

2019 REPORT

Creating Lift Through Sustainability



Report contents.



**Report
introduction.**

03



**Sustainability
goal summary.**

08



Appendix.

17



Report introduction.





Message from our CEO

As we write this year's sustainability report, there are several things weighing heavy on the minds of all of us, myself included. First is how Alaska continues to push ourselves to run our business in a sustainable way, where we lift up people and communities as we move forward. This includes climate change, and though this subject has been receiving less attention in the last four months, it is still critically important to the livelihoods of future generations. Second is the coronavirus and its profound impact on public health and on our economic livelihoods. And third, and perhaps most important, are the racial attacks on Black Americans and our country's awakening to what we must do to correct hundreds of years of injustice and inequity.

Delving more into COVID-19, this virus has caused severe reductions in travel, and we believe that demand will be suppressed for a sustained period of time. Flying will be different in the future. At Alaska, we are working to match our commitment to industry-leading safety in flight with an increased focus on the personal health and safety of our employees and guests. We are also grappling with how to keep our economic engine running through this difficult time, so that we can provide good jobs and sustain livelihoods. We're committed to supporting those around us through these challenges, by donating food to battle rising rates of food insecurity, by donating time to read to

and tutor young people who are learning remotely, and by donating space on our aircraft to carry health care workers and medical supplies.

On the subject of racial injustice and racial inequity, I simply want to say that I believe the vast majority of us know that what is happening today is wrong, and that we must be better than this. We do not believe it is the responsibility of Black Americans and other communities of color to correct the conditions that have brought us to where we are today. That responsibility lies with all of us. At Alaska, we've always believed that the best way to make lasting change is to subject problems and challenges to sunlight. And this report will help us do that. There is so much more to be done on this subject, and the level of change we need in our country will require sustained and substantial effort by businesses, governments and individuals. To see some of our early thinking on the subject, please see one of our internal employee communications (which we posted on our blog) [here](#).

Thank you for reading this report, thank you for being a part of our journey, and thank you for believing in Alaska and pushing us to have the greatest impact possible on the world in which we live.

Sincerely,
Brad Tilden



2019 Executive Summary, by Diana Birkett Rakow

VP of External Relations, Alaska Airlines

I miss flying – and especially the perspective it brings. It's a privilege, seeing the world from 32,000 feet – farmlands, mountains, or on a clear night the tiny strings of lights connecting cities and towns. It always reminds me how diverse our world is and yet how much we have in common.

In the world around us we're grappling with a pandemic, with economic recession, systemic racism, and climate change. At Alaska Airlines, we're grappling with these issues as well as how to support as many employees and jobs as possible while we re-size and re-set to come through an unprecedented time.

Across these challenges, the imperative is to take action that drives sustainable positive change for those around us. This need is not new. Alaska Airlines roots are in connecting rural Alaskan villages with essential services like food, medical supplies, and mail delivery – and those values are with us today. We know there is much work needed to literally sustain, to address our impact on the globe, to expand opportunity equitably, and to ensure that all people are and truly feel safe, respected, and equal.

Our commitments for the present challenge and the future

A few years ago, we began using the term "LIFT" for our long-time efforts around environmental and social impact, riffing on the physics principle at the root of aviation. So what does LIFT look like amidst a pandemic:

- Building on longstanding leadership in flight safety, we've extended our safety efforts to include nearly 100 discrete actions to protect the personal health and safety of our guests and employees, including enhanced standards of aircraft cleaning and physical distancing.
- We've transported critical cargo such as medication, masks and other protective equipment to medical facilities and first responders. And in partnership with Angel Flight West, we've flown health care workers for free when they're #GoingtheExtraMile to serve where most needed.
- To address the challenge of food insecurity, we launched the #MillionMealsChallenge to match one million meals worth of fresh and packaged food we donated to local food banks with another million supported by our employees, partners, and guests.

2020 is an important moment for our sustainability work. This year, to increase transparency, we are reporting according to Sustainable Accounting Standards Board (SASB) guidelines including deeper commentary on safety and climate. And in the next year, we will roll out a new set of five-year objectives, including goals to address our impact across carbon, waste, and water.

Our greatest material impact is the carbon generated through burning fuel in our operation, and we know that this has an impact on the climate. In 2019, flying our guests accounted for eight million tons of carbon emissions, the same as operating two coal power plants. We've learned from the coronavirus pandemic that our collective actions have impacts around the globe and that they can change a trend.

US airlines currently account for more than 2% of the nation's greenhouse gas emissions. But as other sectors electrify, airlines' share is growing. We will tackle our contribution to this trend by:

- Being as fuel-efficient as possible – from aircraft technology, weight, flight patterns, ground and air procedures, and more;
- Using sustainable aviation fuel (SAF) safely and effectively, and working with others to make SAF a more accessible and viable option where we fly;
- Investing in carbon capture and offset projects, planting trees along riverbanks to protect salmon habitat and cool river water and supporting the ecosystem around us.

Our 2019 Performance

This work doesn't happen without taking stock of where we are, where we made progress and where we fell short. As we enter the final year of reporting on our 2020 goals, we are proud of progress in fuel efficiency and emissions, waste diversion, gender equity and advancing education and economic opportunity. And we faced some hurdles stemming from integrating our workforce and dual fleet.

Safety:

- We reached our goal of decreasing medium risk safety events by 30% over 2017, and surpassed goal by increasing safety reporting 45% as part of our ongoing safety program.

Employee engagement & equity:

- We did not achieve our target employee engagement score and continued to feel the impact of our acquisition and integration of Virgin America. In 2019 we achieved integration of all labor contracts and work groups, a critical milestone to support employee engagement as one team.
- We achieved goals of being recognized as a Forbes' Great Place to Work and integrating diversity & inclusion initiatives into the strategies of our four largest work groups.
- To actively advance the diversity of our workforce, we signed a commitment to Sisters of the Skies aimed at increasing the number of Black women pilots over the next six years and supporting the path to expose and inspire more young women to get there.

- And we achieved gender parity among independent Directors on our Board, the first West Coast Fortune 500 company to achieve this.

Emissions:

- We continue to improve our fuel efficiency, with 16% reduction in emissions over 2012 including through innovations like split scimitar winglets and navigation technologies.
- Alaska is one of the most fuel-efficient airlines in the world according to the International Council on Clean Transportation and has ranked as the Dow Jones Sustainability Index leading US airline for three years.

Waste management and diversion:

- Leading the industry with our employee-driven recycling program, last year our flight attendants helped to recycle nearly 2000 tons of cans, cups, paper and other materials. But our progress flattened as we integrated our flight attendant workgroup across Boeing and Airbus aircraft – a final step in integration from our 2016 acquisition of Virgin America – and introduced the recycling program previously operated successfully on our Boeing aircraft to our full fleet.
- This year we also reached our 2020 goal to reduce paper consumption by 50% per departure over 2012.
- The initiative we launched in 2018 to go #Strawless has eliminated use of 23 million plastic straws and stir sticks which cannot be recycled.





- We launched the #FillBeforeYouFly campaign with our partner MiiR, to encourage guests and employees to bring their own water bottles and help reduce single-use plastics. We started by eliminating plastic water bottles from our corporate office.

Economic and educational outcomes:

- Since 2014, we've supported over 107,000 young people and aviation workers with education and workforce development opportunities and surpassed our goal of serving over 100,000 by the end of 2020. In 2019, nearly 20,000 young people and workers participated in Alaska-driven programs such as Aviation Day and Airport University designed to provide pathways into highly skilled careers.
- Our employees volunteered 41,000 hours in 2019, including preparing meals in Honolulu, cleaning and painting homes for homeless youth and families in Seattle, San Francisco and Anchorage, cleaning coastlines in the Bay Area and green spaces in Portland, and mentoring students in New York.

Recommitting to tackle complex challenges for good:

I am often humbled by the amount of work yet to do to protect and grow our positive impact and reduce our detrimental ones. But I know that sense has been shared at key moments in history as well.

My grandmother Eleanor, namesake for my 3-year old, passed away a few years ago at the age of 104. She had a sense of humor and only wore heels – and more relevantly here, grew up in midst of the Spanish Flu pandemic. Her generation experienced incredible challenge, from World Wars to the Great Depression, polio, suffrage, segregation, and our prior civil rights movement. She also witnessed a country that bounced back, time after time, and always brought that perspective. In her lifetime she experienced an incredible transformation of technology, culture, and global connectivity. And she always reminded me to believe in our collective ability to positive change.

The COVID-19 pandemic has reminded us how closely we are connected, and that while we are vulnerable to large global challenges, collective action can drive change. Now is a moment to recommit to true progress in equity and the economic and climate challenges we face today. Let's keep taking off.

Sincerely,

Diana Birkett Rakow



Sustainability goal summary.





On track



Flat



Lagging

| CATEGORY | | 2020 GOAL | FY2018 | 2019 PROGRESS |
|---|---|---|----------------------------------|---|
|  Employee and guest safety. |  | Decrease medium risk safety events (3+) by 20% over 2017. | 30% reduction | Goal achieved. We had 7 medium risk safety events in 2019: a reduction of 30% compared to 2017. |
| |  | Employee safety reporting increased to 26% over 2017 baseline (rate/10,000 departures) | 45% improvement over 2012 | Goal achieved, but this work does not stop. Increased reporting helps target safety improvements in our operation, and contributes to driving down high risk safety events. |
|  Employee engagement. |  | Employee engagement scores at 80% or more (with no less than 75% for each division) | 69% | 80% target set prior to integration with Virgin America and significant change. 2019 survey engagement score was 69%, resulting in concerted focus on communication and engaging employees as one team. |
| |  | Great Place to Work recognition by at least one external national organization. | 1 of 1 | Goal achieved. Alaska was ranked among Forbes' "America's Best Employers" for the fifth year in a row. |
| |  | Integrate diversity and inclusion initiatives into the people strategies of our four largest work groups. | 4 of 4 | Goal achieved, but more work is needed to engage smaller work groups and drive sustainable change. |
|  Ethical labor standards for suppliers. |  | Embed Alaska's Supplier Code of Conduct into all vendor contracts. | 81% | Progress continues, and is slower than anticipated due to the cadence of contract renewals. |
|  Reduce emissions. |  | Reduce aircraft emissions by 17% per RTM over 2009 baseline through flying efficiencies and biofuel (CO2/RTM) | 16% improvement over 2012 | Improvement between FY2018 and FY2019 flattened, but total progress is still significant. Unlikely to fully meet or exceed goal in 2020. |



On track



Flat



Lagging

| CATEGORY | 2020 GOAL | FY2018 | 2018 PROGRESS |
|---|--|---|--|
|  Reducing inflight waste. |  <p>Inflight waste to landfill reduced by 70% per passenger over 2010 baseline (rate/10,000 departures)</p> | <p>62% improvement over 2010</p> | <p>Improvement between FY2018 and FY2019 flattened, but total progress is still significant. Unlikely to fully meet or exceed goal in 2020.</p> |
|  Reduce paper consumption. |  <p>Paper consumption reduced by 50% per departure over 2012.</p> | <p>55% improvement over 2012</p> | <p>We exceeded our goal in 2019 and continue to make improvements.</p> |
|  Economic and educational outcomes. |  <p>Improve economic and educational outcomes for 100,000 youth and workers.</p> | <p>107,286</p> | <p>We achieved our goal in 2019. An additional 18,445 youth and members of the workforce participated in our sponsored educational initiatives in 2018</p> |



As part of Alaska Air Group’s commitment to disclose information about our sustainability performance, below is a compilation of environmental and social indicators including our greenhouse gas emissions, energy and water consumption, philanthropic activities, and employee numbers.

Data for McGee Air Services is not covered, as it represents less than 1% of AAG 2019 revenues.

For specific information regarding our complete 2019 operational or financial data and/or performance, please refer to our investor relations website at: investor.alaskaair.com

Greenhouse gas emissions

The statement of greenhouse gas emissions was prepared based on a calendar reporting year that is the same as the Alaska Air Group (AAG or the Company) financial reporting period.

Scope 1 and 2 GHG emissions information was prepared in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.

Total GHG emissions by source (metric tons)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Gross Global Emissions (Scope 1) | 8,266,851 | 7,751,255 | 7,493,569 | 5,087,097 | 4,840,491 |
| Aircraft (Scope 1) | 8,249,340 | 7,733,609 | 7,453,560 | 5,061,825 | 4,816,259 |
| Vehicle (Scope 1) | 11,511 | 10,888 | 10,369 | 7,874 | 8,733 |
| Facility Heating (Scope 1) | 6,001 | 6,758 | 5,733 | 4,862 | 4,981 |
| Facility Electricity (Scope 2) | 11,046 | 10,744 | 9,906 | 12,536 | 10,518 |

Normalized emissions / emissions intensity

| | INTENSITY METRIC | 2019 | 2018 | 2017 | 2016* | 2015* |
|---|--|--------|--------|--------|--------|--------|
| All sources | Metric tons CO ₂ e per thousand RTM | 1,412 | 1,457 | 1,458 | 1,456 | 1,485 |
| All sources | kg CO ₂ e per thousand RPM | 148 | 148 | 148 | 148 | 151 |
| All sources | kg CO ₂ e per thousand ASM | 125 | 124 | 125 | 125 | 126 |
| Aircraft energy intensity per seat | Fuel gallons per ASM | 0.0129 | 0.0126 | 0.0124 | 0.0126 | 0.0129 |
| Aircraft energy intensity per passenger | Fuel gallons per RPM | 0.0154 | 0.0150 | 0.0146 | 0.0150 | 0.0152 |

* Years 2016 and earlier have been recalculated to take into account historic Virgin America emissions, to align with our intensity-based emission reduction goals.

Other greenhouse gases

produced (metric tons)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------|-------|-------|-------|-------|
| Methane (CH₄) * | 29 | 27 | 28 | 24 | 47 |
| Nitrous Oxide (N₂O) | 242 | 236 | 228 | 155 | 155 |
| Sulphur Oxide (SO_x) | 380 | 371 | 355 | 265 | 225 |
| Nitrogen Oxide (NO_x) | 3,298 | 3,210 | 3,166 | 2,336 | 1,991 |

* It is understood by the industry that CH₄ emissions are not produced from cruising, but CH₄ emissions are produced during landing and takeoff.



Energy

Energy consumed and generated

by Alaska Air Group during normal operations.

| | UNIT | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------|-------------|-------------|-------------|-------------|-------------|
| Alaska Air and Horizon Aircraft Fuel (non-renewable) | Gallons | 862,000,000 | 786,837,000 | 757,056,000 | 514,100,000 | 488,769,000 |
| Alaska Air and Horizon Aircraft Fuel (non-renewable) | GJ | 122,576,400 | 111,888,221 | 107,653,363 | 73,105,020 | 69,502,952 |
| Alaska Air and Horizon Aircraft Fuel (renewable) | GJ | 0 | 0 | 0 | 356 | 0 |
| Vehicle Fuel (non-renewable) | GJ | 169,496 | 158,175 | 163,560 | 115,663 | NR |
| Facility Energy (non-renewable) | GJ | 234,344 | 229,500 | 208,680 | 194,072 | 192,291 |
| Total Energy Consumed | GJ | 122,980,240 | 112,275,897 | 108,025,604 | 73,414,754 | 69,695,243 |
| Total Energy Consumed | MWh | 33,567,702 | 31,187,749 | 30,007,112 | 20,392,987 | 19,359,790 |

Employee snapshot

Total employees at Alaska Air Group companies (2019)

including full-time, part-time, temporary, and contracted.

| | |
|---|--------|
| Total number of employees | 24,134 |
| U.S. employees | 22,058 |
| International employees | 149 |
| Self-employed or contract workers | 0 |
| Represented in trade union or collective bargaining agreement | 17,929 |
| Full-time employees | 19,548 |
| Part-time employees | 2,659 |
| Number of McGee employees | 1,914 |

Waste

Total solid waste (tons) disposed of (inflight waste)

including the amount that was diverted from landfill (recycled).

| | 2019 | 2018* | 2017* | 2016 | 2015 |
|---|-------|-------|-------|-------|-------|
| Solid Waste Disposed to Landfill | 3,370 | 3,261 | 3,090 | 3,839 | 3,057 |
| Solid Waste Recycled** | 1,992 | 1,928 | 1,963 | 1,851 | 1,772 |

* Does not include operations from Airbus aircraft.

** **Inflight waste** is an estimation of the weight of all materials that are collected by flight attendants in garbage and recycling bags during inflight service on domestic flights. Total weight is estimated by sampling a number of flights throughout the year.

Hazardous Waste (RCRA) and Regulated Waste (tons)

including the amount that was diverted from landfill (recycled).

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------|------|-------|------|------|
| Hazardous Waste (RCRA) Disposed | 52 | 49.2 | 49.7 | 43.9 | NR |
| Regulated Waste Recycled | 51 | 46.5 | 129.0 | 44.6 | NR |

Total volume of water (gallons) used by AAG

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------|------------|------------|------------|------------|------------|
| Municipal Water Usage | 15,495,895 | 16,226,756 | 16,735,025 | 18,017,324 | 21,875,257 |

Company compliance

with applicable environmental laws and regulations.

| | 2019 | 2018 | 2017 |
|---|------|------|------|
| Reportable spills* (number) | 2 | 2 | 3 |
| Environmental penalties (\$) | 0 | 0 | 0 |
| Environmental penalties (number) | 0 | 0 | 0 |

* Chemical spills subject to local and state reporting requirements.



Philanthropic activities

Total funds and in-kind donations

distributed by Alaska Air Group.

| | 2019 | 2018 | 2017 | 2015 | 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash donations | \$7,312,106 | \$9,214,617 | \$6,675,790 | \$5,311,898 | \$3,859,170 |
| Foundation Grants | \$365,575 | \$140,500 | \$286,500 | \$307,500 | \$250,000 |
| In-kind giving (value) | \$7,025,675 | \$7,635,466 | \$7,801,080 | \$7,602,378 | \$7,161,443 |
| Employee matching funds | \$677,239 | \$493,162 | \$464,759 | \$400,570 | \$449,076 |
| Dollars for Doers | \$248,239 | \$180,221 | \$236,163 | \$196,667 | \$212,536 |
| LIFT miles (miles) | 72,985,296 | 53,815,841 | 52,311,670 | 53,821,104 | 50,113,883 |
| LIFT miles (value) | \$2,007,094 | \$1,479,935 | \$1,438,571 | \$1,480,080 | \$1,378,132 |
| Giving as a % of adjusted net income | 1.9% | 3.1% | 1.87% | 1.48% | 1.39% |
| TOTAL | \$15,263,259 | \$17,663,966 | \$15,464,292 | \$13,819,013 | \$11,932,225 |

Number of tracked hours volunteered by employees

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------|--------|--------|--------|--------|--------|
| Employee volunteer hours | 41,000 | 44,000 | 41,621 | 27,128 | 21,000 |

Employee safety

Total number of injuries reported

by employees that occurred on the job, including those that resulted in personnel not being able to work as a result of their injury.

| | Incidents per 200,000 hours worked (per 100 FTEs) | | | |
|--|---|------|------|------|
| | 2019 | 2018 | 2017 | 2016 |
| Alaska Airlines – On the Job Injuries | 5.01 | 4.53 | 5.14 | 5.81 |
| Alaska Airlines – Lost Time Injuries | 3.06 | 2.84 | 3.07 | 3.70 |
| Horizon Air – On the Job Injuries | 8.88 | 9.18 | 9.16 | 9.25 |
| Horizon Air – Lost Time Injuries | 3.55 | 4.08 | 4.28 | 2.65 |

SASB (Sustainable Accounting Standards Board) Data for 2019: Alaska Air Group

| | ACCOUNTING METRIC | CATEGORY | CODE | 2019 ALASKA DATA | UNIT OF MEASURE | PUBLISHED LOCATON |
|---|--|-------------------------|--------------|---|---------------------------------|-----------------------|
| Greenhouse Gas Emissions | Gross Global Scope 1 emissions | Quantitative | TR-AL-110a.1 | 8,266,852 | Metric Tons CO ₂ e | 2019 LIFT Report |
| | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Discussion and Analysis | TR-AL-110a.2 | Climate Narrative <i>(see page 18)</i> | n/a | Page 18 |
| | (1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable | Quantitative | TR-AL-110a.3 | (1) 122,576,400 Gj, (2) 0%, (3) 0% | Gigajoules (Gj), Percentage (%) | 2019 LIFT Report |
| Labor Practices | Percentage of active workforce covered under collective bargaining agreements | Quantitative | TR-AL-310a.1 | 78.2% For more detail, see 10K | Percentage (%) | 2019 10K Page 13 & 14 |
| | (1) Number of work stoppages and (2) total days idle | Quantitative | TR-AL-310a.2 | (1) 0, (2) 0 | Number, Days idle | |
| Competitive Behavior | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | Quantitative | TR-AL-520a.1 | \$0 | Reporting Currency | |
| Accident & Safety Management | Description of implementation and outcomes of a Safety Management System | Discussion and Analysis | TR-AL-540a.1 | Safety Narrative <i>(see page 20)</i> | n/a | Page 20 |
| | Number of aviation accidents | Quantitative | TR-AL-540a.2 | 0 | Number | |
| | Number of governmental enforcement actions of aviation safety regulations | Quantitative | TR-AL-540a.3 | 0 | Number | |
| Activity Metrics | Available seat kilometers (ASK) | Quantitative | TR-AL-000.A | 107,269,000,000 | ASK | 2019 10K Page 36 |
| | Passenger load factor | Quantitative | TR-AL-000.B | 84.1% | Rate | 2019 10K Page 36 |
| | Revenue passenger kilometers (RPK) | Quantitative | TR-AL-000.C | 90,187,000,000 | RPK | 2019 10K Page 36 |
| | Revenue ton kilometers (RTK) | Quantitative | TR-AL-000.D | 7,962,000,000 | RTK | |
| | Number of departures | Quantitative | TR-AL-000.E | Approximately 1,200 Daily | Number | 2019 10K Page 4 |
| | Average age of fleet | Quantitative | TR-AL-000.F | 8.0 Years | Years | 2019 10K Page 26 |



Appendix.

SASB Climate Narrative

Management and Governance of Climate-Related Issues:

Our Sustainability / ESG team uses multiple avenues to identify and evaluate climate risks, including input from investors, input from policy / government, input from NGOs and reporting frameworks, our trade associations, and input from key stakeholders within and outside of the aviation industry.

Our Executive Committee of senior management began in the last year to engage in education on sustainability issues and supports increasing this education to include all our employees. Climate risks and opportunities factor into key business decisions, such as fleet decisions and fuel efficiency.

Board Governance:

The Nomination / Governance committee of our Board reviews our ESG / sustainability performance quarterly, including our performance on enterprise-wide publicly reported sustainability goals, and climate-related issues. Other board committees receive relevant updates on issues such as CORSIA, and climate risks that may elevate through our enterprise risk management program. Alaska's enterprise-wide risk analysis and oversight program

is designed to identify the various risks faced by the organization, assign responsibility for managing those risks to individual executives as well as align these risks with Board oversight.

Climate Strategy:

Alaska's most material sustainability priority is reducing our carbon emissions from jet fuel. Jet fuel is over 99% of our direct climate footprint and represents our second largest expense as a company. Because of this direct tie to expenses and Alaska's management focus on low costs to enable low fares, Alaska has had a multi-decade focus on increasing the fuel efficiency of our fleet ("what we fly") and on developing and deploying new technologies to optimize our routes and minimizing fuel use in our taxing and using preconditioned air at our gates ("how we fly"). In addition, Alaska has a decade of leadership in piloting and pioneering low-carbon sustainable aviation fuels (SAF), directly supporting the development and deployment of the SAF market in partnership with many key organizations ("the fuel we use").

Alaska Airlines began setting and tracking progress to a voluntary climate goal a decade ago, and our current climate goal is to reduce our aircraft carbon

emissions by 17% per revenue-ton mile (RTM) in 2020, from our 2009 baseline. Our current metric is intensity based, due to the direct connection between business growth and use of jet fuel.





In addition, as a member of the International Air Transport Association (IATA) and Airlines for America (A4A), we are working alongside other airlines to address the challenge of climate change. We have adopted a set of global targets to mitigate CO2 emissions from air transport, and are working to meet these goals through:

1. Improved technology, including the deployment and more local availability and manufacturing of sustainable low-carbon fuels
2. More efficient aircraft operations
3. Infrastructure improvements, including modernized air traffic management systems
4. A single global market-based measure to fill the remaining emissions gap on international routes (CORSIA).

Transparency and Disclosure:

We annually report our greenhouse gas impact in our LIFT Report, as well as submitting our climate metrics to the CDP. For CORSIA, we have submitted our baseline calculation and are assessing efficiency and offset options.

Our Climate Investments

What we Fly:

In 2017 we finalized installation of split scimitar winglets on all our eligible 737 aircraft, improving average fuel efficiency by over 34,000 gallons per aircraft each year. Aircraft fitted with split scimitar winglets are roughly 4.5% more fuel efficient than those without winglets. In 2018,

the scimitar winglets modification saved approximately 4.5 million gallons of fuel. Our Boeing fleet is now 100% “NG” (Next Generation), supporting a high-level of efficiency. In our Airbus fleet, we took delivery of our first four A321neo aircraft in 2017, followed by four more in 2018. Equipped with ultra-efficient CFM LEAP-1A engines, the aircraft flies 102 seat miles per gallon—compared to the A319, which gets 65 seat miles per gallon. We continue to invest in improvements that save fuel, such as reducing the weight of the interiors on our Airbus aircraft, and will continue to use efficiency as a lens in future fleet decisions.

How we fly:

We continued our use of RNP approaches and departures. Required Navigation Performance (RNP) is a performance-based navigation technique that uses a combination of onboard navigation technology and the GPS satellite network to fly safer, more reliable approaches. For years, we’ve advocated to expand the use of RNP technologies to airports across the country and to enable broader air traffic infrastructure to support that goal. RNP technologies save an estimated 1.2 million gallons of fuel annually due to reduced track miles. We also continued our Arrival Fuel Program that encourages smart choices that optimize the use of fuel when planning and selecting alternate landing sites. Through this, we save an estimated 300,000 gallons of fuel annually. Alaska is also partnering with NASA, as the sole airline to use new technology to optimize flight paths in real time. This technology, known as Traffic Aware Planner, is estimated to be able to save between 8,000 and 12,000 gallons of fuel per aircraft each year.

The fuel we use:

We continue to build strong partnerships with industry leaders in the sustainable aviation fuels arena. We are working with the airports, other industry leaders, local and state government representatives, and major producers to develop the strategy for a sustainable fuels path for SeaTac, San Francisco and other airports on the West Coast. We have memorandums of understanding with the Port of Seattle, San Francisco airport, and Neste—a renewable fuels company that is pioneering sustainable aviation fuel – and have supported public policy proposals that would support the development of sustainable aviation fuel (SAF). Procuring SAF that is priced competitively with traditional fuel has been difficult. We are searching for the best ways to obtain the volume of fuel that we need at the right price. In the meantime, we continue to make progress by partnering with alternative fuel companies, stakeholder groups, and industry steering committees to accelerate innovation.

Additional efforts:

We look beyond our impact of jet fuel and pursue other greenhouse gas emissions reductions in other aspects of our aviation operations, as well as in other areas of our corporate footprint. For example, we partner with airports on the adoption and growth of the use of electric ground-service equipment and other efforts that require collaborative effort. In addition, we pursue green building and energy efficiency in our building footprint including LEED certification for new buildings and retrofitting existing buildings with more energy-efficient lighting and technology.



SASB Safety Narrative

Alaska Air Group Safety Narrative for SASB (Draft):

Safety is the foundation of everything we do and remains our top priority. We have an unwavering commitment to run a safe operation, and we will not compromise this commitment in the pursuit of other initiatives. Alaska and Horizon were the first U.S. major airlines to receive FAA validation and acceptance of their Safety Management System (SMS) in 2016, and we are at the continuous improvement level.

In 2018, we used SMS to safely and consistently guide our integration with the legacy Virgin America operation. Report It!, our mobile safety reporting application, makes it easier for employees to file safety reports. Alaska has been on the IOSA registration audit since 2005. In 2018, 100% of our Alaska and Horizon aircraft technicians completed this requirement for the FAA's "Diamond Certificate of Excellence" award, marking the 17th consecutive year Alaska has received the award, and the 17th time in the last 19 years Horizon has received this award. In early 2020, we were again included as one of only two US airlines on the AirlineRatings.com list of the world's Top 20 safest airlines.

We believe that maintaining safe operations, through adherence to well-defined processes and ensuring every Air Group employee is aware of their individual contribution to our operation, is critical to on-time performance. The rigor we apply to running a safe

operation has resulted in Alaska consistently being one of the top airlines in North America for on-time performance; and Horizon was recognized again as the leader in on-time performance among regional airlines.

Management and Governance of Safety:

Our Safety Management System (SMS) utilizes multiple levels of performance review in all areas of the company to create visibility to hazards, safety risk, and ensure management accountability with mitigation controls and corrective action plans. The SMS uses multiple safety assurance systems to identify hazards and continuously evaluate the control environment to ensure the highest margins for repeatable safety performance.

Our Executive Committee of senior management review safety quarterly with our VP of Safety and Security. Our Executive Safety Review Board also occurs quarterly, attended by all of operational VPs and COO. These meetings are intended to analyze safety performance and to discuss continued improve our safety culture and process. Safety risks and opportunities factor into key business decisions.

The Safety committee of the Alaska Air Group (AAG) Board reviews our safety performance quarterly, including our performance on enterprise-wide safety goals. Alaska's enterprise-wide risk analysis and oversight program is designed to identify the various risks faced by the

organization, assign responsibility for managing those risks to individual executives as well as align these risks with Board oversight.

Goals:

Increase employee safety reporting by 26% over 2017 baseline (reports per employee) and decrease medium risk (3+) safety events by 20%. We had 7 medium safety risk events in 2019: a reduction of 42% compared to 2017, and employee safety reporting is well past our goal and is up 45% over our 2017 baseline. AAG performed 1761 safety risk assessments in 2019 and identified 1730 hazards. Out of the 1730 hazards identified, 84% of the hazards required mitigation.

1. Cross-carrier collaboration on flight operations, cabin operations, ground operations, and maintenance risk mitigation procedures
2. Ensuring active flight data monitoring and reporting systems of airline operations
3. Reducing injuries through improved procedures, training, and technology
4. Reducing aircraft ground damage through innovative ground service equipment technology, procedures, and training
5. Data sharing of safety risks across safety management systems



Glossary of terms

| | | | | | |
|------------------------|----------------------------|---|----------------|---------------------------------|---|
| ASM | Available seat mile | Airline passenger carrying capacity. It is equal to the number of seats available multiplied by the number of miles flown | OJI | On the job injury | Employee Injuries that occur while at work. |
| CO₂e | Carbon dioxide equivalents | A standard unit for measuring a carbon footprint. It expresses the impact of each different greenhouse gas in terms of the amount of CO ₂ that would create the same amount of warming. | RPM | Revenue passenger mile | A measure of traffic for an airline flight calculated by multiplying the number of revenue-paying passengers aboard by the distance traveled. |
| GHG | Greenhouse gases | A greenhouse gas is a gas that absorbs infrared radiation (IR) and radiates heat in all directions. Examples include: carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide (NOX). | RTM | Revenue ton mile | One ton of revenue traffic (passenger and/or cargo) transported one mile. |
| GJ | Gigajoules | A measurement of energy equal to one billion (10 ⁹) joules. 6 GJ is about the chemical energy of combusting 1 barrel (159 l) of crude oil. | RNP | Required navigation performance | A type of performance-based navigation (PBN) that allows an aircraft to fly a specific path between two 3D-defined points in space using satellite technology. This safer, more reliable, and more direct navigation system saves fuel by reducing track miles. |
| LTI | Lost time injury | Accidents resulting in personnel not being able to work as a result of their injury. | Scope 1 | | Direct emissions from owned or controlled sources such as the combustion of jet fuel, natural gas, or motor vehicle fuel. |
| MWh | Megawatt hours | A megawatt hour (Mwh) is equal to 1,000 Kilowatt hours (Kwh). It is equal to 1,000 kilowatts of electricity used continuously for one hour. | Scope 2 | | Indirect emissions from the generation of purchased energy. |
| NR | Not reported | | | | |



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