

2020 REPORT

CREATING LIFT THROUGH SUSTAINABILITY



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REFLECTIONS ON THE JOURNEY

As I write this, our world is in a very different place than a year and a half ago. The significant loss and upheaval of the pandemic and national reckoning with racial injustice have had a tremendous impact on our daily lives and how we think about our collective future.

Some things have not changed. Our company's purpose is creating an airline people love, and our values are to own safety, do the right thing, be kind-hearted, deliver performance, and be remarkable. This purpose and these values guide our culture and business to deliver value for all those who depend on us – employees, guests, communities and owners. Especially now, as we recover and move forward.

One month into my role as CEO, and after 17 years with Alaska Airlines, I feel a great responsibility to lead us forward. Not only to remain a strong and growing company for years to come, but one in which every person feels they belong and has opportunity, and one that is truly sustainable in our impact on the environment and the communities where we fly. And as the newest member of the **oneworld** alliance, I am reminded this impact is felt not only individually and locally, but around the globe.

We spent much of the last year focused on stability, navigating through steep financial losses. But we also focused on care: ensuring the personal health and safety of our employees and guests, working with our labor unions to protect jobs, and listening to and learning from our employees about the impact systemic racism has had on their lives and families.

This theme and focus on care will also guide us moving forward. As you will read more about in this report, we are particularly committed to care for our people, to advance belonging and racial equity, and to care for our planet to reduce our impact on climate change.

In each of these areas, the last year has been a powerful journey. I've been personally humbled to recognize how much I needed to learn and better understand the injustice and racial biases that Black, Indigenous, and people of color (BIPOC) employees and community members face every day. And one of my favorite moments of 2020 was planting native trees on Oahu as part of our partnership with the Hawaiian Legacy Reforestation Initiative in support of Malama (which means to "take care") Hawaii. It was a powerful, hands-on reminder of the imperative to protect the native culture, habitat, and environment for the places we fly and call home.

My operations background taught me true change requires transparency and accountability, with specific goals and measurements to engrain these commitments into our culture. You will read about those goals here – they and our values will continue to guide our flight path for the next several years so we can continue to thrive for a long time to come.

There is much work yet ahead, but I am more optimistic than ever about our journey. Thank you for reading this report, for flying with us, for pushing us to always improve, and for joining us on the path to a sustainable future for aviation and communities around the world.

Sincerely,

Ben Minicucci
President and CEO



2020 PROGRESS AND THE PATH AHEAD

The other night I flew home to Seattle from Northern California, watching the sun glittering across San Francisco Bay before disappearing over the Pacific Ocean. I remembered writing the introduction to our sustainability report last year and noting how much I missed flying, the perspective and reflection from being up above the clouds. Looking out from 32,000 feet, one cannot immediately see the impacts of the pandemic, or of the loss and division we have seen and experienced over the last year. The vast expanse of the West Coast and ocean still look beautiful.

It is beautiful. But up close, we have all felt those impacts – economic recession and job loss, illness, disconnection from family, violence and hate, wildfires, and more. 2020 was a painful year, and the impacts were not equally distributed. But we have also learned, listened, changed, laughed, come together and even experienced joy. And from all of this, we are ready to move forward.

As Ben noted in his reflection, Alaska Airlines has been guided this last year by our primary value to focus on safety – operational safety, such as personal health and safety, but also the safety of belonging, opportunity, and an inclusive culture.

Our historic focus on low costs served us well in bringing even greater management rigor and liquidity to not only survive the unprecedented downturn in revenue, but to emerge ready to recover and grow again. Through the last year, the concept of sustainability – for people and planet to coexist together, and to simply and literally continue for the long term – took on a whole new meaning.

Fittingly, the year was also a pivot point in our sustainability work, as we dedicated time with our Board, leadership, and all employees to more deeply embed these values in our business strategy for the future, with explicit priorities around our impact on people, planet, and communities.

This report is the final disclosure on progress toward our 2020 voluntary sustainability goals, including where we've succeeded, where we fell short, what we've celebrated and what we learned. It is also the first public outline of our areas of focus for the next five years. We've worked with employees, guests and other stakeholders to understand what is most important to them, and where we can and must have the biggest impact in driving positive and sustainable change.

➔ 2020 Performance and Milestones

In 2020, we were proud of several achievements and acknowledge areas of significant ongoing work:

- **Putting people and safety first**, we achieved our 2020 goals for safety and seek to maintain our improvement. The pandemic also garnered an unforeseen focus on personal health and safety, and we launched the Next-Level Care program with over 100 service changes to keep guests healthy – and even more within the operation to protect employees from the COVID-19 virus.
- **Serving our community** through times of change, we surpassed our goal of supporting over 100,000 young people and workers with education and career advancement opportunities. In 2020, our employees connected with students virtually about aviation operations and careers, wrote letters to seniors in quarantine, mentored students within the YMCA's Reach and Rise program, and upcycled old uniforms to sew and donate masks. We launched and achieved a Million Meals Challenge, donating over a million meals to community food banks and first responder locations

We launched the Next-Level Care program with over 100 service changes to keep guests healthy – and even more within the operation to protect employees from the COVID-19 virus.





across the country while employees and community members matched our contributions with resources and food. And the Alaska Airlines Foundation completed the largest grant cycle in its 20-year history, delivering more than \$750,000 to 41 nonprofits in Alaska, California, Hawaii, Oregon, and Washington to focus on education, equity, and the immediate needs of communities most impacted by the pandemic.

- **Ensuring belonging and opportunity in our culture.**

By 2020, we integrated diversity and inclusion initiatives into our four largest workgroups. And we rallied together to address the challenges of COVID-19. But most importantly, with input from our employees, we recognized how much work we have yet to do to ensure belonging and equitable opportunity for all. This is a focus for our 2025 commitment and goals.

- **Reducing our environmental impact** is a tale of two eras – pre-COVID, and during COVID. Prior to the COVID pandemic, we were on the path to realizing our greenhouse gas emission and inflight waste goals. We achieved our goal of halving paper consumption per flight since 2012, but the coronavirus pandemic led to suspending inflight recycling due to safety concerns of touching material to sort, and to flying more empty aircraft through the bulk of 2020 which significantly worsened carbon efficiency. Still, we used the year to re-set for the future. We announced a first-of-its kind agreement with Microsoft to create “renewable routes” for Microsoft employees flying from Seattle to our hubs

in California, using sustainable aviation fuel (SAF) from SkyNRG. With 80% lower carbon footprint on a lifecycle basis, sustainable aviation fuel is critical on the path to decarbonization, and we are excited to be a catalyst for this effort. This will be a significant area of focus for our 2025 goals and beyond.

Building on our history of energy stewardship in our buildings and operation, we opened two new LEED buildings in the last two years, a new maintenance hangar in Anchorage in 2018 and an Employee Hub in SeaTac, WA in 2020.

I am deeply grateful to the employees of Alaska and Horizon for their resilience, ingenuity, and more in the face of profound challenges over the last fifteen months. Our labor partners were also essential in working with us to preserve jobs and keep our people safe while taking care of our guests.

➔ Focus Forward

Our purpose of creating an airline people love means doubling down on our commitment to employees, guests, and the planet. Despite the headwinds of the last year, the pandemic sharpened our focus for a stronger path forward.

As we move forward, we will share progress on all 2025 goals outlined in this report. And since clear priorities enable better results, we have a particularly intense focus on advancing inclusion and racial equity and reducing our climate impact.

To make this a reality, we developed specific and measurable goals for 2025, and share those, and the work behind them, with you here.

Our most pressing first task is returning safely to pre-pandemic level operations. This means ensuring our employees and the people who fly with us feel safe and confident onboard and in traveling with us again, broadening our reach as we joined the **oneworld** international alliance, and ensuring a strong, sustainable, and growing future for the jobs and families that our company supports. And it means holding ourselves publicly accountable to our goals. We care for people and the planet, and we’re going to show our work.

I suspect I’ll always love to fly – not as an escape from the ground-level realities, but as a chance to gain perspective, a reminder to pick up my head, appreciate the beautiful planet we occupy, and take the long view. It’s part of why I work at Alaska Airlines, to share a passion for flying and to help ensure that the incredible value it brings to people and communities endures for generations through these commitments to make flying matter. I hope you’ll join us in this journey.



Sincerely,
Diana Birkett Rakow
VP, Public Affairs and
Sustainability



WRAPPING UP 2020 GOALS

In 2013, we announced a set of goals to carry us forward through 2020. After seven years of progress, challenges overcome, and a mid-course goals adjustment in 2017, we are excited this year to announce a new set of 2025 goals.

Our 2020 goals were grounded in building a lasting business, caring for the planet, and serving our stakeholders: our employees, our guests, and the communities where we live and work. Overall, we report successful results. Where we fell short, there were some common themes such as navigating a merger that was not included in the original goal-setting process, and, especially, a global pandemic. However, these setbacks have served as valuable lessons learned that have informed our goal-setting process for the future and redefined the trajectory of what we believe is possible. We are in this for the long-haul and our successes and failures both provide the foundation of our progress for the next five years.

The 2020 goals are listed in the chart below, but there are important lessons in each subject area that should be highlighted for their importance in shaping our approach moving forward.

➔ Environment

In 2013 we defined our environmental goals based on emissions and waste, which represent our most significant

sources of negative impact on the planet. In 2017, we refined these goals following our merger with Virgin America. Our performance against these goals was challenged in 2020, in part due to the pandemic.

We know that aviation has a significant impact on the amount of greenhouse gas emissions produced globally every year and reducing our portion of that impact remains our top priority. While we did not hit our 2020 marks for emissions reductions, the biggest factor in this was our acquisition of Virgin America, which immediately expanded our fleet with less efficient planes that hurt our per-mile performance. We adjusted our target at the time of the acquisition (from a 20% improvement to 17%), and we were close by 2019. But we fell well short in 2020 due to the upheaval from the pandemic. This is a per-passenger (and cargo) measurement and flying mostly empty planes was a massive negative impact. However, we are in the process of upgrading our entire fleet of planes and replacing for the most fuel-efficient Boeing aircraft, meaning that more planes in the sky will be flying to Alaska's standard of efficiency. And, returning to more normal load-factors (how full our planes are) will reverse most of this negative trend.

Likewise, our inflight waste goals fell just short as our industry-leading inflight recycling program had to be halted during the global pandemic for safety purposes. This served





as a good example of how our 2020 goals met unexpected realities along the way and how that reality placed our number one priority, safety, into conflict with our waste goals. The measure was not met, but our top priority of keeping our people safe was. And we continued our #FillBeforeYouFly program to encourage guests to bring personal, reusable water bottles to save materials use onboard.

→ People

Taking care of people goes back to our roots in the state of Alaska where taking care of your neighbors and community defined the culture that gave us our beginning. We built our 2020 goals on these values, focusing on key metrics such as employee engagement to measure the growing strength of our culture. Although our final scores did not meet the numbers we set out to reach, the events of the past several years reflect deeper growth and more positive results than is reflected in the numbers.

Our merger with Virgin America in 2016 changed the trajectory of our employee engagement scores in ways we could not have expected when we announced our goals,

but the process of merging two companies ultimately strengthened our culture in ways not reflected by the numbers. Merging companies and bringing labor contracts together is hard, but the process solidified our values, clarified our purpose, and focused our people in new and powerful ways in our path forward to becoming one team with a stronger commitment to our values and the future of our business.

The global pandemic presented another unexpected challenge that impacted all of us in different ways, but brought us together. When faced with this new adversity, we worked with employees to create our Next-Level Care safety standard to stay safe during the pandemic, while offering a structured safety incentive plan for our employees to continue relentlessly pursuing safety throughout the pandemic. We focused on preserving jobs, communicating transparently and often with our people, and providing support to lessen the impact of the pandemic on employees. These steps strengthened employee engagement, and we rallied together to get through the pandemic.

The events of the last year also deepened our focus, discussions, and work on racial equity. Alaska has a long history of advancing diversity and inclusion values and goals, but this year forced us to listen and learn more deeply. Based on input from our employees, we developed new commitments to racial equity, and renewed our commitment to a culture of inclusion, enabling Alaska and Horizon to be a place where everyone feels they belong. We have much work ahead and are committed to continued learning, and to action and sustained change.

→ Looking Forward

Results on our 2020 goals shaped our trajectory toward our next destination – 2025. Caring for the planet led us to set bolder goals for carbon emissions reductions, seek to change the market for sustainable fuels, and lead the industry in waste reduction and recycling. Our caring for employees, guests and communities led us to launch initiatives to serve people dealing with natural disasters, provide a million meals during the pandemic, transport personal protective equipment (PPE) and medical supplies, fly medical staff to areas in the most need, and, most importantly, to magnify our commitment to diversity and inclusion.



Caring for the planet led us to set bolder goals for carbon emissions reductions, seek to change the market for sustainable fuels, and lead the industry in waste reduction and recycling.














Our Performance



Achieved



Did Not Achieve

CATEGORY		2020 GOAL	FY2020	2020 PROGRESS
 Employee and guest safety.		Decrease medium risk safety events (3+) by 20% over 2017.	20% reduction	We achieved our goal. We had 8 medium risk safety events in 2020: a reduction of 20% compared to 2017.
		Increase employee safety reporting by 26% over 2017 baseline (rate/10,000 departures)	55% improvement over 2017	We achieved our goal and will continue our culture of emphasizing safety reporting with our employees.
 Employee engagement.		Employee engagement scores at 80% or more (with no less than 75% for each division)	75%	80% target was set pre-merger. 2020 engagement scores were 75%, and we continue to work to increase scores.
		Great Place to Work recognition by at least one external national organization.	0 of 1	We did not achieve Great Place to Work recognition, but we were 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 workgroups.	4 of 4	We achieved our goal, and we are focusing the work on smaller workgroups to extend the progress.
 Ethical labor standards for suppliers.		Embed Alaska's Supplier Code of Conduct into all vendor contracts.	96%	We increased our integration to 96%, coming close to our 100% goal. All new contracts include Code of Conduct language or meet the standard for an exemption.
 Reduce emissions.		Reduce aircraft emissions by 17% per RTM over 2009 baseline through flying efficiencies and biofuel (CO2/RTM)	20% worsening over 2012	We were near our goal in 2019, at a 16% improvement (goal of 17%), but the pandemic-related lack of business significantly impacted this per passenger metric. Most of the negative progress will be reversed as travel returns closer to normal.









Our Performance



Achieved



Did Not Achieve

CATEGORY		2020 GOAL	FY2020	2020 PROGRESS
 Reducing inflight waste.		Inflight waste to landfill reduced by 70% per passenger over 2010 baseline (rate/10,000 departures)	Did not meet	We were trending near goal before the pandemic, but stopped recycling in spring of 2020 as well as our waste audits that measure our performance, both due to safety concerns. In 2019, we had achieved a 62% reduction.
 Reduce paper consumption.		Paper consumption reduced by 50% per departure over 2012.	60% improvement over 2012	We exceeded our goal in 2019 and continue to make improvements in 2020.
 Economic and educational outcomes.		Improve economic and educational outcomes for 100,000 youth and workers.	116,202	We achieved our goal early in 2019 and continued progress, even when 2020 reduced opportunities for engaging.



2025: OUR FOCUS FOR THE NEXT 5 YEARS

Our 2025 goals are not simply a statement of values, they are a statement of action and accountable commitments we believe are essential to creating an airline people love.

While the COVID-19 pandemic meant prioritizing immediate action on safety and the survival of our business, we also laid groundwork for the long-term work outlined here. We know our future depends not only on how we care for our people and business but also on how we care for the health of the planet and the communities where we live and fly. We remain guided by our values and the most pressing areas we can impact, to generate meaningful progress on caring for people and the planet.

We believe that as part of running a fundamentally sustainable business, our goals must become embedded, living commitments to drive real and meaningful reductions to carbon emissions and advancements in racial equity that engage our guests, employees, and other stakeholders in our progress.

greener alternatives, and ultimately to transform aviation for a more sustainable future. We also developed goals and strategies to reduce our waste and water impact on the planet and invited guests along on the journey.

Specifically, we are setting both short and long-term goals to address our climate impact. Alaska is committed to regaining its position as the top US airline in fuel efficiency while maintaining carbon-neutral growth through 2025. We have instituted a metric of carbon efficiency in our all-employee incentive pay plan, because we know that what gets measured gets managed. Near-term improvements in reducing fuel use will come largely from replacing older aircraft as we bring the Boeing 737 MAX into our fleet and using technology and best practices to continue improving the fuel efficiency of our operations.

We are also setting our course for net zero carbon footprint by 2040. Achieving this goal will require the use of sustainable aviation fuels, implementing new aviation technologies, and investing in credible high-quality carbon offsets to close any remaining gap. Succeeding on this course cannot be achieved alone; it will also require support and partnership from government and the aviation industry to ensure that more sustainable fuel and technology alternatives are both commercially viable and available at a cost and scale that can keep the benefits of aviation accessible for communities and consumers.



PLANET

Stewarding our Carbon, Waste, and Water

Our biggest impact on the climate comes from greenhouse gas emissions produced from burning fuel. That's why we've prioritized this work – to burn and emit less fuel, to employ





As we recover from COVID-19, we also look forward to returning to our industry-leading inflight recycling program and working with our supply chain on more sustainable alternatives for onboard service – fewer single use items and less plastic. And as we have for the last few years, we will restore as much water as we use through investments in local habitat for salmon, whales, and other parts of the ecosystem that support and connect the places we live and fly.



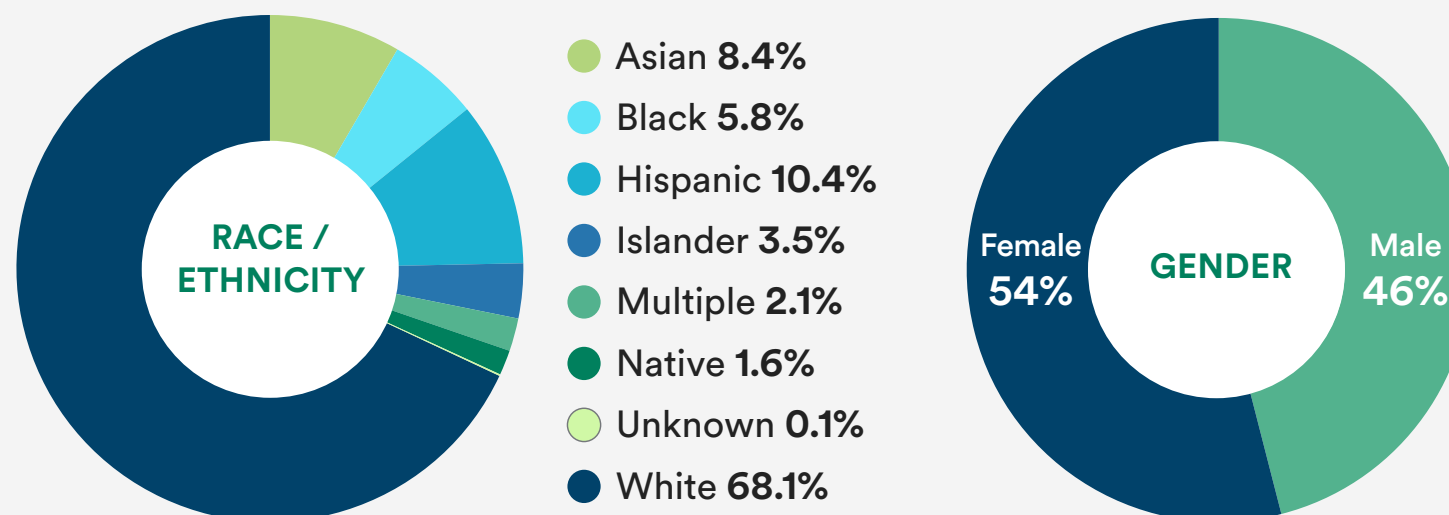
PEOPLE

Cultivating safe and strong places to work, live, and fly

Throughout the last year, we spent considerable time listening to and learning from our employees across the company to understand the impacts of systemic racism on them, their families, and their work at Alaska and Horizon.

The conversations have been powerful, at times painful and uncomfortable, and humbling. We have come to better appreciate that racial equity is a human rights issue at the heart of our business, and that we can and must do better to advance racial equity in our company and communities. Alaska and Horizon stand against hate, intolerance, and racism of any kind, and we are guided by our values to “be kind-hearted and do the right thing.” Our guests should always feel welcome on board, and our

OUR WORKFORCE PROFILE FOR RACE / ETHNICITY AND GENDER



Our racial equity goals are focused on increasing the diversity of our leadership team at the Director and above levels where we have the most opportunity. We believe our leadership team should at minimum reflect the diversity of our broader employee base.

*We will also continue to **support and advance all communities and identities**. We believe **if we focus on belonging and address the process, systems and structures that support** mitigating bias, being inclusive, and building allyship, **everyone will benefit**.*



employees deserve to feel safe and a sense of belonging when they come to work. Guided by employees, we established commitments and goals – which you will see specifically outlined below – in three areas:

- **Representation:** Increasing the racial diversity of our leadership
- **Culture:** Cultivating an inclusive culture so employees feel welcomed and that they belong, and
- **Public Leadership:** Working with community-based organizations to positively impact the lives of young people through education and career development.

We are expanding our programs for outreach, recruiting, and career pathways to cultivate and support truly diverse talent, and continue to work closely with our employee Business Resource Groups and external partners to learn and improve.

We will also work to develop a supplier diversity program in the next two years, learning from best practices across industry. To reinforce the priority of all this work, a portion of our long-term executive compensation will depend on advancing diversity, equity, and inclusion within the company.

We remain focused on safety as our number one value, including the Next-Level Care program established

to protect personal health and safety through the coronavirus pandemic, and will measure and manage our continued performance in three areas:

- Running a safe operation with robust safety management and reporting systems
- Maintaining safety as the top priority among employees, and
- Maintaining a favorable perception of safety among guests.

And we will continue to support productive relationships with our labor unions to support employees and solve problems together, community involvement amongst employees, best practice crisis management, responsible political engagement, consumer privacy and data security, and rigorous financial management.

→ Our Approach

To develop the 2025 goals shared in these pages, we worked with a diverse group of stakeholders inside and outside the company to assess our most significant impacts, identify issues most important to our employees and guests, and evaluate industry and cross-industry best practices. We benchmarked ourselves against industry and non-industry counterparts on measures being tracked and evaluated by key stakeholders. We have chosen a five-year timeframe to be long enough for progress, while short enough to be clear and measurable in today's rapidly changing world.

Each goal is tied to specific measures we will use to hold ourselves publicly accountable, sharing annually what we care about and how we are performing against our expectations and targets.

These goals reflect our responsibility to help keep the places we live and fly beautiful and viable for our

kids, grandchildren and generations to come; and our commitment to creating an inclusive environment in which everyone feels they belong.

We continue to call our sustainability program 'LIFT', inspired by the foundational force of physics that enables airplanes to leave the ground. Lift enables us to fly, and we

do so with care in every part of what we do: care for safety, for our guests, for each other, and for the world around us. Our 2025 goals are not simply a statement of values, they are a statement of action and accountable commitments we believe are essential to creating an airline people love. We have lengthy runway in front of us, are excited to share this route map, and remain committed to the journey ahead.

OUR FOUR PILLARS



WE'RE ALL ABOUT PEOPLE

- Safety
- Equity
- Privacy & security



WE FLY GREENER

- Carbon
- Waste
- Water



WE INVEST FOR STRONG COMMUNITIES

- Education for equity
- Nonprofit partnerships
- Employee involvement
- LIFT Grants – Alaska Airlines Foundation









WE MAKE FLYING MATTER

- LIFT Miles
- Travel to support community need



2025 ESG Goals






CATEGORY	2025 GOAL	TARGET	PROGRESS METRICS
 Carbon	Be the most fuel-efficient domestic airline	#1	#1 Ranking by ICCT (also CO ₂ /RTM)
	Reduce GSE climate emissions by 50%	50% improvement	50% reduction from 2019 (Tons CO ₂ e)
	Carbon Neutral Growth through 2025	Flat	Flat to 2019 (CO ₂ e)
	Be net zero in our carbon footprint by 2040	0	Net zero carbon footprint (Tons CO ₂ e)
 Advancing Racial Equity	Ensure our leadership team reflects the diversity of our employee base	30% BIPOC	Achieve BIPOC representation of at least 30% at all leadership levels
	All employees feel welcomed, included and that they belong	10 points	Increase our Inclusion Index score by at least 10 points
 Waste	Minimize & optimize packaging for top 5 inflight food & beverage items	Top 5	Top 5 items minimized & optimized
	Continue inflight recycling sorting performance at 2019 level	83%	83% of recyclables sorted*
 Water	Offset 100% of our water consumption** via local habitat restoration projects	100%	100% of water gallons consumed offset
 Labor Practices	Maintain at least 85% AS/QX employees full-time v. part-time	85%	85% of AS/QX employees FT
 Community Involvement	20% of Alaska Air Group employees are engaged in the community	20%	20% of employees engaged in the community annually
	AAG and the Alaska Airlines Foundation engage at least 175,000 young people around career pathways with a focus on advancing racial equity	175K young people	175,000 total # of young people engaged

*our traditional recycling auditing process will change post-COVID, possible requiring a recalculation of our baseline performance

**the water we use and are able to measure in our buildings and operations



2025 ESG Goals

CATEGORY	2025 GOAL	TARGET	PROGRESS METRICS
 Safety	Increase Employee Safety Reporting by 10%	10% increase	2,095 safety reports / 10,000 departures
	Maintain safety’s high priority among employees	83%	83% favorable ranking in employee survey
	Maintain favorable perception of safety among guests	90%	90% of guests who report feeling safe and confident in their flight
 Crisis Management	Sustain a robust process for best practice crisis response	Maintain	Drill at least annually for operations and communications response
 Privacy & Data Security	All employees receive annual privacy and data security training	100%	100% of employees complete annual training
	Continue to execute against the Information Security roadmap for program maturation, including for Aircraft Cybersecurity requirements	Report	
 Responsible Political Engagement	Publicly report political contributions consistent with our policy	Report	
	Engage on policy related to ESG priorities: climate change & racial equity	Report	
 Financial Mgmt Principles	Maintain our commitment to low costs for low fares	Report	

**our traditional recycling auditing process will change post-COVID, possible requiring a recalculation of our baseline performance*

***the water we use and are able to measure in our buildings and operations*



OUR CARBON IMPACT

Alaska has invested in efficiency and innovated new technologies to reduce the climate impact of our flights. Over 99% of our core climate impact is created by our use of jet fuel, and we are focused on reducing it by upgrading our fleet, leading in operational efficiency, reducing our impact with sustainable aviation fuels, and innovating in new propulsion technologies. **Here are a few examples of our efforts so far:**

WINGLETS

To further reduce the carbon impact of our aircraft, Alaska retrofitted all possible 737s with winglets (turned up extensions at the tips of the wings) in 2017. These increased our fuel efficiency 3% to 5%.

SUSTAINABLE AVIATION FUEL (SAF)

Alaska and Horizon have been advancing and promoting the development and use of sustainable aviation fuels in the Pacific Northwest. In 2011, we were the first domestic carrier to fly multiple scheduled routes powered by a SAF blend, and we are using blended SAF regularly in San Francisco.

CARBON EMISSIONS

By 2019, Alaska Air Group's fleet improvements and flying efficiencies had reduced our carbon emissions by 16% per revenue passenger mile since 2012.

INVESTMENTS IN EFFICIENT AIRCRAFT

Alaska Airlines' new Boeing 737-9 MAX jets and Horizon Air's Q400 turboprops are the two most fuel-efficient aircraft in their respective classes. Our commitments to buy additional 737-9 MAXs allow us to retire our older, much less-efficient Airbus A319s and A320s.

MORE EFFICIENT FLIGHT NAVIGATION

Required Navigation Performance (RNP) and Wide Area Augmentation System (WAAS) technology use satellites and onboard computers to fly more precise approaches, enable landing in low-visibility weather, and save about 1.2M gallons of fuel per year.



SINGLE ENGINE TAXI

We reduce our impact by taxiing with one engine as often as possible, where conditions and our aircraft allow.



GROUND SERVICE EQUIPMENT

We have invested in electric ground-service equipment (GSE) and have partnered with our airports to install electric charging infrastructure. Our GSE fleet is 34% electric.



GROUND POWER AT GATES

When we arrive at the gate, we strive to use ground power instead of the aircraft's auxiliary power unit to save fuel and emissions.

JOIN US.

USE OUR APP.

Go paperless by using our award-winning app to board your next flight using a digital boarding pass. Millions of guests use mobile boarding passes each year to streamline their travel experience and reduce our use of paper.



PACK LIGHT.

Be conscientious when packing for your trip. Each pound makes a difference to our CO₂ emissions. If each passenger packed **5 lbs. lighter**, it would decrease our CO₂e emissions by **11,800 metric tons** each year.



#FILLBEFOREYOUFLY

Help us reduce inflight waste by bringing a refillable water bottle to the airport and fill it up once you're past security. If just **10% of our guests** brought a pre-filled water bottle it would save **680,000 plastic bottles** per year.



OFFSET YOUR FLIGHT.

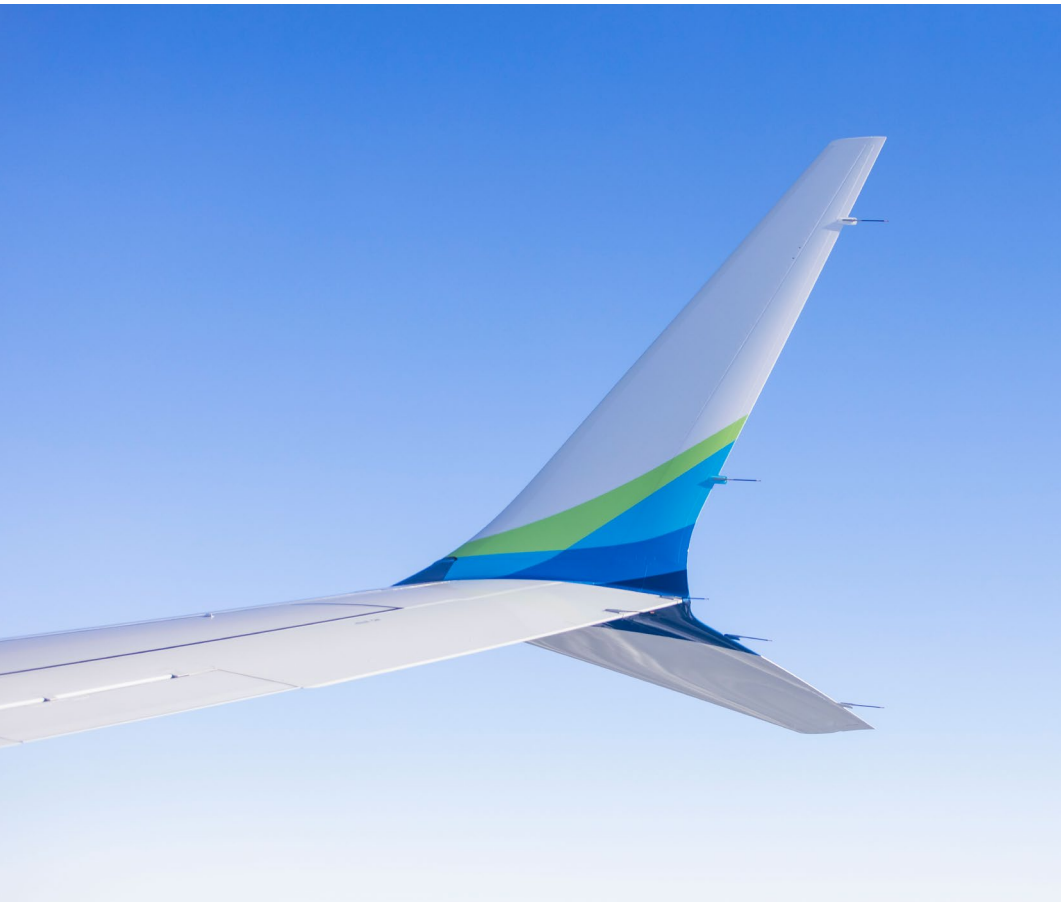
Join us and leading airports in reducing the climate impact of travel by choosing credible carbon offsets through The Good Traveler program. This collaboration between airports and Alaska helps guests invest in local carbon reduction projects.



HELP OTHERS.

Help us support charities and people in need in the communities we serve by donating your miles. In 2020, our guests donated **66 million miles** to help organizations like the Nature Conservancy, UNCF, and Make-A-Wish.





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 2020 revenues.

For specific information regarding our complete 2020 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 CO2e)

	2020	2019*	2018	2017	2016
Gross Global Emissions (Scope 1)	4,143,572	7,949,278	7,751,255	7,493,569	5,087,097
Aircraft (Scope 1)	4,125,765	7,931,081	7,733,609	7,453,560	5,061,825
Vehicle (Scope 1)	9,781	11,859	10,888	10,369	7,874
Facility Heating (Scope 1)	8,027	6,338	6,758	5,733	4,862
Facility Electricity (Scope 2)	10,431	13,565	10,744	9,906	12,536

* 2019 emissions were recalculated due to a scope error in past reporting

Normalized emissions / emissions intensity

	INTENSITY METRIC	2020	2019*	2018	2017	2016**
All sources	Metric tons CO2e per thousand RTM	2,071	1,460	1,457	1,458	1,456
All sources	kg CO2e per thousand RPM	215	148	148	148	148
All sources	kg CO2e per thousand ASM	119	125	124	125	125
Aircraft energy intensity per seat	Fuel gallons per ASM	0.0120	0.0127	0.0126	0.0124	0.0126
Aircraft energy intensity per passenger	Fuel gallons per RPM	0.0217	0.0150	0.0150	0.0146	0.0150

* 2019 emissions were recalculated due to a scope error in past reporting

** 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)

	2020	2019*	2018	2017	2016
Methane (CH ₄) **	16	27	27	28	24
Nitrous Oxide (N ₂ O)	126	242	236	228	155
Sulphur Oxide (SO _x)	206	373	371	355	265
Nitrogen Oxide (NO _x)	1,784	3,205	3,210	3,166	2,336

* 2019 emissions were recalculated due to a scope error in past reporting

** 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	2020	2019*	2018	2017	2016
Alaska Air and Horizon Aircraft Fuel (non-renewable)	Gallons	419,636,000	806,540,000	786,837,000	757,056,000	514,100,000
Alaska Air and Horizon Aircraft Fuel (non-renewable)	GJ	59,672,239	114,689,988	111,888,221	107,653,363	73,105,020
Alaska Air and Horizon Aircraft Fuel (SAF: sustainable aviation fuel)*	Gallons	66,632	0	0	0	356
Vehicle Fuel (non-renewable)	GJ	142,362	172,167	158,175	163,560	115,663
Facility Energy (non-renewable)	GJ	238,161	245,894	229,500	208,680	194,072
Total Energy Consumed	GJ	60,052,763	115,108,049	112,275,897	108,025,604	73,414,754
Total Energy Consumed	MWh	16,681,323	31,974,458	31,187,749	30,007,112	20,392,987

* 2019 emissions were recalculated due to a scope error in past reporting

EMPLOYEE SNAPSHOT

Total employees at Alaska Air Group companies

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

	2020
Total number of employees	20,160
U.S. employees	20,012
International employees	148
Self-employed or contract workers	0
Represented in trade union or collective bargaining agreement	16,075
Full-time employees	17,588
Part-time employees	2,572
Number of McGee employees	1,843



WASTE

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

(estimated based on sampling)

	2020	2019	2018	2017	2016
Solid waste disposed to landfill (inflight)	Unknown*	3,370	3,261	3,090	3,839
Solid waste recycled inflight	Unknown*	1,992	1,928	1,963	1,851

* Due to pandemic safety reasons, we stopped our inflight recycling and waste auditing in spring of 2020 and are unable to report metrics for 2020

Hazardous Waste (RCRA) and Regulated Waste (tons)

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

	2020	2019	2018	2017	2016
Hazardous Waste (RCRA) Disposed	40	52	49	50	44
Regulated Waste Recycled	37	51	47	129	45

Total volume of water (gallons) used by AAG

	2020	2019	2018	2017	2016
Municipal Water Usage*	9,895,428	15,495,895	16,226,756	16,735,025	18,017,324

* Water used in our facilities that is billed and tracked.

Company compliance

with applicable environmental laws and regulations.

	2020	2019	2018	2017
Reportable spills (number)	0	2	2	3
Environmental penalties (\$)	0	0	0	0
Environmental penalties (number)	0	0	0	0



PHILANTHROPIC ACTIVITIES

Total funds and in-kind donations

distributed by Alaska Air Group.

	2020	2019	2018	2017	2016
Cash donations	\$4,884,583	\$7,312,106	\$9,214,617	\$6,675,790	\$5,311,898
Foundation Grants	\$750,000	\$365,575	\$140,500	\$286,500	\$307,500
In-kind giving (value)	\$4,394,250	\$7,025,675	\$7,635,466	\$7,801,080	\$7,602,378
Employee matching funds	\$630,042	\$677,239	\$493,162	\$464,759	\$400,570
Dollars for Doers	\$139,088	\$248,239	\$180,221	\$236,163	\$196,667
LIFT miles (miles)	66,617,526	72,985,296	53,815,841	52,311,670	53,821,104
LIFT miles (value)	\$1,831,982	\$2,007,094	\$1,479,935	\$1,438,571	\$1,480,080
Giving as a % of adjusted net income	n/a*	1.9%	3.1%	1.9%	1.5%
TOTAL	\$9,614,232	\$15,263,259	\$17,663,966	\$15,464,292	\$13,819,013

* Alaska reported zero net income in 2020.

Number of tracked hours volunteered by employees

	2020	2019	2018	2017	2016
Employee volunteer hours	17,336	41,000	44,000	41,621	27,128

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)					
	2020	2019	2018	2017	2016
Alaska Airlines – On the Job Injuries	3.45	5.01	4.53	5.14	5.81
Alaska Airlines – Lost Time Injuries	2.07	3.06	2.84	3.07	3.70
Horizon Air – On the Job Injuries	5.84	8.88	9.18	9.16	9.25
Horizon Air – Lost Time Injuries	1.92	3.55	4.08	4.28	2.65

SASB (Sustainable Accounting Standards Board) Data for 2020: Alaska Air Group

	ACCOUNTING METRIC	CATEGORY	CODE	2020 ALASKA DATA	UNIT OF MEASURE	PUBLISHED LOCATION
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	TR-AL-110a.1	4,143,572	Metric tons CO2e	2020 LIFT Report, p. 18
	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 (see page 23)	n/a	2020 LIFT Report, p. 23-25
	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	Quantitative	TR-AL-110a.3	(1) 59,946,103 Gj, (2) 0%, (3) .02%	Gigajoules (GJ), Percentage (%)	2020 LIFT Report, p. 19
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	TR-AL-310a.1	79.7%	Percentage (%)	2020 10k p. 14 and 2020 LIFT Report p. 19
	(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 (see page 26)	n/a	2020 LIFT Report, p. 26
	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	59,729,045,000	ASK	2020 10K p.36
	Passenger load factor	Quantitative	TR-AL-000.B	55.2%	Rate	2020 10K p.36
	Revenue passenger kilometers (RPK)	Quantitative	TR-AL-000.C	32,980,205,000	RPK	2020 10K p.36
	Revenue ton kilometers (RTK)	Quantitative	TR-AL-000.D	2,927,720,000	RTK	
	Number of departures	Quantitative	TR-AL-000.E	293,700	Number	
	Average age of fleet	Quantitative	TR-AL-000.F	8.6 Years	Years	2020 10K p.28

SASB CLIMATE NARRATIVE

➔ Management and Governance of Climate-Related Issues:

Our Sustainability and ESG team uses multiple avenues to identify and evaluate climate risks, including input from employees, investors, governments, NGOs, reporting organizations, trade associations, and key stakeholders within and outside of the aviation industry.

Our Executive Committee of senior management engaged in education on sustainability issues and the company included sustainability education in employees' annual compliance training. Climate risks and opportunities factor into key business decisions, such as fleet decisions and fuel efficiency.

➔ Board Governance:

The full Board has given guidance that sustainability and ESG be leading parts of our company strategy and have regular discussions about this work including specific to climate impact.

The Governance and Nominating Committee of the Board is responsible for overseeing the company's practices and reporting with respect to the breadth

of ESG matters, including voluntary ESG goals and disclosure, annual reporting, and environmental and climate impacts. This Committee includes members with deep experience in energy and environmental impact from two different industries, as well as in governance, safety, and risk. These perspectives and those of the full Board drive robust oversight of our ESG strategy and initiatives. In early 2021, the Board created a dedicated Carbon Working Group to work with management on climate goals and progress.

The Governance and Nominating Committee 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. The Safety Committee receives regular updates on environmental risk, and the Compensation and Leadership

Development is responsible for oversight of advancing diversity, equity, and inclusion in our employee population including recruitment, hiring, retention, development, and culture.

At a management level, a member of our Executive Committee has formal responsibility for driving progress and disclosure in Sustainability and ESG. And because this work is inherently cross-functional, we have also formalized governance and oversight of ESG at the management level. An ESG Executive Steering Committee meets monthly for oversight of performance and work toward our goals and is responsible for ensuring progress. Additional Steering Committees focused on reducing carbon emissions and advancing racial equity, respectively, bring explicit focus and reports progress to the ESG Executive Steering Committee. Finally, a group dedicated to our ESG Goals and Disclosure ensure that we're bringing appropriate stewardship and transparency in our data to the breadth of ESG matters. These groups are staffed by senior executives across all areas of accountability for delivering on ESG – including operations, finance, human resources, legal, commercial divisions, government affairs, philanthropy, and more.

Climate risks and opportunities factor into **key business decisions**, such as fleet decisions and fuel efficiency.



→ 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 taxiing 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”).

In addition, as a member of the International Air Transport Association (IATA) and Airlines for America (A4A), and the **oneworld** alliance, 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).

Alaska Airlines began setting and tracking progress to a voluntary climate goal a decade ago, and our 2020 climate goal was to reduce our aircraft carbon emissions by 17% per revenue-ton mile (RTM) in 2020, from our 2009 baseline. We were nearing this goal in 2019, but the unprecedented change in air travel in 2020 meant we missed the goal significantly for our final year. More detail is in the goals section of this 2020 LIFT Report, as well as a listing of our 2025 and beyond climate goals that chart our direction on climate moving forward.

→ 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:

We fly an efficient fleet and have invested in efficiency where possible. 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 3-5% more fuel efficient than those without winglets. In 2019, the scimitar winglets modification saved approximately 4.5 million gallons of fuel. Our recent announcement to purchase sixty-eight 737 MAX aircraft will reduce our per passenger CO2 significantly over the airplanes they are replacing.

→ How we fly:

We continue to use RNP approaches and departures where possible. 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.

→ 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 partnership agreements with the Port of Seattle, San Francisco airport, and sustainable aviation fuel companies Neste and SkyNRG Americas and have supported public policy proposals that would support the development of sustainable aviation fuel

(SAF). We use SAF on an ongoing basis at San Francisco and were one of the three airlines that launched this offtake. 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 also look beyond the impact of jet fuel to greenhouse gas emission reductions in other aspects of our operations and 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.



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.

SASB SAFETY NARRATIVE

➔ **Alaska Air Group Safety Narrative for SASB:**

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.

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 early 2021, we were the leading US airline 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:**

For 2020 our goals were to increase employee safety reporting by 26% over 2017 baseline (reports per employee) and decrease medium risk (3+) safety events by 20%. We had 8 medium safety risk events in 2020: a

reduction of 20% compared to 2017, and employee safety reporting is well past our goal and is up 55% over our 2017 baseline. AAG performed 781 safety risk assessments in 2020 and identified 1,434 hazards. Out of the 1,434 hazards identified, 80% (1,148) of the hazards required mitigation. And 2,226 mitigation actions have been assigned.

In addition, as a member of the Airlines for America (A4A), we have active representation on the Safety Council with all other US major airlines in order to develop strategies to address systemic safety issues through continuous improvement of safety management systems and collaboration with FAA and other aviation stakeholders. The council guides annual initiative targets to improve safety risks to include:

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
CO ₂ e	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 CO2 that would create the same amount of warming.
GHG	Greenhouse gases	A greenhouse gas is a gas that absorbs infrared radiation (IR) and radiates heat in all directions. Examples include: carbon dioxide (CO2), methane (CH4), and nitrous oxide (NOX).
GJ	Gigajoules	A measurement of energy equal to one billion (109) joules. 6 GJ is about the chemical energy of combusting 1 barrel (159 l) of crude oil.
LTI	Lost time injury	Accidents resulting in personnel not being able to work as a result of their injury.
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.
NR	Not reported	

OJI	On the job injury	Employee Injuries that occur while at work.
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.
RTM	Revenue ton mile	One ton of revenue traffic (passenger and/or cargo) transported one mile.
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.
Scope 1		Direct emissions from owned or controlled sources such as the combustion of jet fuel, natural gas, or motor vehicle fuel.
Scope 2		Indirect emissions from the generation of purchased energy.

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