommodation, for flight and cabin crew. During peak periods of COVID-19 and influenza cases, there have been instances where there have been insufficient numbers of drivers and cleaning staff at hotels, which has resulted in less availability of transport and hotel rooms when required, negatively impacting operations. Virgin Australia worked with the relevant suppliers where possible to reduce the impact of these issues.

<sup>3</sup> Australian Competition and Consumer Commission's *Airline competition in Australia – June 2022* report, page 4.



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# Our modern slavery risks

Virgin Australia's operations and complex supply chain mean we may be exposed to a range of modern slavery risks, which evolve and change over time.

We recognise that various categories of goods and services that we procured throughout FY22 may carry risks of modern slavery practices and/or other serious labour rights violations occurring. While we have not found any instances of modern slavery in this reporting period,<sup>4</sup> we have identified areas within our supply chain where there is an increased risk for us to be directly linked to modern slavery risks. This reflects the potential for suppliers in our extended supply chain (beyond Tier 1) to engage in modern slavery practices in connection with the goods and services provided to us. These are described in the table on pages 11 and 12.

We recognise that modern slavery can occur in the operations of a business, as well as its supply chain. We recognise that broader elements of our operations, including engagement of service providers to support our activities and the trafficking of passengers on board our aircraft, may pose potential modern slavery risks. However, we have assessed the risks of modern slavery occurring in our direct operations (including our head office and the direct employment of our team members) as low. This reflects the controls we have in place, which include employment contracts with all of our directly employed team members which are aligned with either an enterprise bargaining agreement, relevant award or individual employment contract. We also comply with relevant workplace laws, including the *Fair Work Act 2009* (Cth).

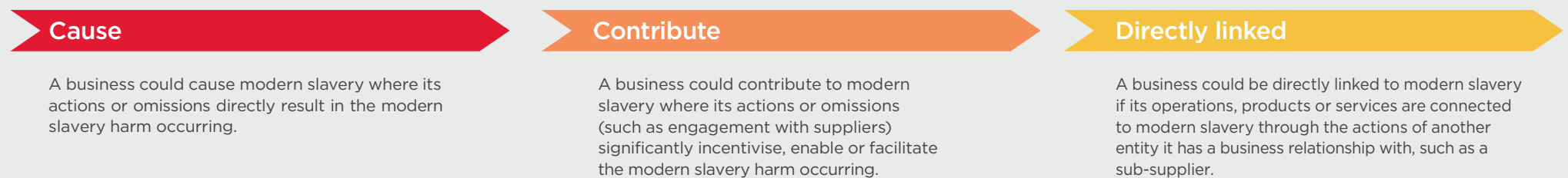
In line with our commitment to improve transparency and oversight of modern slavery risks in our operations and supply chain, we have continued exploring additional methods for developing our understanding of Virgin Australia's modern slavery risk profile to inform our modern slavery risk identification and management approach. This work is outlined on page 20.

## Understanding the risks

In identifying and assessing our modern slavery risks, we consider our potential involvement in accordance with the three-part continuum of 'involvement' as set out in the UN Guiding Principles on Business and Human Rights (UNGPs)<sup>5</sup> (diagram below). The UNGPs are the authoritative global standard for preventing and addressing business related human rights harms such as modern slavery.

In FY21, we undertook a risk assessment with an independent third-party human rights specialist to identify potential areas of modern slavery risk across our operations and supply chain. Further information about this assessment is included in our [FY21 Statement](#).

Applying information gathered from this risk assessment and our observations of activities in our operations and supply chains, Virgin Australia identified six areas of concern. During this reporting period, these areas of concerns were the focus of further exploration and action with the aim of improving engagement with our suppliers in these categories and better understanding modern slavery risks within our own operations.



<sup>4</sup> We acknowledge that, while we have not found instances of modern slavery during FY22, this does not mean that modern slavery has not occurred.

<sup>5</sup> This is consistent with the Australian Government Guidance for Reporting Entities which advises entities to use the cause, contribute and directly linked continuum to help understand and explain how an entity may be involved in modern slavery.



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## Potential modern slavery risks in our operations and supply chain

We have identified six areas of concern in our operation and supply chain, relating to five procurement categories and our indirect workforce. The details of these risk areas are set out below.

Supply chain					Operation
 Aircraft components	 Fuel	 Facility Services Maintenance and security services	 Food and catering	 Clothing and personal protective equipment (PPE)	 Indirect workforce – outsourcing to third-party providers
This category captures the supply of individual parts that are utilised by our Engineering team to service our aircraft.	Fuel is critical to our operations. Within this category we include fuel-related products and services, such as oil, lubricants and fuel loading equipment.	Virgin Australia engages with one key supplier, who then subcontracts to several different suppliers for all facility services. These services include cleaning, general maintenance (e.g., electrical, plumbing, grounds, waste removal, fire systems), security and other services.	We use food and catering services primarily on board our aircraft, but also in our corporate offices and Lounges. Our suppliers' source fresh produce on our behalf, prepare and serve food and beverages to customers on the ground, and provide cleaning services related to food and catering. This category also captures complementary services to the provision of food and catering – for example, cutlery, napkins and condiments.	Virgin Australia procures uniforms for frontline staff, branded merchandise for internal and external use, and personal protective equipment for all team members. The procurement of PPE has increased significantly during COVID-19 (specifically masks and gloves).	Over 84% of our direct and indirect workforce are based in Australia and New Zealand. We are aware of our indirect workforce, located in South East Asia and some South Pacific Islands.
Potential risks of modern slavery					
Modern slavery risks could occur across the aircraft component supply chain, but may be more severe in areas of the extended supply chain. For example, the sourcing of raw materials like metals and rare earth minerals may involve risks of forced labour and the worst forms of child labour. Activities such as manufacturing and transport and warehousing of components may also involve modern slavery risks. These risks may be heightened by the use of subcontracted services, and complex and fast-moving supply chains that provide limited scope to verify sourcing arrangements.	Key areas of modern slavery risk for the fuel supply chain are likely to include the sourcing of raw materials and the transportation of fuel products. Sources of crude oil may include countries with differing levels of human rights protections, including where there may be evidence of the worst forms child labour and forced labour, as well as hazardous working conditions more broadly. Transportation of fuel products can also involve modern slavery risks, as in some cases there is little visibility of working or payment conditions for workers based offshore or seafarers participating in the movement of fuel products around the globe. The COVID-19 pandemic is likely to have further increased modern slavery risks for seafarers.	The Australian Government has identified cleaning as a higher risk sector for modern slavery. In some parts of the cleaning sector, there is evidence of labour rights breaches, unauthorised subcontracting, and low-paid work, exacerbated by low visibility of standard working hours, which may increase the risk of modern slavery occurring. Workers may be particularly vulnerable to exploitation where as they are from migrant and low socio-economic backgrounds, who may have limited knowledge of their workplace rights.  The maintenance industry can involve complex sub-contracting practices that may limit the visibility of working conditions and facilitate exploitative practices (up to and including modern slavery) that may particularly affect migrant and base-skilled workers. These may include withholding of wages, immigration-related coercion and threats, deceptive recruitment, debt bondage, confiscation of personal and travel documents, and dangerous and substandard working conditions (while some of these practices may not amount to modern slavery they may escalate in to modern slavery if not addressed).  Similarly, security services can be high risk due to the lack of visibility over services provided by contractors and sub-contractors, reliance on base-skilled and migrant labour, and ad hoc requirements for circumstances that require extra security services.	A key risk relating to food and catering is the harvesting and processing of fresh produce. The agriculture and catering industries, both in Australia and overseas, have been identified as involving high risks of exploitation of migrant or low-skilled workers, including due to the complexity of the supply chain.	The risks of modern slavery relating to textiles may be higher when manufacturing or sourcing of key materials occurs in high-risk geographies which may have poor labour rights protections.  The extraction of raw materials and the manufacture of plastic, and rubber, can also involve risks of the worst forms of child labour or forced labour, as well as exposure to dangerous chemicals and machinery, and other substandard working conditions that may escalate into modern slavery, such as excessive working hours.  While Virgin Australia's direct suppliers in this category are Australian based, we recognise that they may source materials that are processed or manufactured in high-risk geographies, or where the raw materials may have been extracted using exploited labour, including possible state-sponsored forced labour.	Virgin Australia engages a range of third-party providers primarily for recruitment, call centres, ground staff and ICT services (including cloud services, IT support and ongoing maintenance). This includes engagement with external recruitment agencies in Australia. Outsourcing to overseas third-party providers may present risks, especially with base-skilled workers who perform repetitive tasks, during periods of high demand and within short-timeframes. These risks may intersect with high-risk geographies where there could be weak rule of law, poor governance and regulation, corruption, conflict, increased human trafficking activity.









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Supply chain				Operation	
 Aircraft components	 Fuel	 Facility Services Maintenance and security services	 Food and catering	 Clothing and personal protective equipment (PPE)	 Indirect workforce - outsourcing to third-party providers
Virgin Australia's potential involvement					
<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Suppliers or sub-suppliers were to use raw materials produced using modern slavery in the manufacturing of aircraft components.</li> <li>Raw materials or finished components were transported or stored using logistics services provided by third parties with exploited labour.</li> <li>Repairs and maintenance were to involve sub-contracting for low-skilled labour for some components or associated services such as cleaning and security at aircraft hangars and these workers are exploited.</li> <li>Recycling of aircraft components for scrap were to involve the use of exploited labour.</li> </ul>	<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Suppliers and sub-suppliers of crude oil were to use exploited labour in sourcing raw materials.</li> <li>Suppliers and sub-suppliers were to use exploited contract workers in the construction and maintenance of oil and fuel production facilities.</li> <li>Suppliers and sub-suppliers were to use exploited workers in the transportation of jet fuel to on- and off-airport storage facilities.</li> </ul>	<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Primary contractors engaged by Virgin Australia or their sub-contractors were to use exploited labour to provide facilities management services.</li> <li>Goods and materials used by primary contractors engaged by Virgin Australia or their subcontractors were produced using modern slavery.</li> <li>Facilities management providers engaged through airports were to exploit their workers.</li> </ul>	<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Suppliers and sub-suppliers of fresh produce were to use exploited labour in the harvesting of fruit and vegetables.</li> <li>Suppliers and sub-suppliers were to use exploited contract workers in the processing and preparation of food products.</li> <li>Raw ingredients and processed foods were transported using logistics services provided by third parties who use exploited workers.</li> <li>Manufacturing plants were to use cleaning and security services provided by third parties that use exploited labour.</li> </ul>	<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Suppliers or sub-suppliers were to use raw materials produced using modern slavery in the manufacture and production of textiles and garments.</li> <li>Suppliers or sub-suppliers were to manufacture textiles and garments using exploited labour.</li> <li>Raw materials or manufactured textiles and garments were stored using warehousing services provided by third parties using exploited labour.</li> </ul>	<p>Virgin Australia could be directly linked to modern slavery in this risk area, including if:</p> <ul style="list-style-type: none"> <li>Providers were to engage low-skilled labour to provide cleaning, security or other services for their sites and these workers were exploited.</li> <li>Providers used third party recruiters which subjected workers to modern slavery practices such as debt bondage.</li> </ul>
<p>We acknowledge that many of these modern slavery risks are more likely to arise deeper in our supply chain (e.g. suppliers beyond Tier 2). We also recognise Virgin Australia could potentially contribute to modern slavery in these risk areas if it were to require providers to reduce costs to a level that could only be met by exploiting workers or otherwise somehow enabled, facilitated or incentivised labour rights harms, including by not acting on credible reports of exploitation. We consider the risk of contributing to modern slavery may be higher in relation to facilities management services and indirect workers compared to other risk areas due to the nature of the relationships with our suppliers.</p>					

We will continually review and update our key modern slavery risk categories to reflect both the shifting geopolitical landscape and our deepening understanding of our supply chain.

We know that broadening our understanding of supply chain risks will require us to look beyond our Tier 1 suppliers to the entire value chain, from raw materials and assembly to transport and logistics. This will be a focus for Virgin Australia in future reporting periods.



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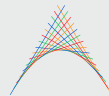
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## Modern slavery risks relating to customers

In addition to the risks outlined above, we understand that human trafficking is an area of concern in the transport industry generally, and that there is a risk our services may be exploited by human traffickers. This risk is likely to increase as international borders reopen and the number of travellers increases.

The Australian Government states that Australia is primarily a destination country for people trafficked from Asia, particularly Thailand, Korea, the Philippines and Malaysia. Reports of human trafficking have more than tripled in Australia from 2013-14 to 2021-22.<sup>6</sup>

Our consultation with the Australian Centre to Counter Child Exploitation and Anti-Slavery Australia has also identified that there is a risk people may be trafficked out of Australia, including to be forcibly married overseas. Forced marriage includes where victims are flown out of Australia and are unaware they are to be married, or are threatened and coerced into marriage. Reports of forced marriage to the Australian Federal Police have been increasing, with forced marriage being the most commonly reported category of modern slavery and human trafficking in FY22.<sup>6</sup>



Australian  
Centre to Counter  
Child Exploitation



ANTI-SLAVERY  
AUSTRALIA

Given the size of Australia, there is a risk that Virgin Australia's domestic network could be used by perpetrators of human trafficking to forcibly move victims across state borders. However, in comparison, we consider that there is an increased risk of human trafficking for flights to and from Australia. During FY22, our international destinations

Human trafficking is the physical movement of people across and within borders through deception, threats or coercion. Once trafficked, victims are subjected to ongoing exploitation once they reach their destination.

included Bali and Fiji. We will continue to consider risks relating to human trafficking as our international network further expands in 2023, including by reviewing credible external evidence about the prevalence of modern slavery in key destinations.

Our frontline team members are trained to watch out for indicators of modern slavery, including human trafficking, and how to report their concerns (more information included on page 26).

<sup>6</sup> Australian Federal Police, 30 July 2022, "[Reports of Human Trafficking and Slavery to AFP reach new high](#)"



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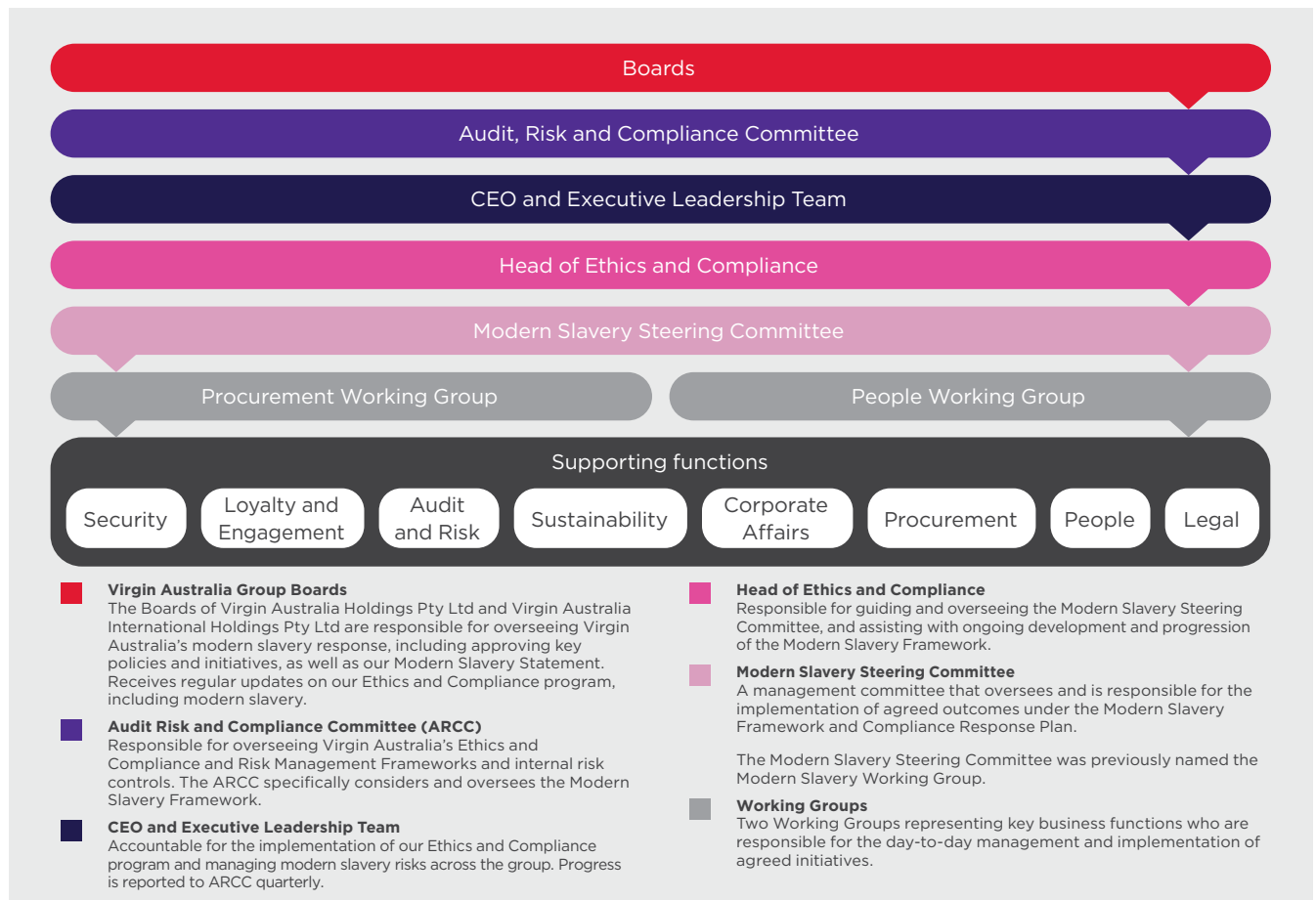
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# Our actions to assess and address modern slavery risks

We recognise that modern slavery can be challenging to identify and address. This reporting period, we took a practical approach to develop and trial new activities to extend our efforts to assess and address modern slavery and broader human rights concerns.

We work to identify, assess and address modern slavery and broader human rights risks in an agile and adaptive manner. Our Risk Management Framework contains our risk matrix, and guides our approach and sets principles for risk management. As part of an update of the Framework conducted in 2022, changes were incorporated to reflect the evolving landscape around modern slavery, human rights and sustainability. This section of the Statement explains how we are refining our integration of modern slavery into our governance structure; outlines our policy framework; and explains our enterprise-wide risk assessment process, Modern Slavery Framework and program.



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## Our Governance

Ethics and compliance responsibilities (including in relation to modern slavery) are managed at the highest level across our companies and are integrated into our Group-wide Modern Slavery Framework.

The Virgin Australia Boards are directly responsible for the activities taken by all owned and controlled entities to assess and address modern slavery risks, including our reporting obligations under the Modern Slavery Act.

During this reporting period, we commenced making a number of changes to the way that this structure operates in practice to better align with the development of our broader environmental, social and governance and sustainability strategy. Previously, the members of the Modern Slavery Working Group were accountable for the implementation of initiatives but were largely reliant on subject matter experts (SMEs) within their teams for conducting the day-to-day actions. To increase visibility of relevant risks that might impact our activities, and to ensure we maximise opportunities to collaborate and use the expertise within the business, the Modern Slavery Working Group now operates as a steering committee. We now recognise Working Groups, comprised of SMEs, as another level of our governance structure for achieving initiatives of the Modern Slavery Framework. This includes a new Procurement Working Group, which focusses on our supply chain and developing a better understanding of the risks within our Tier 2 and 3 suppliers as well as providing Procurement-specific updates and reporting. This also includes a new People Working Group, which is comprised of six team members who assist with identifying opportunities to increase oversight and engage with team members in our own operations in relation to modern slavery risks.



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# Our Framework and Program

The Modern Slavery Framework (displayed below) was developed in FY21, to provide direction and a structure for addressing modern slavery risks in our operation and supply chain. The Framework is supported by a five-year road map and annual action plans. Each year, the Modern Slavery Steering Committee develops a new 12-month action plan, based on the overall goals from the road map, supplemented with additional initiatives where a need or gap is identified during the previous reporting period.

Throughout FY22, Virgin Australia used its risk assessment process together with its Modern Slavery Framework to prioritise efforts and take meaningful action within the legal, policy, operational and management settings we control. In line with our Modern Slavery Framework, our actions focused on four core areas:



## Q Policy and process

Virgin Australia has a clear set of codes, policies and procedures with which our people and the third parties we engage with are required to adhere. These codes and policies operate equivalently and consistently across the Virgin Australia Group, including owned and controlled entities. The suite of policies and processes helps to manage modern slavery and broader human rights risks in our supply chain and our operations. In this reporting period, we undertook a targeted, internal review of a number of these policies, processes and systems, which included consideration of how they address modern slavery. We identified opportunities to further strengthen our controls to detect, report and mitigate against compliance risks, including modern slavery, as part of our initial onboarding and management lifecycle of our workforce. This included ensuring that relevant team members review core policies and undertake supplementary training as part of the new join process.

Our policies promote a safe, diverse and inclusive workplace, and are designed to increase awareness of modern slavery risks in our operations and supply chain. Throughout 2022, we continued embedding modern slavery considerations into our policy and operational procedural settings. We reviewed several key policies that form part of our governance structure, including the Code of Conduct, Equal Employment Opportunity Policy (now known as the Workplace Behaviours Policy), Diversity and Inclusion Policy and the Whistleblower Policy. Updates to these policies reinforce Virgin Australia's commitment to human rights, including combatting modern slavery in its workforce and reporting when an issue is identified.

Policy / process document	How this policy is relevant to modern slavery	FY22 Review
<a href="#">Code of Conduct</a> and supporting online training module	Our Code of Conduct sets out how we do business and outlines the standards of behaviour expected from our team members and leaders. The Code emphasises our commitment to operating ethically and with integrity and includes a section on modern slavery. This section outlines our commitment to human rights and business practices that are fair and considerate of their workers, particularly in relation to the elimination of child labour. The Code sets out our expectation that team members report any instances of human rights violations. The Code of Conduct training module includes a modern slavery-specific component to encourage team members to consider how they can combat modern slavery risks in their role.	✓
Modern Slavery Incident Response Policy	Provides team members with high-level guidance on identifying and reporting actual or potential instances of modern slavery in our operations and supply chain.	✓
Workplace Behaviours Policy		✓
<a href="#">Diversity and Inclusion Policy</a>	These four policies outline our commitment to our workforce feeling supported and respected in relation to their human rights.	✓
Mental Health and Wellbeing Policy		
Safety Policy		
Procurement Policy		✓
<a href="#">Supplier Code of Conduct</a>	Articulates Virgin Australia's expectations of, and imposes obligations on, suppliers in relation to modern slavery, labour rights, and broader human rights. A number of the obligations (including for anti-bribery and anti-corruption controls) also extend to the supplier's subcontractors.	✓
<a href="#">Supplier Commitments</a>		✓
<a href="#">Whistleblower Policy</a>	Our Whistleblower Policy outlines the processes in place to receive and manage reports regarding potential misconduct, which includes suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct, as well as concerns that represent a potential breach of the Code of Conduct. This can include complaints relating to modern slavery.	✓
Safety and Security reporting (for operational team members)	<b>Speak Up mechanisms:</b> We encourage people to report human rights and modern slavery concerns through a number of channels including our Ethics Hotline, a 24/7 confidential reporting hotline that is serviced by an independent provider, or via other options including our line leaders. We provide regular reports to our Audit, Risk and Compliance Committee and Boards on material business conduct concerns and material breaches of our Code, including data on Ethics Hotline reports.	



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## Reviewing our employee and recruitment agencies contractual controls

Our direct workforce is covered by individual employment contracts, modern awards and enterprise agreements, which confer at least minimum pay and entitlements and provide for consultation regarding significant operational changes where appropriate. We recognise the right of team members to negotiate collectively, with or without the involvement of third parties such as unions.

During FY22, we reviewed our template employment agreements that are used to engage employees and contractors directly, to ensure appropriate contractual controls exist to mitigate human rights risks, including modern slavery. We found these template agreements reflected the relevant employment and labour standards (including minimum pay and other entitlements to leave and maximum weekly hours). However, we did make updates to include clauses that reflect Virgin Australia's commitment to respecting our workforce's human rights.

Additionally, we reviewed the agreements currently in place with three key recruitment agencies which assist Virgin Australia with acquiring and onboarding contractors, which confirmed that the agencies were bound by our Supplier Commitments, ensuring that they are required to comply with all applicable modern slavery laws and uphold the International Labor Organization's principles on human rights in the workplace. We will refine these agreements further if more stringent requirements are required due

to changes in law or where Virgin Australia's modern slavery risk profile changes.

## Strengthening our third-party contractual controls

During the reporting period, we assessed our approach to managing modern slavery risks in our contractual arrangements with third parties. In carrying out a review of our template agreements and terms and conditions relating to third-party engagements, we identified a need for a centralised register of clauses related to compliance matters, including modern slavery, to support consistent, robust decision making when developing and negotiating agreements with third parties. In tandem, we published [Purchase Order Terms and Conditions](#), which apply to our procurement of goods and services where no formal contract exists between Virgin Australia and a supplier. The new Purchase Order Terms and Conditions incorporate an obligation on the supplier to comply with the Supplier Code of Conduct and Supplier Commitments.

The Supplier Code of Conduct and Supplier Commitments outline Virgin Australia's expectations of its suppliers on a wide range of topics, including human rights, sustainability, ethics and integrity (e.g. bribery and corruption). While the Supplier Code of Conduct is a non-binding document which sets out the standards of conduct we expect from our suppliers, the Supplier Commitments are incorporated into Virgin Australia's template supply contracts and are binding on the supplier. We reviewed the

existing clauses of the Supplier Commitments and other template clauses which verified that we addressed modern slavery risk appropriately from a contractual perspective. While this review indicated that our contract templates appropriately addressed modern slavery considerations, we will continue to review and update our standard form contracts, policies and procedures where necessary.

The Supplier Code of Conduct, Supplier Commitments and Purchase Order Terms and Conditions are hosted on a newly created ["Work with us" page](#) on our public-facing website. This means third parties wanting to work with Virgin Australia know from the outset what our expectations are in respect of standards of behaviour and compliance, including with respect to modern slavery and human trafficking.

## Increasing visibility and strengthening our internal controls

We recognise it is within our control to improve how we address modern slavery risks in our own operations. Our ability to assess and address these risks relies in part on the integrity of the data we collect with respect to our operations and supply chain. Last year, we identified a lack of consistency in how we capture location/jurisdiction data as it relates to our indirect workforce. This is particularly relevant in a post-Covid era with hybrid working arrangements.

To address this gap, we have commenced a project to upgrade our system capabilities,

which will enable more centralised location data reporting capabilities across the Group. We have also commenced a program of work to collate the data on existing records and revise policies and procedures to ensure we capture this information at onboarding stage. This project will result in more visibility of the location of our workforce, which will further strengthen our ability to identify where indirect workers may be based in countries with a higher risk of modern slavery. With this information, we can explore proactive measures to help ensure that indirect workers in these locations continue to experience safe and fair working conditions and mitigate any potential risks relating to worker exploitation, including modern slavery. This work is ongoing and is expected to be completed in FY23.

## Strengthening contractual governance

We recognise that contractual mechanisms are an important part of mitigating the risk of modern slavery, but they are only effective when accompanied with robust contractual governance processes to ensure that risks are considered, and contractual controls are applied appropriately. Overall, our ability to achieve this was impacted by a variety of factors including:

- There can be multiple touch points for the same service provider across Virgin Australia with different compliance approaches.
- Some inconsistency in approach to inclusion of Supplier Commitment or modern slavery and other compliance-related clauses.



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- Degrees of subject matter expertise in operational teams regarding human rights related risks.

To help address this gap, we implemented a technology solution to help us review, negotiate and approve contracts utilising a workflow that allows for tracking of required contract due diligence activities. This process will support our teams in taking a consistent approach to contingent labour contractual controls, which will support our efforts to mitigate the risk of modern slavery in this area of our supply chain.

## Due diligence

### Enhancing our due diligence capabilities

Improving visibility of potential risks and impacts of modern slavery across both our new and existing third-party relationships is an important element of Virgin Australia's road map. During the reporting period, we began the roll out of our third-party assurance program (known as "Know Our Third Party" or "KO3P") which will ensure that key compliance and reputational risks, including modern slavery, are being considered when deciding who we do business with. Our KO3P program is supported by a platform which utilises

technology to undertake screening and other third party due diligence activities to identify, assess and monitor a broad range of non-financial risks, including corruption, labour, human rights, money laundering, sanctions, and ethics and sustainability risks.

The phased implementation of the program has commenced with our Fleet and Treasury team, who typically engage with third parties to provide products and services in one of the high-risk categories identified earlier, namely Aircraft Components. The relevant teams have been engaging with the program while it has been progressively rolled-out, leading to the evaluation of compliance risks, including modern slavery risks, and allowing the teams to consider the impact and risks posed by the proposed engagement between the parties. Our Procurement team also tested the KO3P program in a sourcing event for a product within the high risk category of Clothing and PPE (see case study opposite).

Currently, work is ongoing to ensure that the program aligns with existing onboarding procedures for suppliers, and business users are appropriately supported with guidance material and training. We expect that the KO3P program will become fully operational, and implemented across the Group, during FY23.

## CASE STUDY

### Piloting our KO3P program with our uniform RFP

In early 2022, Virgin Australia undertook a Request for Proposal (RFP) process for suppliers of its uniforms, and utilised this opportunity to test its KO3P program. As part of the KO3P program, Virgin Australia incorporated a mandatory requirement into the RFP requiring participants to answer questions relating to modern slavery, and, if required, undertake additional enhanced due diligence through the KO3P Platform. The responses formed part of the evaluation process undertaken by the Procurement team. As identified on pages 11 and 12, the clothing and PPE category poses modern slavery risks such as child and forced labour, typically where suppliers are sourcing raw materials like cotton. Virgin Australia was able to ascertain a greater understanding of the successful preferred supplier's manufacturing regions which include China, Fiji, Indonesia and Australia. The GSI rates Indonesia and China as high risk geographies (74 and 111 out of 173 respectively). China, and in particular the Xinjiang province, is considered high risk due to allegations of forced labour and widely reported labour issues including limited freedom of association, excessive overtime and corruption. Furthermore, the manufacturing industry, including the manufacturing of garments, is associated with exploitative industry practices. We confirmed with the preferred supplier that they had no factories in the Xinjiang province. In addition to this the preferred supplier provided details of their independent factory audit program as well as their international accreditation requirements for factory partners with organisations such as BSCI, WRAP and SEDEX to ensure they comply with global social responsibility standards. The KO3P program enabled Virgin Australia to assess the risk and apply appropriate controls, including strengthening contractual obligations with respect to modern slavery. The KO3P program will be further developed and considered in relation to sourcing of goods and services in FY23 to ensure modern slavery risks form an active part of the consideration of all new major supplier partnerships.



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## Modern slavery risk profile analysis

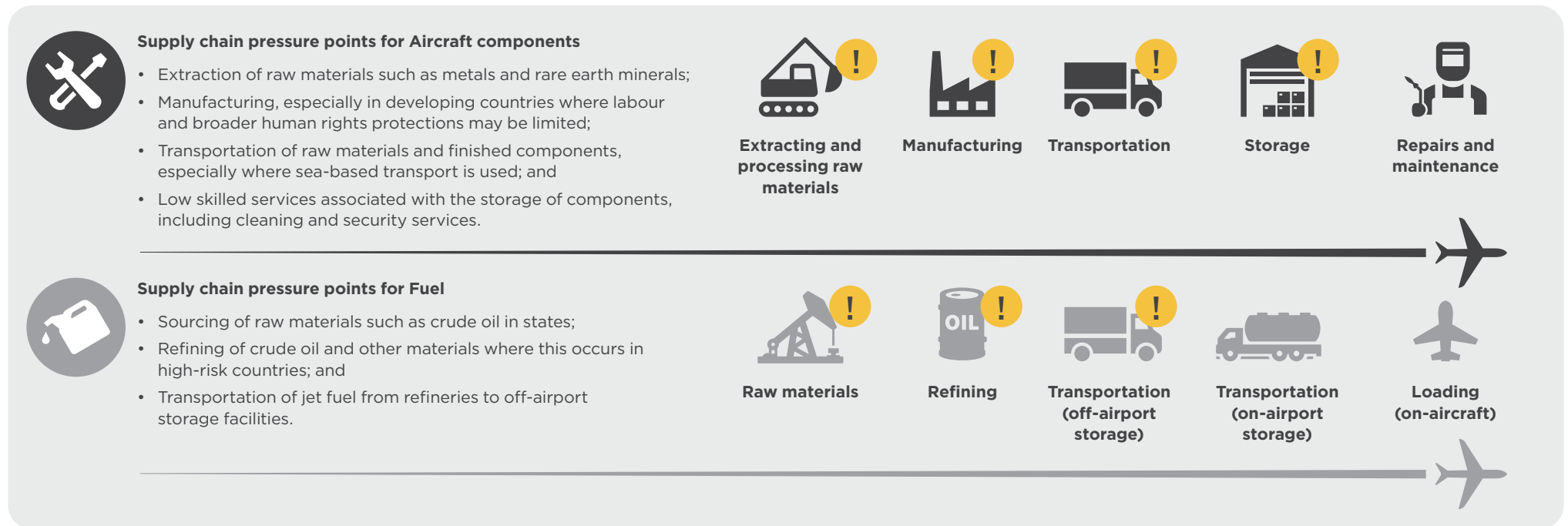
During the reporting period, we have been focused on improving our understanding of potential modern slavery risks in our operations and supply chains. In identifying Virgin Australia's five potentially high-risk categories of procurement, as outlined on pages 11 and 12, we have gained insight into how modern slavery risks could materialise in areas across the full extent of our supply chains, including with Tier 2 suppliers and below.

With the help of an independent business and human rights specialist, we developed risk profiles for some of our high risk categories based on:

- identified potential modern slavery risk factors (such as the use of migrant labour or manufacturing of components in high risk countries) in our operations and supply chain;
- the evidence base for modern slavery occurring in these areas; and
- whether Virgin Australia may be at risk of causing, contributing to, or being directly linked to risks in line with the UNGPs.

These risks were evaluated with reference to publicly available, external sources, such as Australian Government information and guidance, the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor, the Responsible Sourcing Tool and the Walk Free Global Slavery Index, and in consideration of the standards set by the UNGPs.

The diagram below outlines the key modern slavery risk points across our extended supply chains for the five high-risk procurement categories identified on pages 11 and 12.



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#### Supply chain pressure points for Facility services

- Labour standards for subcontracted workers;
- The procurement of high risk goods and materials such as uniforms by facilities management providers and subcontractors; and
- These risks would be heightened should Virgin Australia expand its international flights and consequently the need to use facilities overseas, including in higher risk geographies.



Sub-contracting for services engaged by Virgin Australia



Procurement of products sourced from third parties



Sub-contracting for services engaged through airports



#### Supply chain pressure points for Food and catering

- Harvesting of fresh produce such as fruit and vegetables;
- Processing and packaging of ingredients using sub-contractors who employ low-skilled labourers;
- Transportation of raw and processed ingredients to manufacturing plants; and
- Provision of cleaning and security services at manufacturing plant.



Sourcing of fresh produce



Processing of ingredients



Food preparation



Ancillary services (such as cleaning)



Transportation



#### Supply chain pressure points for Clothing and PPE

- Harvesting of raw materials (such as cotton);
- Manufacturing of textiles (fabrics) and PPE, especially in high-risk countries where labour and broader human rights protections may be limited;
- Production of garments, including assembly, cutting and sewing, especially where third-party labour arrangements in high-risk countries are utilised;
- Fitting of uniforms where staff are engaged by the supplier and there is little visibility of working conditions; and
- Low skilled services associated with the warehousing of clothing and PPE, particularly where warehouses are located in high-risk countries (although these risks may also be present in Australia).



Raw materials



Textiles manufacturing and PPE production



Garment production



Uniform fitting



Warehousing




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# Modern slavery risk factors

Supply chain				
 Aircraft components	 Fuel	 Facility services	 Food and catering	 Clothing and PPE
<p>Some examples of risk factors related to Virgin Australia:</p> <ul style="list-style-type: none"> <li>• Complex and fast moving supply chains that may limit verification of sourcing arrangements.</li> <li>• Suppliers may use high risk raw materials such as rare earths.</li> <li>• Sourcing from high risk geographies may occur.</li> <li>• Suppliers may use sub-contracted services.</li> </ul>	<p>Some examples of risk factors related to Virgin Australia:</p> <ul style="list-style-type: none"> <li>• Suppliers may use high risk raw materials such as rare earths.</li> <li>• May be a lack of human rights legislation or protections in countries where crude oil is sourced.</li> <li>• Remote and isolated locations of sites (e.g. offshore rigs and pipelines) can limit visibility over working conditions.</li> <li>• Complex and fast moving supply chains that may limit verification of sourcing arrangements.</li> <li>• Limited number of suppliers in the Australian market, which may result in less competition and less leverage.</li> </ul>	<p>Some examples of risk factors related to Virgin Australia:</p> <ul style="list-style-type: none"> <li>• Suppliers may use subcontracted labour, which can limit visibility of working conditions.</li> <li>• Strong pricing competition (where employee costs can be the primary cost of doing business).</li> <li>• Low skilled workers (e.g. migrant workers, international students) may not understand their workplace rights and entitlements.</li> <li>• Systemic issues around underpayment of workers.</li> </ul>	<p>Some examples of risk factors related to Virgin Australia:</p> <ul style="list-style-type: none"> <li>• Suppliers may use migrant and temporary labour in harvesting and processing of fresh produce.</li> <li>• Extensive and complex supply chains that may limit verification of sourcing arrangements of some pre-processed and processed foods.</li> <li>• Suppliers may use sub-contracted ancillary services (e.g. cleaning and security at manufacturing sites).</li> <li>• Time constraints and sudden increases in demand may require rapid onboarding of temporary workers.</li> <li>• Systemic issues around underpayment of workers in the wider hospitality sector.</li> </ul>	<p>Some examples of risk factors related to Virgin Australia:</p> <ul style="list-style-type: none"> <li>• Forced and child labour could be used in the harvesting of raw materials, such as cotton.</li> <li>• Manufacturing may occur in low cost countries with poor labour and broader human rights protections.</li> <li>• Suppliers may use temporary and migrant workers who may not understand their rights and have limited options to raise concerns.</li> <li>• Suppliers may use third-party labour and outsourcing arrangements by direct suppliers, which could limit the verification of working conditions.</li> </ul>

We will use the outputs of this analysis to further target our modern slavery risk management, including by using this to:

- identify suppliers within the categories with highest risk for modern slavery and where Virgin Australia has the most leverage to effect change;
- inform further training and awareness activities for our procurement and frontline teams; and
- guide and facilitate engagement with suppliers on modern slavery risk management.

As expected, this indicative analysis provides an insight into the types of potential modern slavery risks that exist beyond our Tier 1 supplier group. In FY23, we intend to uplift our data analytic capabilities to enable a more detailed analysis of risks beyond Tier 1.



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## Prioritising and assessing risk in our suppliers

Modern slavery risk factors can help to identify *potential* adverse impacts, or point to actual adverse impacts occurring.

Prioritising risks has enabled us to focus our attention on categories and suppliers with the highest potential risk. Going forward, we will explore opportunities to utilise our deep dive assessment process on selected suppliers to help identify any actual risks and impacts. We may look to:

- Engage with suppliers on how our program would benefit the supplier, and build understanding of the selected supplier's operations and own supply chains, including key sourcing countries.
- Develop a modern slavery risk readiness questionnaire tailored to the supplier to improve Virgin Australia's understanding of the supplier's own supply chain and sourcing arrangements for a selected high-risk product and assess the supplier's current modern slavery risk management approach and potential capacity gaps.
- Review with suppliers the questionnaire results and validate potential capacity gaps and opportunities for collaboration.
- Work with suppliers to develop and agree a high-level modern slavery action plan to guide further engagement between Virgin Australia and the supplier, including key potential actions and timings.

### CASE STUDY

#### Our deep dive with Global-C

During FY22, Virgin Australia commenced a pilot supplier deep dive program with Global-C, a supplier in our food and catering risk category, providing disposable cutlery and napkins for customers to use on aircraft. Virgin Australia and Global-C recognise the importance of working collaboratively to identify, address and mitigate the risks of modern slavery in our supply chain. With the help of an external business and human rights specialist, we were able to gain a greater visibility of the supply chain down to Tier 3. The pilot program highlighted Global-C's well-established relationships with its key suppliers who manufacture Virgin Australia's products, with some suppliers undertaking working condition checks for its own suppliers (Virgin Australia's Tier 3 suppliers). This engagement also highlighted three key opportunities for Virgin Australia and Global-C to collaborate on modern slavery risk management: 1) training, 2) policy development, and 3) grievance mechanisms and remediation. By sharing our own experiences and work in this area, Virgin Australia and Global-C were each able to discuss expectations and challenges with managing modern slavery risks in relation to this section of Virgin Australia's supply chain.

The deep dive has provided insights into Virgin Australia's supply chain more broadly, including the challenges in conducting due diligence that may be faced by smaller key suppliers. We recognise that smaller suppliers operate with limits on their capacity to identify and manage risks related to modern slavery. This deep dive has highlighted the importance of collaboration where Virgin Australia has the ability to provide assistance to suppliers within its supply chain. Going forward, Virgin Australia is considering how it could expand the deep dive program with selected suppliers across its identified potentially high-risk areas.



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## Training, awareness-raising, and capacity building

During the reporting period, we continued implementing our modern slavery engagement and awareness program in line with our core commitment of improving understanding of modern slavery risks with our team members. In doing so, we took a multi-pronged approach reflective of the variety of ways in which team members across different business areas may encounter modern slavery. We focussed on Group-wide activities as well as targeted training for key team members.

### Awareness-raising

We developed a modern slavery awareness article, which outlined the definition and indicators of modern slavery, provided high-level information about Virgin Australia's Modern Slavery Framework and action plans, and reminded team members how to report potential or actual instances of modern slavery. This article was shared using our internal communications and intranet platforms. These platforms are visible and accessible by all team members (direct and indirect) who are contracted by Virgin Australia.

### Training

As a provider of air transport services, Virgin Australia has a unique role and responsibility to combat modern slavery practices like human trafficking. We recognise that our cabin

crew and flight crew will have the most exposure to potential trafficking situations, so we provide guidance on how to identify and report incidences in all operating manuals and through both in person and online training modules.

In FY22, 2,251 operational staff (such as flight and cabin crew) completed human trafficking training as part of their in-person Aviation Security Training course (in addition to the online Security training), which focussed on recognising signs of human trafficking and what action to take if human trafficking is suspected. Virgin Australia continues to work closely with relevant authorities, governments and the airports in which we operate to ensure that all suspected human trafficking on our flights is reported and dealt with appropriately.



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We also added a module to our online Security training which is undertaken by all team members contracted directly with Virgin Australia, to provide our workforce with a basic understanding of what modern slavery is, how to identify modern slavery and the internal reporting mechanism to use when risks are identified or suspected incidents occur. This module was developed in consultation with Anti-Slavery Australia, a specialist legal research and policy centre dedicated to the abolition of human trafficking and slavery-like practices. 206 team members have completed this online training session since the Security training module was updated in March 2022.

We also focused on providing targeted training to key team members in corporate head office roles, where we identified team members who will more likely be required to identify, manage and report modern slavery risks or incidents. For example, in-person training sessions were conducted for approximately 40 team members from the Procurement, Sales, Velocity, Information Technology and People teams to assist these team members with developing a deeper awareness of modern slavery and the relevance of these risks to their role (e.g. Procurement, who have specific modern slavery and supplier engagement responsibilities or team members who, are responsible for onboarding new contractors to the business). Questions and discussions in these sessions demonstrated engagement and understanding of the topic, and team members subsequently requested access to more practical resources to assist with identifying and mitigating against modern slavery risks, which will be provided during FY23.

## External engagement and collaboration

Building collaboration opportunities and pathways with government agencies, industry partners, and non-government organisations is an important part of our program. We recognise there is an opportunity to learn from our peers, share our own experiences and identifying opportunities to work together. Over FY22, we engaged with a number of partners across civil society, government, industry and other corporate partners.

Civil society	<ul style="list-style-type: none"> <li>• Anti-Slavery Australia</li> <li>• UN Global Compact Modern Slavery Community of Practice observer</li> </ul>
Government	<p>We work with governments and national enforcement agencies such as:</p> <ul style="list-style-type: none"> <li>• Department of Infrastructure on Australia's progress on the adoption of the Comprehensive Strategy to Combat Human Trafficking</li> <li>• Australian Centre to Counter Child Exploitation</li> </ul>
Industry and corporates	<ul style="list-style-type: none"> <li>• Virgin Australia is a member of the International Air Transport Association (IATA) which recognises the important role that the airline has to play in preventing human trafficking. As a member of IATA, Virgin Australia supported the Resolution Against Trafficking in Persons</li> <li>• Airlines for Australia and New Zealand (A4ANZ)</li> <li>• Other airlines</li> <li>• Suppliers</li> <li>• Transport industry participants</li> </ul>

In this reporting period we engaged with the UN Global Compact Modern Slavery Community of Practice, which evolved into two streams: those participants in the process of 'implementing', and those participants 'optimising' their modern slavery risk management response. Virgin Australia joined the implementing stream and participated, sharing insights from our program and learning from other participants' experiences.



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## Grievance mechanisms

It is crucial that people in our operations and our supply chain not only have access to grievance mechanisms, but know how to use these mechanisms and feel safe and comfortable doing so.

We had previously identified that there were multiple avenues where team members could report modern slavery and other compliance-related issues. This included reporting systems for operational staff members, the Ethics Hotline, reporting through leaders and managers and emailing different departments such as Group Security, Workplace Relations, Legal and the Ethics and Compliance team. Having different channels created confusion with team members and resulted in less visibility of all occurrences.

Our Modern Slavery Incident Response Policy sets out our commitment to addressing modern slavery, by outlining:

- Our commitment to protecting and respecting the human rights of our team members and everyone we work with;
- The standards of behaviour expected of all team members with respect to modern slavery;
- The roles and responsibilities for operationalising the Policy, including reporting requirements for team members; and
- The factors that will be considered when dealing with a potential or actual instance of modern slavery in our operations or supply chain.

We updated our Modern Slavery Incident Response Policy, to streamline reporting lines and provide more visibility over reports to the Ethics and Compliance team. The Policy now provides more targeted guidance for our team members in operational and corporate settings on how to identify and report modern slavery risks, and actual or potential modern slavery incidents.

The Policy and reporting process that supports it was informed by the UNGPs (Principle 31) and the UN Global Compact Best Practice Guide. The Incident Response Policy aims to:

- Provide team members, and external parties, including partners with a mechanism to report modern slavery incidents or concerns that may be linked to Virgin Australia's operations or supply chains;
- Embed clear business conduct, rules, processes and roles and responsibilities for responding to modern slavery concerns or complaints including risk mitigation strategies; and
- Act as an important early warning system to enable problems to be addressed early and before they escalate.

While the Incident Response Policy is focussed on providing direction and guidance for internal team members, suppliers and their workers are encouraged in the Supplier Code of Conduct to use the Ethics Hotline to raise any issues about compliance risks, including modern slavery.

## CASE STUDY

### Modern slavery reporting

During FY22, Virgin Australia received one report of a potential modern slavery risk from with an employee in relation to a concern on one of our flights. In accordance with our Incident Response Policy, this concern was escalated through to the relevant internal department for assessment, and it was determined that the appropriate course of action was to report this matter to the Australian Federal Police for further investigation.

Reports of this nature signal an increasing awareness and sensitivity around modern slavery risks by our team members. While we have limited insight to the outcome of this report to the Australian Federal Police, we are confident that our internal reporting processes achieved the outcome that was required, with the correct enforcement agency managing this concern. This demonstrates that our processes and methods for managing modern slavery risks are working in practice. Our aim in the next reporting period is to continue improving this procedure by progressing our education and awareness program for our workforce. We will use examples like this in our training to demonstrate the different reporting mechanisms and highlighting the importance and effectiveness of the Incident Response Policy.



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**Reports of suspected risks or incidents of modern slavery can be received from multiple sources**

**Submit a report**

**Assess and investigate**



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# Assessing the effectiveness of our actions

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

We recognise that key performance indicators which reference qualitative data can often more accurately reflect the effectiveness of the initiatives undertaken to identify and address modern slavery risks. As such, we engaged with an external business and human rights specialist to review and expand the measures of effectiveness that we had included in our FY21 Statement, helping to ensure that the measurements were practical and suitable for their purpose.

The table below outlines how we assess the effectiveness of our actions to manage modern slavery risks:

Our Framework	How we measure	FY22 assessment
<b>Leadership</b> Commit   Guide	<ul style="list-style-type: none"> <li>Ensuring relevant frameworks, policies, procedures and standards include references to modern slavery or broader human rights considerations where appropriate.</li> <li>Tracking and reporting on progress to the Audit, Risk and Compliance Committee against the three-year road map prepared by the Modern Slavery Working Group and provided to the Executive Leadership Team and Board.</li> </ul>	<ul style="list-style-type: none"> <li>Our review of key policies identified where further updates could be made to support and advocate for human rights (page 17). Updates to these policies are expected to be completed in FY23.</li> <li>The progress of the Modern Slavery Framework was reported to the Audit, Risk and Compliance Committee three times during the reporting period. These reports included in-depth updates on the actions and initiatives undertaken, as well as updates on the development of this Statement.</li> </ul>
<b>Promotion</b> Train   Communicate   Collaboration	<ul style="list-style-type: none"> <li>Monitoring completion rates for modern slavery awareness training (in person and through VLearn) to track levels of awareness across the business.</li> <li>Reviewing feedback from participants to test the impact of training and help identify remaining knowledge gaps.</li> </ul>	<ul style="list-style-type: none"> <li>We have monitored completion rates of this training throughout the reporting period (page 25). We will update our training content for the next reporting period based on feedback received through these sessions.</li> </ul>
<b>Management</b> Process   Control	<ul style="list-style-type: none"> <li>Tracking the total number of modern slavery-related complaints reported through our grievance mechanisms, including our Ethics Hotline to help us understand whether our grievance mechanisms are fit for purpose.</li> <li>Monitoring availability of grievance mechanisms to roles within the operation where potential or actual modern slavery risks can be raised, and awareness of these channels among staff.</li> </ul>	<ul style="list-style-type: none"> <li>We have received one report of a potential modern slavery occurrence throughout the period. This was received through our reporting mechanism for frontline team members, which is separate from our Ethics Hotline. We will continue to review our grievance mechanisms to ensure they remain fit for purpose.</li> <li>Grievance mechanisms have been available throughout the reporting period to our workforce (direct and indirect), our supply chain and the general public.</li> </ul>
<b>Assurance</b> Assess   Engage	<ul style="list-style-type: none"> <li>Maintaining partnerships with third parties focussed on modern slavery, which helps us share information and learn from others' experiences.</li> <li>Engagement with key or high-risk suppliers to conduct supply chain review (e.g. table-top audits, site visit) and undertaking a modern slavery deep dive with a selected supplier to test our understanding of supply chain risks.</li> </ul>	<ul style="list-style-type: none"> <li>We engaged with an independent human rights specialist throughout the reporting period to assist with various initiatives in our action plan and understand broader best practice trends. We also engaged with airline partners and other industry participants to share ideas and knowledge about identifying and managing modern slavery risks in the transportation industry.</li> <li>We collaborated with Global-C to conduct a deep dive into their supply chain and their risk management strategy to help us better understand our supply chain and where there may be opportunities to further enhance our supplier engagement.</li> </ul>



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## Our road map

We track our initiatives and plans for future reporting periods against our road map, as part of our ongoing process to assess and address modern slavery risks. We will review and refine our road map as we continue developing our approach to identifying and managing modern slavery risk in our operations and supply chain.

We continue to monitor local and global regulatory environments, which will no doubt influence the strategic development of our future initiatives and plans. These include the Australian Government's three-year review of the Modern Slavery Act; the New Zealand Government's consultation on a potential Modern Slavery Act; the United States' Uyghur Forced Labor Prevention Act; and the European Union Directive on Corporate Sustainability Due Diligence that includes provisions for mandatory human rights.



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# Consultation and approval

## Consultation

This Statement is jointly submitted on behalf of the reporting entities in the Virgin Australia Group (as listed in Annexure One). 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. As outlined in Annexure One, the Virgin Australia Group has operational and holding entities. Consultation is undertaken with Working Groups, with escalation to the Modern Slavery Steering Committee, which work across the operational entities to address the Group's response to modern slavery through the Modern Slavery Framework. The Modern Slavery Steering Committee is comprised of members from across the Commercial, Corporate Affairs, Sustainability, People and Culture, Legal and Compliance, Procurement, and Risk and Audit teams.

In addition to the cross-functional consultation described above, all reporting entities covered by this Joint Statement were consulted on the development of this Statement.

## Approval

This Statement was approved by the Virgin Australia Holdings Pty Ltd (ABN 54 100 686 226) Board on 30 November 2022 on its own behalf and as the parent entity 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. Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965)
6. Velocity Frequent Flyer Pty Ltd (ABN 60 601 408 824)
7. Velocity Frequent Flyer 1 Pty Ltd (ABN 50 601 273 072)
8. Velocity Frequent Flyer 2 Pty Ltd (ABN 54 601 273 527)
9. Velocity Frequent Flyer Holdco Pty Ltd (ABN 44 169 684 093)
10. Virgin Australia Regional Airlines Pty Ltd (ABN 76 008 997 662)



**Jayne Hrdlicka**  
CEO and Managing Director,  
Virgin Australia Holdings Pty Ltd

30 November 2022



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# Annexure 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
Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965)	The principal activity of the company was to provide passenger air transportation services.	Virgin Australia
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 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



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# Annexure Two

## Overview of mandatory reporting criteria

This Statement was prepared to meet the mandatory reporting criteria set out under the *Modern Slavery Act 2018* (Cth). The table below provides reference pages for the relevant disclosures in each criterion within this Statement.

Modern Slavery Act mandatory criteria	FY22 Modern Slavery Statement
Identify the reporting criteria	Disclosure Notes (page 3) Annexure One: Overview of reporting entities (page 31)
Describe the structure, operations and supply chain of the reporting entity	Our structure, operations and supply chain (pages 6-7)
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	Our modern slavery risks (pages 10-13)
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 14-27)
Describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions (page 28)
Describe the process of consultation with any entities that the reporting entity owns or controls	Consultation and approval (page 30)
Any other information that the reporting entity considers relevant	Introduction: Message from the Chief Executive Officer (page 4) Impact of COVID-19 (page 9) Our road map (page 29)



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