

Virgin Australia and Boeing Memorandum of Understanding (MoU)

FY24 ACTIVITIES REPORT



This report details key activities undertaken by Virgin Australia Airlines (“VA”) and The Boeing Company (“Boeing”) throughout the financial year 2024 (1 July 2023 - 30 June 2024) (FY24) under our Memorandum of Understanding (MoU) focused on sustainability initiatives. The MoU recognises the ability of both VA and Boeing to leverage their significant Australian operational footprints to amplify and accelerate sustainability-related outcomes, with particular reference to the following five areas of focus and ambition:



Sustainable Aviation Fuel (SAF): Boeing and VA will prioritise joint advocacy for the development of an Australian SAF industry, supporting domestic policy and supply chain investment to accelerate SAF production.



Carbon Offsetting: Boeing and VA will partner to advance robust Australian carbon offsets that support regional development, particularly for First Nations people. Both companies will work to leverage existing networks to help raise public awareness about high-quality decarbonisation opportunities via market-based measures.



First Nations Engagement and Inclusion: Boeing and VA will work closely to identify areas of potential acceleration in this domain, with a particular focus on procurement opportunities from First Nations suppliers.



Workforce development and inclusion: As two major Australian employers, the companies will partner to identify opportunities to accelerate workforce inclusion efforts in areas such as gender and First Nations people’s representation, internships and graduate opportunities, disability accessibility and broader capability uplift such as mentoring programs.



Australia-US bilateral clean energy cooperation: Reflecting their significant role in the Australia-US economic relationship, Boeing and VA commit to work in close cooperation to advance the ambitions of the 2023 Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact, focusing on advancing responsible clean energy supply chains.

FY24 Highlights

Sustainable Aviation Fuel

Boeing and VA signed the MoU on sustainability initiatives in Seattle in June 2023. The signing coincided with the delivery of VA's first Boeing 737 Max-8 aircraft named "Monkey Mia". This milestone was marked with the use of a 30 per cent SAF blend on the first leg of Monkey Mia's delivery flight to Australia, namely from Seattle to Hawaii.

Other collaborative efforts to raise awareness of the potential for SAF usage within Australia's domestic aviation industry included:

- **Actively contributing to the Australian Government's Jet Zero Council (JZC).** VA and Boeing are both inaugural members of the JZC, appointed by the Australian Federal Transport Minister. As part of the JZC's work, VA & Boeing agreed to take on co-leadership of the SAF Accounting workstream, co-authoring two discussion papers. The first paper highlighted the significance of robust SAF Accounting mechanisms, outlining the chain of custody methods employed globally and presenting a compelling rationale for adopting the 'Book and Claim' system as a suitable option for the Australian context. The second paper, prepared with the support of consulting firm Pollination, explored the practical application of the 'Book and Claim' approach within Australia's existing policy framework for emissions reduction.

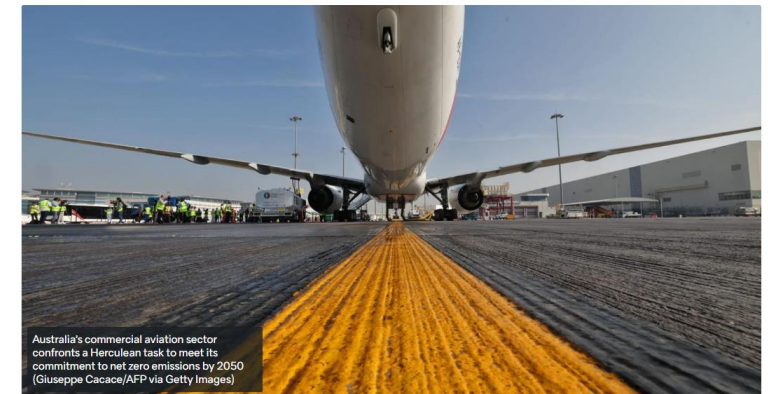
- **Co-hosting a workshop** through the Sustainable Aviation Fuel Association of Australia and New Zealand (SAFAANZ) to bring together key industry players to explore their views and insights on SAF Accounting. Through these collaborative efforts, VA and Boeing hope to stimulate industry engagement and dialogue on potential policy directions, paving the way for a more sustainable and affordable future for Australian aviation.
- **A co-authored article published by the Lowy Institute's 'Interpreter' blog**, which highlighted the critical challenges and opportunities surrounding SAF adoption. The article underscored the vital role of government support in fostering a robust domestic SAF industry, and explored the potential benefits that a thriving domestic SAF sector could offer to national liquid fuel security, encompassing both commercial and defence considerations. Through this collaborative effort, VA and Boeing aimed to stimulate productive dialogue with policymakers and stakeholders towards a more sustainable future for Australian aviation and the intersection with national liquid fuel security considerations.

PUBLISHED DAILY BY THE LOWY INSTITUTE f t in

Finding opportunity in Australia's liquid fuel security challenge

HEIDI HAUF CHRISTIAN BENNETT

Sustainable Aviation Fuel – whether for Defence or commercial aviation requirements – can help fix a national problem.



Published 16 Jun 2023 Australia Defence & Security Energy

Excerpt of the co-authored article published by the Lowy Institute's Interpreter blog.

Workforce development and inclusion

Mentorship program

VA and Boeing Australia launched our first-ever joint mentorship program this year, with the leaders of each business taking on a mentee from the partner organisation.

VA CEO Jayne Hrdlicka mentored Jennifer Hill, Finance General Manager of Boeing Aerostructures Australia. President of Boeing's Australia, New Zealand and South Pacific region Maria Fernandez mentored Emma Craighead, VA's Head of Revenue Management.

Initiated in August 2023, the program created a dedicated space for knowledge transfer and leadership development for upcoming aviation industry leaders. This enriching experience for both mentors and mentees left a lasting impact on the participants, who said it provided incredible learning, mentorship, and guidance on tough decision making.

Virgin Australia's Head of Revenue Management, Emma Craighead said:

"Being mentored by Maria, Boeing's CEO, has been an incredible experience."

"Her professionalism and guidance through tough decisions have been invaluable, and I'm so grateful for everything she's shared with me and the times she has invested. Her support has truly changed the way I approach my career."

Education sessions

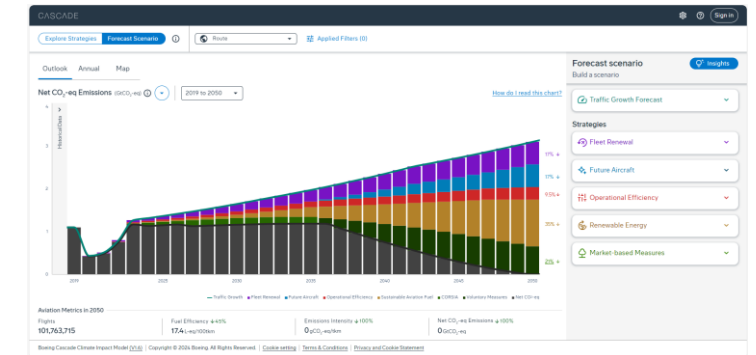
We have co-hosted virtual lunch and learn sessions designed to educate employees on the latest advancements in sustainable aviation.

The first session featured a presentation by Heather Sheffer, Carbon Strategy Lead at Boeing. Ms. Sheffer shared insights gleaned from her participation in the third International Civil Aviation Organization (ICAO) Conference on Aviation and Alternative Fuels (CAAF/3) held in Dubai. In particular, Ms. Sheffer highlighted the key takeaways that hold particular relevance for the aviation industry's ongoing pursuit of environmental sustainability, such as the establishment of the global goal of 5 per cent carbon intensity reduction by 2030 through the use of SAF and a comprehensive Global Framework for Cleaner Energies to support the transition.



The second session featured a presentation by Dr. Kimberly Camrass, Boeing's Regional Sustainability Lead for Australia, New Zealand, and South Pacific, and a member of Boeing's Global Sustainability Engagement & Partnerships team, on Boeing's climate impact modelling tool, Cascade.

Cascade allows stakeholders across the aviation sector to explore various decarbonisation scenarios. The tool's versatility allows users to analyse the potential of operational efficiency improvements, fleet renewal strategies, the integration of renewable energy sources like SAF, and the role of market-based measures such as carbon offsets. By leveraging Cascade's data-driven insights, users can gain a comprehensive understanding of the complex interplay between different decarbonisation strategies.



Above: Excerpt of the Boeing Cascade Climate Impact Model.

Australia-US bilateral clean energy cooperation

Boeing and VA worked in close cooperation to advance the ambitions of the 2023 Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact (**Compact**). Notably, the focus of Boeing and VA centred on advancing the Compact's objective to coordinate policies and investments to support the expansion and diversification of responsible clean energy supply chains, accelerate the development of markets for established and emerging technologies, and meet the growing energy and adaptation needs of the Indo-Pacific

A pivotal aspect of this effort involved Boeing and VA taking a leading role in the coordination of engagement with the Federal Government regarding enhanced bilateral cooperation on SAF. CEOs from VA, Qantas Group, Rex, Bonza, and Boeing Australia co-authored a letter addressed to the Australian Prime Minister. The timing of the letter was planned to coincide with the Prime Minister's October 2023 official visit to Washington D.C. This strategic approach ensured direct and influential communication with key decision-makers, advocating for heightened collaboration between Australia and the United States in the critical area of SAF development and deployment.

The culmination of these efforts was successful. In statements issued during the visit regarding future clean energy supply chain cooperations, both countries noted the importance of SAF and committed to the sustainable development of high integrity SAF production and to continue to explore areas for cooperation under the Compact¹.

The year ahead: priorities for FY25

In FY25, Boeing and VA aim to explore the potential of robust Australian carbon offsets that could contribute to regional development, with a particular focus on empowering First Nations communities. We also intend to explore potential avenues for collaboration that could accelerate progress in sourcing from First Nations suppliers within the broader aviation and aerospace sector. While the specific details of these potential partnerships are still under development, the objective is to leverage the combined influence of Virgin Australia and Boeing to raise public awareness about high-quality carbon offset programs and their role in supporting regional development and First Nations communities.



On 24 November 2023, VA announced six additional MAX-8 aircraft to enter the fleet, bringing the MAX-8 on order to 14. MAX-8 aircrafts are at least 15 per cent more fuel efficient and 40% quieter compared to the 737-800 NG fleet.