



virgin atlantic



Fly safe, fly well

Annual Report & Financial Statements



# Sustainability

## Overview

Becoming the most loved travel company comes with huge responsibility. A responsibility to our people, our customers, the communities we operate in and the planet on which we all live. It pervades everything we do and how we do it.

In 2020, a year like no other, the Covid-19 pandemic has affected every aspect of our operation and impacted every one of our stakeholders. But the strength of our values to make friends, think red and be amazing has seen us through the toughest year in our history.

## People

Our people are at the heart of everything we do. Meaning the focus and rigour we apply to our customer journeys is mirrored in our people journeys too. Creating a workplace that is based on equality of opportunity, recognises each individual and celebrates diversity of perspective without limit.

Our people create unrivalled experiences for our customers, across every touchpoint. Throughout the people journey and across the airline, we support our people to be at their very best and to bring their true selves to work. We attract and retain talented, enthusiastic and collaborative people across a broad range of skills, backgrounds and experiences.

We approach career development and promotion in the same, meritocratic way. Meaning our people don't come to work to just do a job. They come to laugh, learn and lean in to the Virgin Atlantic spirit. A performance-led airline that is committed to excellence and values the contribution of every single person.

In 2020 we took difficult decisions to ensure the survival of Virgin Atlantic and to protect as many jobs as possible. But sadly, we could not save every job. In May and September we announced redundancies affecting 4,300 roles in total. Difficult decisions for any company to take but heart-breaking for Virgin Atlantic where our people are at the centre of everything we do.

The loss of jobs affected every level of the organisation, from our cabin crew and pilots, our engineers and airport staff, through to our back office and leadership team. Across our workforce, the devastating impact of Covid-19 and the loss of livelihoods, colleagues and friends affected everyone working at Virgin Atlantic.

Throughout the year, our focus was on ensuring transparency in our redundancy processes, fair treatment of all our people and providing support for those placed at risk and/or who sadly left the airline.

We put in place a full suite of resources for managers having to resize their teams including comprehensive support to equip them for selection and online interview processes. Ensuring consistency and fairness for our people. For those placed at risk of redundancy, we developed in house resources to offer support for interview, CV and profile building alongside active promotion of internal job boards and direct engagement with external employers actively recruiting.

For those who left us or moved into one of our holding pools this enabled many to move into other employment. For our people who spent large amounts of time on furlough in 2020, we promoted volunteering opportunities with organisations such as the NHS and many were able to put their invaluable skills to use supporting the UK's frontline response to Covid-19.



Given the impact of Covid-19 on our passenger flying programme in 2020, our direct workforces, particularly cabin crew and pilots, have been widely impacted. As passenger demand returns and we retake to the skies at scale, we hope to welcome back as many of our former colleagues as possible. To make this possible, and in conjunction with our union representatives, we introduced innovative holding pools for many of our pilots and crew. An industry first.

At the end of 2020, we had over 310 pilots and 1,450 cabin crew in our holding pools. This will allow Virgin Atlantic to scale back up as quickly and efficiently as possible, as demand returns. For our former colleagues, the holding pools provide clarity on how and when, they can retake to the skies with Virgin Atlantic, if they choose to do so.

We welcomed the introduction of the Coronavirus Job Retention Scheme (CJRS) in April 2020 and have accessed the scheme since its inception. We expect to do so until international travel resumes at scale and in order to protect more than 5,000 jobs. At its peak, over 70% of our workforce were on furlough leave, declining to around 40% by the end of 2020.

Throughout, we have focused on rotating our teams to respond to our flying programme and to support as many people as possible to feel connected with their colleagues, customers and roles at Virgin Atlantic. We have put in place targeted support for those on furlough, including financial wellbeing and one-to-one support tools for our leaders. We have been consistently measuring the happiness of both our colleagues in work and colleagues on furlough in a fortnightly pulse survey, to understand and take action for teams and individuals requiring additional support.

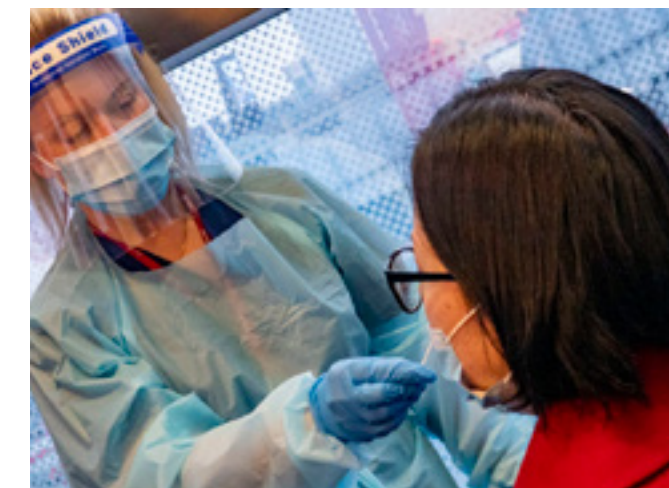
## Safety and well being

For our people and customers, health, safety and security is our number one priority. Always. Our people focused Be Safe, Be Well, programme mirrors our customer facing Fly Safe, Fly Well programme. Delivering a Covid-19 safe environment for all our teams. Whether on board, at the airport, in our hangar or at our offices, we have industry leading measures in place so that our people feel safe when working and have the tools needed to work safely and effectively from home.

We were the first UK airline to introduce rapid pre-flight Covid-19 testing for our crew and pilots from October, supported our ground teams through regular Covid testing, undertaking over 7,000 tests by the end of the year. Our onboard protocols and cleaning were there for the safety of our people as well as customers and we provided comprehensive support to crews when travelling and staying overseas.

But our Be Safe, Be Well programme goes beyond just physical health and safety. We have established knowledge libraries and virtual toolkits to equip our leaders and managers with wellbeing resources. Encouraging them to reach out to and support their teams, whether in work or on furlough. To raise awareness and understanding around the impact of Covid-19 on mental health and fatigue, both physically and emotionally. Providing our teams with digital resources and regular communications to ensure our people remain connected, despite more than a year of remote working and furlough across the Company.

Our Employee Assistance Programme provides 24/7 comprehensive support to every individual and their families, alongside a series of webinars to ensure our people have meaningful access to mental, financial, emotional and social support. For what has universally been one of the toughest years professionally and personally for so many, no-one at Virgin Atlantic stands alone.



# Sustainability *continued*

Getting back to our best in 2021

As we enter 2021, the talent and creativity of our people must continue to be recognised and developed. To retain and build our pipeline of future leaders, we must support all our people to embrace a growth mindset. To think like a start-up and act like an owner of Virgin Atlantic and to live our values, every day.

During 2020 we transformed the way we delivered training, for example, moving much of our operational training online. Reducing costs, increasing flexibility, and driving improved learning satisfaction scores.

For example, our cabin crew learning satisfaction scores improved by 14 ppts since adopting digital learning. Similarly, we have received very positive feedback from many colleagues, which highlighted benefits such as greater flexibility and enabling our teams to learn on their terms, when their energy is at its highest and in the comfort of their home environment.

In a year where most in-person experiences have been lost, we have focused on new ways to retain the connectivity of our people. Undoubtedly the human touchpoints of the journey are what make Virgin Atlantic most loved – for our people, as well as our customers.

In October we launched a re-connect platform across the airline, targeted at those who have spent long periods on furlough to provide a re-entry point for all our people, given the transformation of the airline in 2020. Helping our teams get up to speed with how Virgin Atlantic 2.0 looks today, to understand our three critical missions of Survival, Love and Profitability, and to reconnect all our teams with our vision, values and plans as we head into 2021.

Diversity, equity and inclusion

Ensuring we have the right mix of people with the right skills to do the role will enable us to become the most loved travel company.

Virgin Atlantic has a long-established reputation for championing diversity and inclusion. For us, this commitment goes beyond the workplace. It must permeate the industry and the societies in which we live and work.

Our ‘Be Yourself’ initiative launched in 2019. Focused on awareness, inclusion and recognising the value of difference and diversity. At Virgin Atlantic, we know this breadth of perspective, experience and opinion improves our decision making. Extending our reach and allowing our people to know they belong. No matter where they come from, the colour of their skin, their sexual orientation or their religious beliefs.

Initiatives both within the organisation and in the community have included LGBTQ+ education for our holiday destination partners, supporting Pride festivals in the United States, France and across the United Kingdom, and the development of an inclusive hiring toolkit.

Despite a headcount reduction of 41% in 2020, there has been limited impact on our diversity and inclusion targets. But with recruitment largely frozen and with our holding pool structure in place, our levers of change are limited in the shorter term. In 2021, we will be refreshing our target - recognising current constraints but unwilling to compromise on driving positive change. Change that makes us better for our people, our customers, our communities.

% Female	End 2019	End 2020
Total headcount	62%	60%
Management grade D+	42%	40%

Our planet

At Virgin Atlantic, we have been pioneering sustainability leadership for over a decade. In 2020, we became a signatory of Sustainable Aviation’s commitment to Net Zero carbon emissions by 2050. We also joined the UK’s Jet Zero Council, a cross industry and UK Government working group, established to reduce barriers and accelerate solutions to decarbonise the aviation sector.

Between 2007 and 2019 we reduced our aircraft carbon emissions by 20%. As a result of the early retirement of our four engine aircraft in 2020 and the improved efficiency of our newer, modern fleet; we estimate that our CO<sub>2</sub> /km will reduce by a further 10% in 2021 (compared to 2019).

In 2020, global aviation capacity fell by 57%<sup>1</sup> and IATA is currently forecasting that longhaul travel will not return to 2019 levels until 2024.<sup>2</sup> This has impacted the first stage of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) which was designed by ICAO to achieve the global aspiration for carbon neutral growth. Under the agreement, the baseline year has been reset to 2019 and offsetting is now not expected under the scheme until industry growth surpasses 2019 levels. These changes do not diminish our determination to find innovative and effective ways to reduce our carbon emissions.

We are long term supporters of technology innovation and development to achieve the commercialisation of sustainable aviation fuel (SAF) in the UK and internationally, as shown by our long standing partnership with Lanzatech since 2011. We actively support their efforts to scale up their technology to convert industrial waste gases into various low carbon products, including jet fuel. We are also engaging with suppliers, researchers and industry partners to promote collaboration on SAF development.

Industry and Government leadership is now essential to deliver meaningful change in the years ahead. The Jet Zero Council and the COP26 climate summit taking pace in Glasgow in November present an opportunity for the UK Government, alongside UK aviation, to build momentum in the global effort to reduce carbon emissions.

Our carbon footprint and metrics in 2020

Our total carbon footprint in 2020 was 2.2m tonnes of CO<sub>2</sub>e, a third of our 2019 footprint and a direct result of the reduction in operations due to the Covid-19 pandemic.<sup>3</sup>

The carbon and fuel efficiency of our aircraft remains the number one environmental priority, accounting for more than 99% of operational (Scope 1 and 2) carbon emissions. When taking into account our operational emissions and scope 3 indirect emissions from across our value chain, aircraft carbon still represents nearly 90% of our full footprint.

The aircraft we operate makes the biggest difference to our fuel use and carbon emissions. For over ten years we’ve been transitioning to a cleaner, greener fleet. Our entire fleet now comprises twin engine aircraft including Airbus A350s, A330s and Boeing 787s.

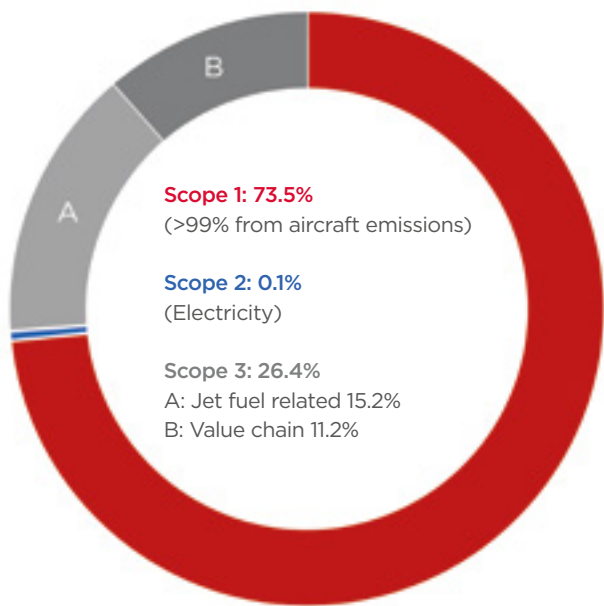
We reduced our CO<sub>2</sub>/RTK by 18% between 2007-2019. In 2020, our metrics were impacted by Covid-19 as reduced passenger numbers meant our CO<sub>2</sub>/RTK increased, as this is a measure of carbon emissions relative to the passengers and cargo we carry. However, our current, simplified fleet will be c10% more fuel and carbon efficient per km flown when compared to our fleet in 2019, and we will see improvements in the CO<sub>2</sub>/RTK metric as demand returns and our load factors increase.

<sup>1</sup>IATA analysis based on available seat kilometres flown (domestic and international) [iata.org/en/pressroom/pr/2021-02-03-02/](https://www.iata.org/en/pressroom/pr/2021-02-03-02/)  
<sup>2</sup>IATA economic analysis ‘Covid-19 outlook for air transport and the airline industry’ November 2020 [iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance-november-2020---presentation/](https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance-november-2020---presentation/)  
<sup>3</sup>CO<sub>2</sub>e, or carbon dioxide equivalent, is a standard unit for measuring carbon footprints. The idea is to express the impact of each different greenhouse gas in terms of the amount of CO<sub>2</sub> that would create the same amount of warming



# Sustainability *continued*

2020 carbon emissions



Our full footprint, energy usage, intensity metrics and methodology are set out overleaf.

Our actions

Our long term initiatives to improve the carbon efficiency of our operations have centred on three key areas: fleet, sustainable fuels and CORSIA. A short film 'Three steps to tackle our footprint' can be viewed on our website [virginatlantic.com/changeisintheair/climateaction](https://virginatlantic.com/changeisintheair/climateaction)

In 2020 non fleet actions to reduce our energy usage and carbon emissions have largely been a result of the resizing and re-shaping of Virgin Atlantic in response to Covid-19. Despite some of these actions being geared towards survival, we expect these decisions to deliver carbon savings beyond 2020.

Our non fleet actions include moving our flying programme from Gatwick to Heathrow and preparing for the closure of our Gatwick hangar, and other airport properties. We revised our two main office buildings in Crawley into one. And from January 2021, the VHQ becomes a single head office as we wind down and exit The Base. The VHQ is significantly more energy efficient, utilises heat pumps instead of gas, and the base build was rated excellent by BREAAAM on completion. Across our car fleet, we also accelerated the transition to hybrid and returned all petrol and diesel cars to the lessor in the year.

We seek to do business responsibly and continually strive to improve our environmental behaviours and footprint, going beyond carbon emissions to encompass waste and water management, human rights and animal welfare, both in our business and within our supply chain. For more information, you can keep up to date with our activities and news on our website: [virginatlantic.com/changeisintheair](https://virginatlantic.com/changeisintheair)

Community

Our flagship community programme, Passport to Change, focuses on supporting and inspiring young people into the world of STEM, aviation and travel. Up until March 2020, hundreds of our people engaged with students from schools in our local communities of Crawley, Swansea and Atlanta. Virgin Atlantic pilots, cabin crew, engineers and people from our finance, people technology, and communications teams, took part in one-to-one mentoring support, sharing their career stories and taking over the classroom to offer lessons in wide ranging topics. These ranged from CV building to the theory of flight (complete with paper aeroplane competitions).

With the onset on Covid-19 and school closures we paused Passport to Change, pivoting to support local and national efforts in response to the pandemic. Our cargo operations provided vital transportation links – bring PPE and test kits into the UK to support frontline NHS staff. Our people volunteered across the NHS, including at NHS Nightingale and other hospitals, ambulance services across the UK, building respiratory equipment and more.

We also got in touch with our local partner schools to donate no-longer-used iPads, laptops and monitors to disadvantaged students. Enabling them to access virtual home-schooling and supporting efforts to reduce the vast numbers of children unable to access education whilst schools were closed.

Alongside this work, our people have continued inspiring the next generation into STEM and aviation. We've partnered with Fantasy Wings, an organisation that encourages more women and young people from the Black, Asian and Minority Ethnic (BAME) communities, to consider a career in the aviation industry and to add diversity to the flight deck where currently only 5% are women and 7% BAME.

We also work closely across industry networks that support female career development in our sector. Virgin Atlantic is an active member of *Women in Aviation* and *Women in Hospitality, Travel and Leisure*. Our participation includes board and committee representation alongside many of our senior leaders providing mentoring and contribution to development programmes.



Sustainability continued

Type of emissions	Activity	2019 emissions (tCO <sub>2</sub> e)	2020 emissions (tCO <sub>2</sub> e)	2020 emissions (%)	YoY change (%)
Direct (Scope 1)	Aircraft fuel	4,190,727	1,597,904	73.4%	-61.9%
	Natural gas	2,428	1,808	0.1%	-25.5%
	Ground vehicles	608	164	0.01%	-73.1%
	Refrigerant	0	827	0.04%	-
	Other fuels	466	229	0.01%	-50.9%
	Subtotal	4,194,229	1,600,933	73.5%	-61.8%
Indirect energy (Scope 2)	Purchased electricity <sup>1</sup>	3,225	2,101	0.1%	-34.9%
	Subtotal	3,225	2,101	0.1%	-34.9%
Indirect other (Scope 3)	Category 1 - Purchased goods and services	240,503	126,511	5.8%	-47.4%
	Category 2 - Capital goods	211,469	39,009	1.8%	-81.5%
	Category 3 - Fuel and energy related, well to tank (WTT)	869,019	331,601	15.2%	-61.8%
	Category 4 - 9 <sup>2</sup>	158,433	39,608	1.8%	-75.0%
	Category 11 - Use of sold products	249,844	37,676	1.7%	-84.9%
	Subtotal	1,729,268	574,495	26.4%	-66.8%
Total emissions (tCO <sub>2</sub> e)		5,926,722	2,177,529	100%	-63.2%

Carbon Footprint Methodology

In line with the Greenhouse Gas Protocol, we compile our carbon footprint by ‘Scope’. This enables us to calculate and understand the sources of our direct and indirect emissions and to identify our most important carbon impacts. In order to report greenhouse gas emissions we must convert ‘activity data’ such as distance travelled, litres of fuel used or tonnes of waste disposed into carbon emissions. Emission conversion factors are used for this purpose and each year we use the published DEFRA emission factors: [www.gov.uk/government/collections/government-conversion-factors-for-company-reporting](https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting).

Our aircraft carbon emissions are independently verified each year for submission to EU Emissions Trading Scheme (EU ETS) and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

For Scopes 1 and 2 we use actual data collated from our operations. However, due to fewer people actively working in the business during 2020 and 2021 due to the Covid-19 pandemic there is some estimated data this year. Where categories have been estimated they have been based on a % of the 2019 consumption. Estimated categories in 2020 are ground vehicles, retail stores and some airport properties which represents <0.5% of our total footprint.

Scope 3 emission calculations rely on some modelling techniques using financial data as well as actual data. The largest contributor, category 3, uses actual data and the appropriate DEFRA emissions factors. Categories 1, 2 and 11 are modelled using financial data and 2019 Comprehensive Environmental Data Archive emissions factors. Categories 4-9 have not been directly calculated as typically they contribute <1% individually to our footprint, and these activities were all greatly reduced in 2020. Instead we have estimated their contribution as 25% of the 2019 figure.

<sup>1</sup> We purchase 100% of our electricity from green energy tariffs (REGO scheme backed suppliers) although we still count this consumption within our carbon footprint calculations.  
<sup>2</sup> Categories 4 – 9 includes things like business travel, commuting, onward customer travel and waste.

Sustainability Metric	2019 data	2020 data	YoY % change
Aircraft CO <sub>2</sub> (kg) per revenue tonne kilometre	0.719	0.823	14.5%
Total CO <sub>2</sub> emissions (tonne) from aircraft operations	4,148,970	1,581,962	-61.9%
Aircraft CO <sub>2</sub> (g) per passenger kilometre	78.9	119	50.8%
Aircraft CO <sub>2</sub> (g) per cargo tonne kilometre	470	496	5.4%
Electricity use, kWh	12,409,002	9,011,904	-27.4%
Gas use, kWh	8,524,419	8,749,654	2.6%
Combined Electricity and Gas, (tonnes) CO <sub>2</sub> e	4,739	3,710	-21.7%
Average aircraft noise (decibels)	95.1	93.3	-1.9%

Methodology

- For our aircraft carbon metrics, we used following methodology:
  - Total CO<sub>2</sub> emissions: Calculated using the aviation turbine fuel CO<sub>2</sub> conversion factor multiplied by the amount of fuel used from all flights.
  - CO<sub>2</sub>/Revenue Tonne km. As above, CO<sub>2</sub> is calculated using the aviation turbine fuel CO<sub>2</sub> conversion factor multiplied by the amount of fuel used. RTK is calculated from all revenue (paying) passengers and freight (cargo) flown multiplied by the total number of kilometres flown. The airport to airport distance is calculated using the Great Circle Distance (the shortest distance between two points on a sphere). This is then increased by 8% to allow for ‘real world’ distances flown. By way of example: including sub optimal routing and queueing to land at airports during periods of heavy congestion. Our methodology for 2019 and 2020 intensity metrics (CO<sub>2</sub>/RTK and CO<sub>2</sub>/PK) differs from previously published data due to a correction to our GCD calculation.
  - CO<sub>2</sub>/Passenger km. As above, CO<sub>2</sub> is calculated using the aviation turbine fuel CO<sub>2</sub> conversion factor multiplied by the amount of fuel used. PK is calculated from all passengers (“PAX”) flown multiplied by the total number of kilometres flown (Great Circle Distance + 8%). A passenger to cargo weighting is also applied so that emissions can be allocated between passengers. This takes into account luggage, seats, etc. excluding the emissions associated with transporting cargo. The passenger cargo weighting is calculated as follows:

Total PAX Weight (100kg per PAX, includes bags) + Total Seat Weight (50kg per seat) divided by the Total Weight (PAX + seats + cargo). We have taken this formula from the ICAO Carbon emissions calculator methodology: [icao.int/environmental-protection/CarbonOffset/Documents/Methodology%20ICAO%20Carbon%20Calculator\\_v10-2017.pdf](https://www.icao.int/environmental-protection/CarbonOffset/Documents/Methodology%20ICAO%20Carbon%20Calculator_v10-2017.pdf)
  - CO<sub>2</sub>/Cargo Tonne km. As above, CO<sub>2</sub> is calculated using the aviation turbine fuel CO<sub>2</sub> conversion factor multiplied by the amount of fuel used. A passenger to cargo weighting is also applied as described above. CTK is calculated from the weight of cargo flown multiplied by the total number of kilometres flown (Great Circle Distance + 8%).
- Energy use relates to sites where we are billed directly for our energy use and is derived predominantly from our main sites which are The VHQ, The Base, Heathrow and Gatwick Hangers and the Swansea Customer Centre. Electricity also includes smaller airport properties. Gas values differ from our carbon footprint assessment, as for the footprint we also include estimated gas usage associated with our airport lounges.
- Average aircraft noise is modelled using the number of flights performed by each aircraft type multiplied by the aircraft noise specifications for take-off, lateral and approach respectively. We then create an average across all aircraft by dividing by the total number of flights performed in the year. During 2021 we expect to review and update our methodology for assessing and reporting noise.