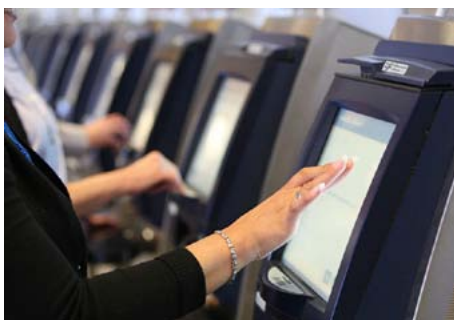


Innovating for our future

2013

SUSTAINABILITY REPORT



Alaska Air Group



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Section 1:
Introduction
Who We Are





Overview

Integrating sustainability – it's the right thing to do

Alaska Air Group strives to be a good company, a good employer, and a good steward for the environment. However, the airline industry is inherently wrought with sustainability challenges. Although we're making good progress, we have a long way to go and a lot more to do.

Integrating sustainability into our planning and business operations is a new and challenging journey. We have chosen to embrace these challenges, and take on sustainability enhancements that are important to the environment, our communities, and the advancement of the airline industry. Our intention in this report is to transparently document the progress we've made, the challenges we've encountered, and the goals we've set for the upcoming years.

This is our second full Sustainability Report, summarizing the environmental, social, and economic

impacts of Alaska Air Group's two carriers, **Alaska Airlines** and **Horizon Air**. It covers business operations and facilities owned or maintained by Alaska Air Group during the reporting period, **Jan. 1, 2012, through Dec. 31, 2013**. Vendor operations and supply chain are not included.

We are integrating sustainability into our business because it's the right thing to do:



For Our
Customers



For the
Environment



For Our
Company





Message From Our CEO

We're taking the sustainability challenge head on



Brad Tilden

The people of Alaska Air Group fly our customers to more than 100 destinations across North America and Hawaii, helping them take in some of the most stunning scenery in the world. This natural beauty is a regular reminder for us to take care of our planet. More broadly, to

us, being socially responsible means we need to run our business in a way that makes Alaska, and all of the people and communities we work with, stronger and healthier over time. So whether you're a customer, a community member, an employee, a supplier or an investor, you should expect us to commit to policies and practices that help us all sustain ourselves and grow over the long run.

One of our core values is that we'll do the right thing. For us, running our business this way — with an eye on the long run — is simply the right thing to do. That's why sustainability isn't a separate program at Alaska. We integrate it into our business and we ask each of our leaders to adopt a long-term perspective, and manage their areas as if they'll be here and responsible for the results 20 or 30 years from now.

I'd like to share a few highlights of how sustainability is making us a successful business within the framework of the triple bottom line (people, planet and performance):

People

► Our core promise to our customers is to get them to their destination safely and on time. We're implementing the FAA's Safety Management System, which uses employee reports about risks and other inputs to help identify safety-related trends and mitigate those risks.

► We believe in treating our people well with generous pay and benefits and good working relationships so they enjoy their job and treat our customers well. As a smaller airline, we make the good pay and benefits work financially by balancing them with a strong focus on customer service and productivity. Importantly, Alaska is sharing our success with our employees, who are responsible for this success. For 2013, all frontline employees received performance-based bonuses of approximately one month of pay.

► To help align employees with our strategic plan, everyone in the company recently attended a daylong seminar called

Flight Path, an investment that gave leaders and employees a chance to spend time together and focus on our vision and how we all need to work together. Recent survey data indicates we have further opportunity to communicate openly and honestly with each other.

► For our communities, Alaska donated \$7.6 million in 2013 to a variety of organizations that support youth and education, among other things. We were especially proud to support the construction of the new Raisbeck Aviation High School in Seattle.

Planet

► Minimizing the environmental impact of burning more than a million gallons of fossil fuel every day is a key challenge for our airline. By investing \$4.3 billion to modernize Air Group's fleet over the past decade, we've provided a better product to our customers, strengthened our finances, and reduced our carbon emissions by 30 percent.

► Looking ahead, we want to help the industry meet its goal of capping the growth of carbon emissions by 2020. We're retrofitting our Boeing 737s with split-scrim winglets to



further improve efficiency. And we recently completed an agreement with a company based in Hawaii that should enable us to use sustainable aviation biofuel on some of our flights by 2018.

► Next Generation airspace management, which is being sponsored by the FAA and industry, offers huge opportunities for reducing fuel consumption, carbon emissions, noise, travel time and costs. Alaska will continue to play a leadership role in the implementation of NextGen.

Performance

► Our sustainable approach has led to record financial performance. In an industry where many folks don't expect airlines to perform financially, we have exceeded our goal of a 10 percent return on invested capital for each of the past four years and we plan to maintain that performance over the long term.

► We have fully funded all of our pension obligations to our employees.

► Since 2007, we've repurchased 21 million shares of our stock, increasing returns for our owners by 30 percent. And we recently initiated, and then increased, our first quarterly dividend since 1992.

We know we can't successfully meet the needs of any of our stakeholders unless we meet the needs of all of them, and we believe the best way to do that is with a sustainable, long-term approach. Our people work very hard to carry out that vision, and we're proud to have received multiple awards from J.D. Power, FlightStats.com and other groups for our customer service, environmental efforts and corporate giving. While we're pleased with what we've done so far, however, we're determined to accomplish much more.





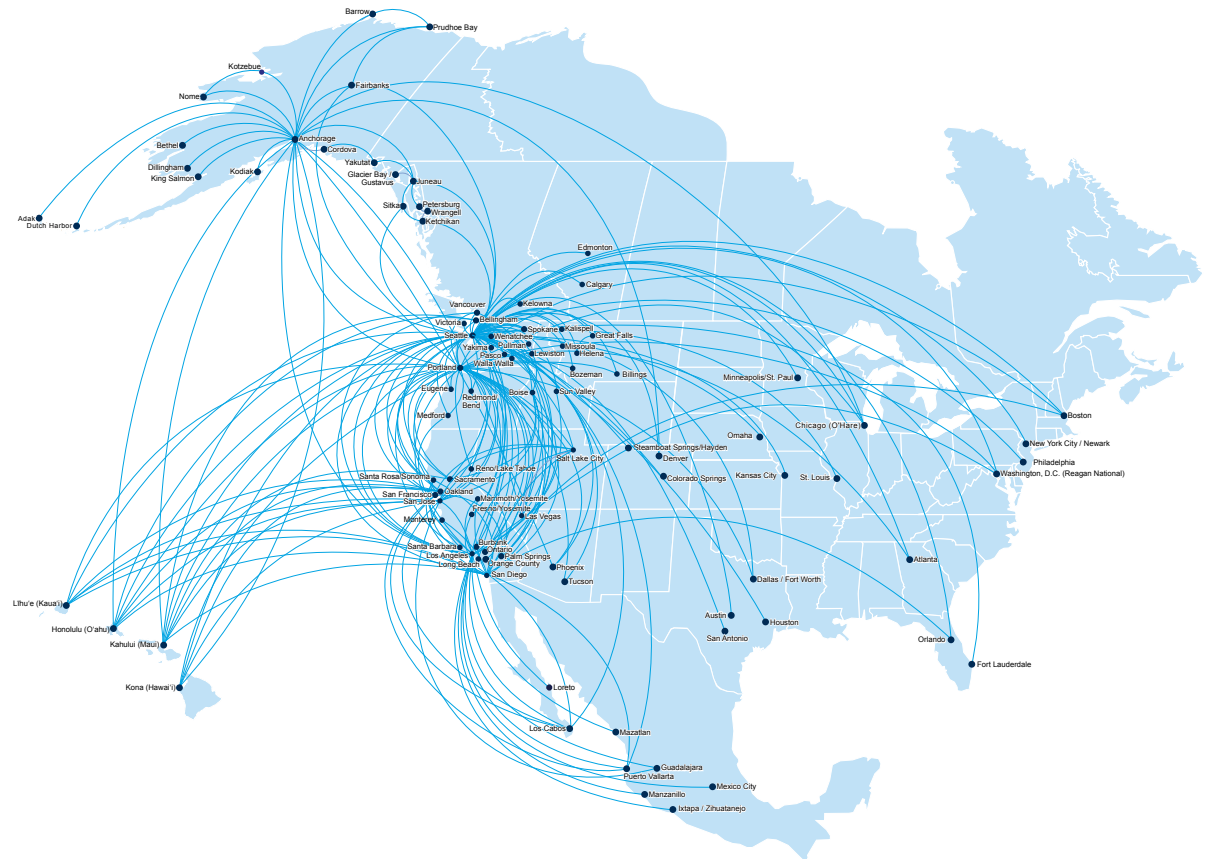
About Alaska Air Group

Alaska Airlines + Horizon Air

Alaska Air Group is a publicly held incorporated entity, and the holding company for two operating subsidiaries, **Alaska Airlines** (AS) and **Horizon Air** (QX). With headquarters in Seattle, the two carriers provide commercial passenger and cargo transportation services throughout North America and Hawaii.

As the nation's **sixth-largest carrier**, Alaska Airlines operates a fleet of Boeing 737 aircraft from hubs in Anchorage, Los Angeles, Portland, San Diego, and Seattle. Horizon Air operates under a capacity purchase agreement with Alaska Airlines. All seats on the regional carrier's Bombardier Q400 aircraft are marketed and sold by Alaska Airlines.

Heavy aircraft maintenance is outsourced to U.S.-based vendors, and we contract out ground operations at many of our stations. Vendors are selected based on strict guidelines examining their safety record, training, diversity, innovation, and their hiring criteria.



ABOUT ALASKA AIR GROUP:

Honesty & Ethical Behavior

A values driven company

Our airlines share complementary values that define our character and guide decision-making and behavior. Proof of our commitment to these values is apparent in the daily actions of our employees — **we put safety above all and do the right thing in the right way, every day.**

Code of Conduct

In 2012 we updated our Code of Conduct and Ethics policy, and all employees are educated annually on the new policy. It is an important tool that summarizes the rules, principles and behaviors that align with our core values, and is designed to promote a culture of open and honest communication where everyone feels comfortable raising questions or concerns about what constitutes ethical behavior.

Doing business in this way is consistent with our corporate values. It has been central to our past success, and will be foundational to our future as Alaska Air Group continues to grow.

Our Core Values



Alaska Airlines

- Safety
- Professionalism
- Caring
- Resourcefulness
- Integrity
- Alaska Spirit



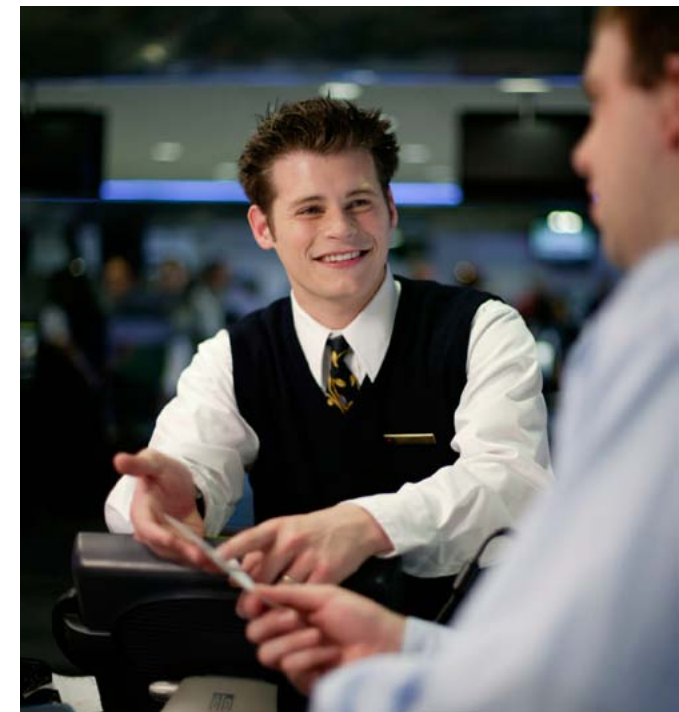
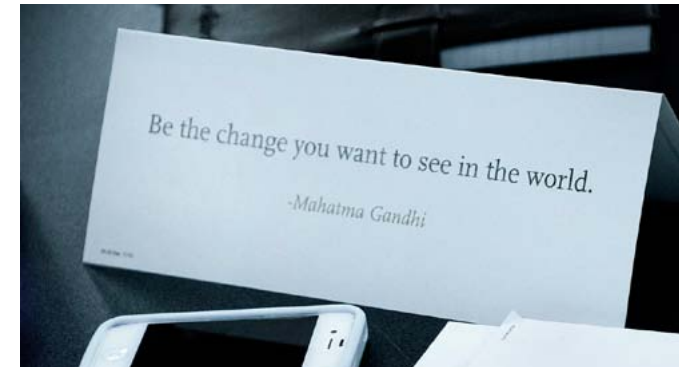
Horizon Air

- Safety
- Integrity
- Partnership
- Innovation / Initiative
- Continuous Improvement
- Horizon Heart

Did You Know?



In 2013, we established a Vendor Code of Conduct to set clear standards to protect our vendor employees by promoting safe and fair working conditions.



ABOUT ALASKA AIR GROUP:

Our Five Focus Areas

And how they align

Our Five Focus Areas are how we define our strategic priorities. In the past two years, we've made significant progress in each Focus Area as we work to integrate sustainability throughout our business operations.

1. Safety & Compliance

Safety and compliance are the foundation of everything we do. We have an unwavering commitment to safety and compliance, and **we will not compromise this commitment** in the pursuit of other initiatives.

HIGHLIGHT

Safety Management System:

More than halfway through full implementation, our Safety Management System achieved Level 2 certification at the end of 2013, leading to:



Increased
safety
awareness



Decrease in
higher-risk
incidents

2. People Focus

While airplanes and technology enable us to do what we do, we recognize that this is fundamentally a people business, and our future depends on how we work together to win in this extremely competitive environment. As we grow, we want to strengthen our small company feel while also providing people of all backgrounds **equal access to opportunities** based on individual abilities and performance. We will succeed where others fail because of our pride and passion, and because of the way we treat our customers, our suppliers and partners, and each other.

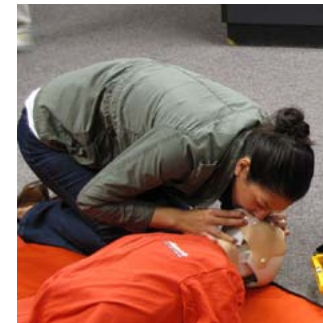
HIGHLIGHT

Flight Path Seminar:

In 2013, all of our employees completed our Flight Path seminar. According to survey results, this led to a:



13%
INCREASE
in employee
engagement



3. Hassle-free Customer Experience

We cultivate **loyal customer relationships** by offering an intuitive and trouble-free experience at all touch-points that is enabled by industry-leading technology, and by reliable and best-in-class customer service.

HIGHLIGHT

Alaska Airlines' Mobile App:

Alaska Airlines' new mobile app reached nearly 1.2 million downloads in 2013, and consistently ranks:

★★★★☆ 4½ to 5 stars by users.

4. Energetic and Compelling Brand

We will create a deeper emotional connection between our brand, our people, our customers and our communities. We will position our brand as **friendly**, **genuine**, and **relevant** to a changing customer profile, and we will use our brand and our technology to develop a more direct relationship with our customers. We will be the **industry leader in environmental stewardship**.

HIGHLIGHT

Supporting the Next Generation:



In 2013, Alaska Airlines' brand ambassador, Russell Wilson, helped us challenge more than 600 students to graduate and pursue long term goals.

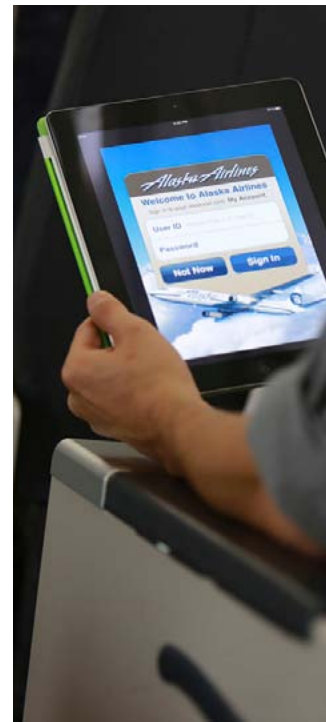
5. Low Fares, Low Costs & Network Growth

We will become known for our **low fares** and **high value** in order to broaden our appeal, reduce our vulnerability to low-cost carriers, and fuel growth. We will fund low fares by relentlessly pursuing simplicity, low overhead and **high productivity**. We will establish ourselves as the preferred airline for all travelers living on the West Coast by defending and growing Alaska and the Pacific Northwest, and by growing Hawaii and California. We are targeting 4% to 8% annual growth for the Alaska mainline operation, assuming acceptable profitability.

HIGHLIGHT

Network Growth:

Positioning ourselves for growth, in 2013 our fleet:







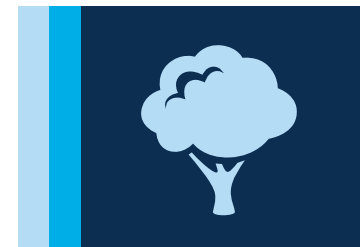


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Section 2:

Environment

Addressing Our Impacts on the Planet





Overview

*We fly people to beautiful places;
let's keep those places beautiful.*

Environmental sustainability presents many challenges to the airline industry. Transporting **millions of passengers every year** requires enormous quantities of petroleum-based fuels that are costly and impact the environment. Tons of waste are generated from inflight services, unsustainable materials are often chosen, and large amounts of energy are consumed in ground facilities.

At Alaska Air Group, **we care about the environment** and are finding innovative ways to reduce the impact of our services, our facilities, and our equipment. In order to take action and lead the aviation industry toward a more sustainable future, our environmental strategy encompasses four main areas.

*Our environmental strategy
strives to reduce:*



Emissions from
Planes and
Equipment



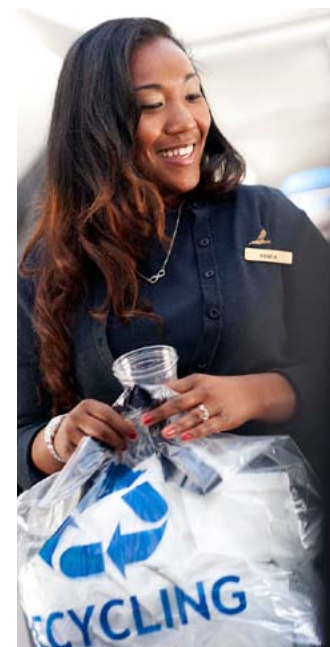
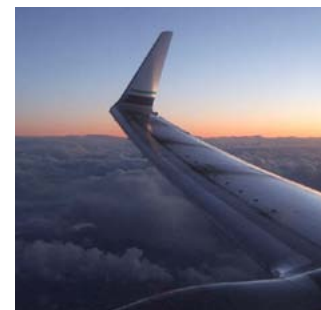
Waste from
Flights and
Other Facilities



Energy Use
in Our
Buildings



Consumption of
Non-sustainable
Resources





OVERVIEW:

Achievement Highlights

① Emissions From Planes and Equipment



REDUCED FUEL
USE BY:

10MILLION

gallons since 2011

THAT WOULD FILL:



15

OLYMPIC SIZE POOLS

& WEIGH THE SAME AS:



2,700

SCHOOL BUSES

FUEL EFFICIENCY MEASURES INCLUDE:



Adding 12 new
fuel-efficient
aircraft



Installing
winglets



Use of cutting
edge satellite
navigation
procedures



Using electric
ground service
vehicles



Alaska Airlines ranked first in fuel efficiency
among U.S. domestic carriers in 2013
by the International Council on Clean
Transportation.

③ Energy Use in Our Buildings



WE'VE SAVED:

24MILLION kBTU

since 2008

THAT'S ENOUGH
ELECTRICITY TO
POWER:



680HOMES
for one year

② Waste From Flights and Other Facilities



WE'VE SAVED:

2,861TONS

of recyclables going
to landfills since 2011

THAT WOULD FILL:



1.16

OLYMPIC SIZE POOLS

& WEIGH THE SAME AS:



1,635

CARS



Alaska & Horizon are the only U.S. carriers
that recycle on every domestic flight.

WE'RE MAKING PROGRESS:



CUT IN 1/2

the amount of passenger waste
we've sent to landfills since 2010

④ Consumption of Non-sustainable Resources



2.4MILLION

pieces of paper are saved
each year by our switch to
iPad® tablet technology

WE EXPECT TO SAVE:



665TONS OF TREES

annually through our
switch to 100% recycled
paper hygiene products



Emissions & Fuel

Tackling our industry's biggest challenge

The airline industry contributes to climate change and local air quality problems by burning jet fuels, using ground support equipment (GSE), and through energy use in buildings and facilities.

Increased awareness of environmental impacts and health concerns has resulted in global efforts to mitigate aviation's contributions to climate change and local air quality. At Alaska Air Group, we believe it's important to do our part by **investing in technologies to reduce emissions** in the air and on the ground.

We approach emission & fuel use solutions in two categories:



Aircraft



Ground Service Equipment





EMISSIONS & FUEL:

Aircraft Emissions & Fuel Use Efficiency

Making progress on a lofty goal

The airline industry has articulated a strategy to mitigate environmental impacts by **capping industry-wide CO₂ emissions by 2020** and **cutting emissions in half by 2050**¹. With aircraft fuel consumption contributing more than 99% of our Scope 1 and Scope 2 carbon emissions², Alaska Air Group supports the industry's comprehensive and balanced energy strategy, and we're focused on ensuring the highest potential fuel efficiency from our fleet.

Our emissions reduction strategy encompasses three main areas:



What
We Fly



How
We Fly



The Fuel
We Use

2020 Goals

Alaska Air Group is committed to decreasing our emissions in the air by:



DECREASING FUEL CONSUMPTION and associated emissions by 20% (gallons per revenue passenger mile, or RPM) at Alaska Airlines, over a 2012 baseline.



USING SUSTAINABLE AVIATION BIOFUEL at one or more of our airport locations (given economic feasibility and adequate supply).

Progress

Maximizing **fuel efficiency** in aircraft is similar to how you would improve the fuel efficiency of your personal vehicle. To obtain the highest level of fuel efficiency, you begin by purchasing the most efficient model on the market and maintain the engine to perform optimally. Then, remove any unnecessary weight, travel at optimal speeds using direct routes, and limit idle time. Finally, similar to carpooling, fill every seat to maximize fuel efficiency per passenger mile.

Reduction in Greenhouse Gases (GHG) intensity:

Alaska
Air
Group

2.8%
DECREASE
since 2012

A total reduction of
30.4%
since our 2004
baseline³ year.

Alaska
Airlines

2.3%
DECREASE
since 2012

A total reduction of
30%
since our 2004
baseline³ year.

Horizon
Air

4.0%
DECREASE
since 2012

A total reduction of
28.1%
since our 2004
baseline³ year.

¹ Relative to 2005 levels

² Scope 1 includes direct emissions from sources such as aircraft, vehicles, and generators. Scope 2 includes indirect emissions, such as purchased electricity.

³ Our baseline has been updated due to the availability of improved primary data that was unavailable at the time of the original calculation, and reflects a revision in aircraft fuel factors and emission factors due to industry updates.



EMISSIONS & FUEL:

What We Fly

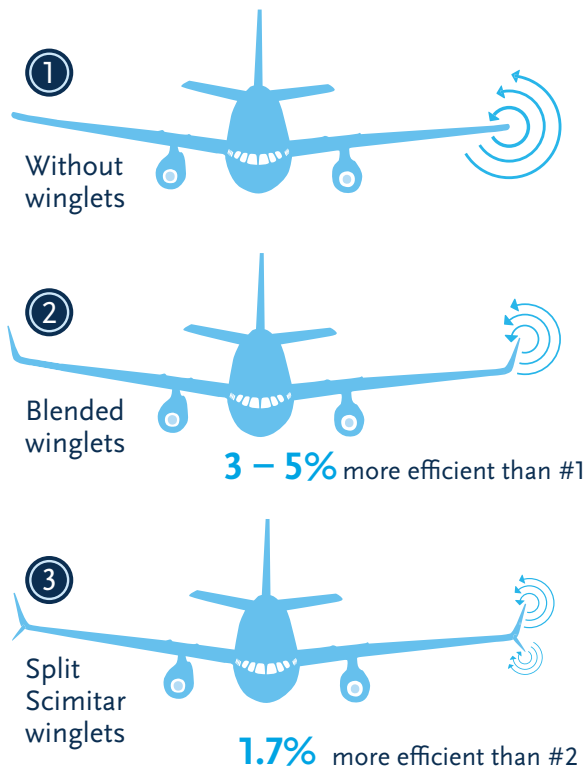
It all begins with our fleet

Alaska Airlines ordered 50 new Boeing 737 aircraft in the fall of 2012, part of a plan to **replace older fleet models** with larger, more efficient aircraft. Thirty-seven of the new jets will be MAX aircraft, which are expected to be **13% more fuel-efficient** and cost at least 10% less to operate per seat mile than the most efficient of Alaska's current aircraft.

Horizon operates a fleet of 51 Bombardier Q400 aircraft. Optimized for short-haul operations, these turboprops are large, fast, quiet, and the most fuel-efficient aircraft in their class.

When purchasing aircraft, we consider the composition, aerodynamic qualities and fuel efficiency of each plane. By maintaining a young fleet and upgrading our airplanes with state-of-the-art aerodynamic and engine improvements, **we operate the two most fuel-efficient aircraft fleets in their class.**

Less Drag Means More Efficiency



New Scimitar Winglets

In 2014, Alaska Airlines will begin installing new performance-enhancing split winglets on all Next Generation 737 aircraft, increasing efficiency another 1.7% over current winglets. While 1.7% doesn't sound like much, this will reduce our fuel consumption (and associated emissions and costs) by 58,000 gallons per aircraft every year.

"Reducing fuel consumption has been a top priority at Alaska Airlines for years. Thanks to the hard work and dedication of our employees, we've cut our carbon emissions by 30% per passenger mile since 2004. Investing in split winglets will further reduce our fuel use and continue our efforts to be the industry leader in environmental stewardship."

— Mark Eliassen,
Vice President of Finance and Treasurer, Alaska Air Group



EMISSIONS & FUEL:

How We Fly

It's not just what we fly, but how we fly it

Maximizing the efficiency of our aircraft is critical. Not only does this help reduce our GHG emissions, it helps with operating costs. Fossil fuel represents our largest operating cost, giving us an inherent economic incentive to minimize the amount we burn and make the most out of what we use.

In 2013, we fine-tuned our calculations on how much fuel is required for every flight. By studying each airplane's performance, average taxi times, delaying the start of our second engines before takeoff (single-engine taxi) and optimizing arrival profiles, we were able to reduce the amount of fuel our fleet carries by more than 3 million gallons a year.

Every 1M gallons of fuel saved equals



1,872

passenger vehicles
taken off the road

OR



118

tanker trucks filled
with gasoline

New Strategies We're Using to Conserve Fuel Include:

① Auxiliary Power Unit (APU) on Demand



Implemented in 2012, this program uses advanced technology to eliminate the need to continuously operate the onboard APU on our Alaska Airlines Hawaii flights, saving more than 1 million gallons of fuel a year.

SAVINGS:
Over **1M** gal/yr

② Improved flight planning & performance monitoring



Improved flight planning and performance monitoring helps accurately predict the amount of fuel required so the aircraft is not carrying excess fuel and unnecessary weight. These and other weight-saving measures contribute to the savings of an estimated 1,148,650 gallons of fuel annually on Alaska Airlines flights.

SAVINGS:
Estimated
1.1M gal/yr

③ Wide Area Augmentation System (WAAS)



All of Horizon Air's aircraft are equipped with this technology, which uses GPS satellite networks and Required Navigation Performance (RNP) procedures to improve accuracy and reliability, allowing us to approach airports with precision even in low-visibility conditions. WAAS is estimated to save 650,000 gallons of fuel annually.

SAVINGS:
Estimated
650,000 gal/yr

④ Engine enhancements & drag improvements



All of our newly purchased 737s include engine enhancements and drag improvements that save up to 1.5% on fuel use.

SAVINGS:
1.5%



⑤ Using Ground Power at the Gates



By using ground power and preconditioned air while aircraft are parked at the gates, instead of running the aircraft auxiliary power unit (APU), we save an estimated 3 million gallons of fuel each year.

SAVINGS:

Approximately
3M gal/yr

⑥ Greener Skies Program



Partnering with Boeing, the Federal Aviation Administration (FAA) and the Port of Seattle, Alaska Airlines has been instrumental in piloting a new method for airport approaches that's revolutionizing our skies.

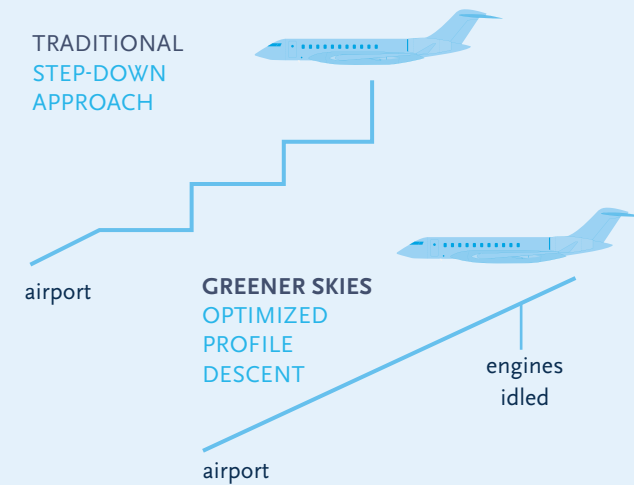
Airport arrival routes are traditionally founded on outdated ground-based navigation systems and stair-step descents that waste large amounts of

fuel and use the airspace inefficiently. The Greener Skies Project leverages the GPS satellite network and other technologies to fly shorter, continuous descent approaches that enhance safety, save fuel, and decrease emissions and noise.

Greener Skies is a key success that shows the potential of the FAA's Next Generation air traffic management system, which will transform the U.S. airspace for the 21st century. After two years of testing and refinement, new procedures became operational in March 2013; all Horizon Air flights and three-quarters of Alaska Airlines flights arriving at Seattle-Tacoma International Airport now use these improved procedures.

Estimates are that Greener Skies will save more than 2 million gallons of fuel annually for all airlines whose planes are equipped with appropriate technology. This translates into saving approximately **22,400 metric tons of CO₂** — equal to the emissions contained in 96 rail cars of coal. Noise exposure for an estimated **750,000 people** in the Puget Sound region has also been reduced.

TRADITIONAL STEP-DOWN APPROACH



Greener Skies

The Greener Skies Project leverages the GPS satellite network and other technologies to fly shorter, continuous descent approaches that enhance safety, save fuel, and decrease emission and noise.



EMISSIONS & FUEL:

The Fuel We Use

Incentivizing a new fuel market

Fuel is a necessity in air transportation, and we require this resource in significant amounts. Although we're proud of our fuel-efficiency efforts, we think we can do better.

Sustainable fuels provide one of the most promising solutions for reducing airline emissions but, unlike ground transportation, our industry does not currently have alternative, commercially available sources of power — all of the fuel we use is from non-renewable sources.

Alaska Air Group is helping to foster the development, testing, and commercialization of sustainable alternative fuels within the airline industry by engaging with technology companies along the biofuel development supply chain. We were a founding stakeholder in Sustainable Aviation Fuels Northwest (SAFN), and in 2011 we were the first U.S. carrier to fly regularly scheduled flights using biofuels. In 2013, we committed to be a collaborator and advisory committee member to

support research efforts at the FAA's Center of Excellence for Alternative Jet Fuels and the Environment, led by Washington State University and the Massachusetts Institute of Technology.

In 2013, we also signed an off-take agreement with Hawaii BioEnergy to purchase **sustainable aviation biofuels** from the Hawaiian Islands beginning in 2018. By collaborating with industry partners, we plan to continue engaging with and incentivizing biofuel producers to create a new commercial aviation biofuel market.

Biofuels offer three key benefits:



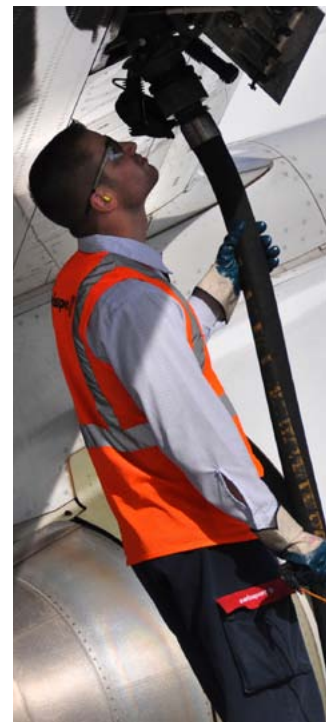
Reduced Emissions



Job Creation



Less Price Volatility





Challenges

Commercial aircraft are expensive to buy, fuel, fly and maintain, and the design and integration of efficiency modifications can take decades to come into production. Meeting the industry's emission reduction goals by 2050 will require manufacturers to produce more fuel-efficient aircraft, the FAA to implement an updated air traffic management system, and fuel producers to supply commercially available quantities of cost-effective and renewable aviation fuels (commonly referred to as sustainable biofuels).

Industry experts predict that aircraft will **rely on liquid fuels for at least another 40 years**, so developing sustainable aviation biofuels is critical to reducing emissions. However, the aviation biofuel industry is still in its infancy. Several pathways for fuel production have been proven using a variety of feedstocks, but most have not been certified by ASTM International, and they have not been scaled up to commercial quantities.

Feedstock for biofuels must not only meet rigorous environmental criteria, but it must be produced in sufficient quantities to maintain or lower the cost of fuel production. **Our biofuel-based flights in 2011 cost six times more than conventional fuel**, making their continuation financially unjustifiable as a business decision.

Finally, in addition to supply availability, aviation biofuels must be able to “drop in” to the existing transportation and storage infrastructure at each airport.

Alaska Air Group is constantly evaluating opportunities to partner with producers and suppliers that may be able to supply commercial quantities of biofuel that meet the required quality standards in strategic airport locations, that can be delivered within existing transportation and delivery infrastructure, and are cost-competitive with conventional fuels.



Carbon Offsetting

Although there are a range of carbon offset credits options available for our passengers to choose from, they are not currently offered directly through our website. Instead, we choose to spend our time and resources on innovative solutions that directly address the causes of the challenges we face.



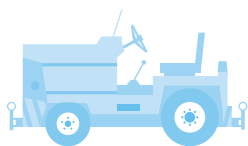
EMISSIONS & FUEL:

Ground Support Equipment (GSE) Emissions

Tackling emissions on the ground

Emissions from our GSE fleet represent less than 1% of our overall carbon footprint; however, these vehicles do contribute to local air quality issues and represent opportunities for innovation, enhanced employee safety, and reduced environmental compliance risk. That's why we're making the **switch to electric vehicles** wherever operationally feasible.

2020 Goal



30%
INCREASE

Increase the percentage of Alaska's electric vehicles to 30% system-wide.

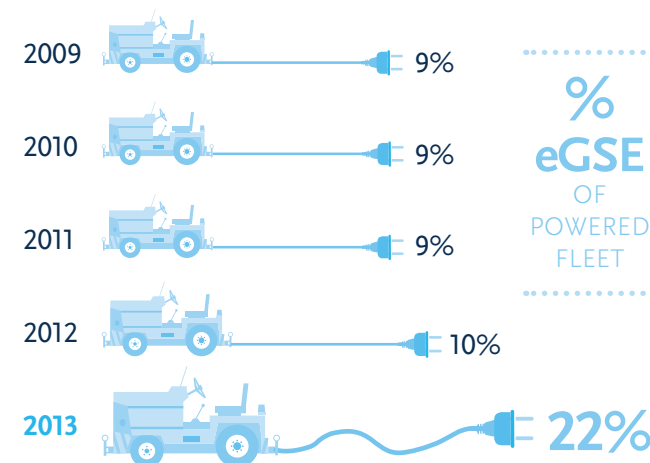
will **eliminate 2,000 metric tons of CO₂ annually**, save us about \$800,000 a year in fuel, and support operations with **cleaner, quieter and more reliable** equipment.

New maintenance software helps Alaska Airlines track and monitor detailed GSE inventory to evaluate improvements in efficiency, as well as to determine which equipment is costing more to repair and why. The software is also used to calculate the percentage of our electric equipment, establish replacement plans, and identify surplus that can be relocated to meet needs.

This year, we also implemented a new centralized GSE fuel tracking system, helping us to accurately track all types of GSE fuel (gasoline, diesel, propane, and electric) consumption and achieve our **2012 goal**.

Alaska Airlines has increased the number of eGSE by 12% since our last reporting period. In 2013, we reached 22% eGSE, exceeding our stated goal of 20%.

Alaska Airlines Annual eGSE Increases



The fleet composition of Horizon Air's motorized vehicles is tracked independently by company division. The Horizon eGSE composition was previously reported at 65%. We now realize that this number was incomplete and did not account for the vehicles assigned to our maintenance division. The current motorized GSE fleet composition across all divisions consists of 60% electric and 40% fuel-

Progress

In 2013, Alaska Air Group launched the Seattle eGSE Project with the aim of **replacing more than 200 fuel-burning ground support vehicles** with their electric equivalents over a period of two years. We estimate this



powered equipment. In 2014, we will be evaluating new inventory systems that will allow us to centrally track Horizon's GSE and provide accurate calculations of our eGSE composition in the future.

Challenges

It is not feasible to operate eGSE in all locations. Electric vehicles cannot operate in Arctic extremes, not all airports have the electrical infrastructure to support charging stations, and there are not electric equivalents available for every type of vehicle we operate.

In 2014, a more robust and disciplined tracking system will be established, which will strengthen our progress measurement for Horizon's GSE fleet. We will also evaluate opportunities for an eGSE fleet in Anchorage.



Harnessing the Power of the Sun

Solar-powered ramps are in use at airports in Seattle and San Jose. The first of their kind, these ramps enable passengers to board and deplane through the rear door of the aircraft while others simultaneously do so from the front, saving passengers time and gaining Alaska efficiencies in our aircraft turnaround process.

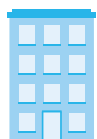


Energy In Our Facilities

The performance of our buildings

The energy consumed by our buildings is a relatively small piece of our overall environmental impact when compared to aircraft emissions. However, these facilities still represent opportunities to conserve resources, reduce GHG emissions, and reduce the operational costs associated with energy consumption.

2020 Goal



REDUCE

OUR ENERGY CONSUMPTION

in facilities where Alaska Air Group is responsible for facilities maintenance

Progress

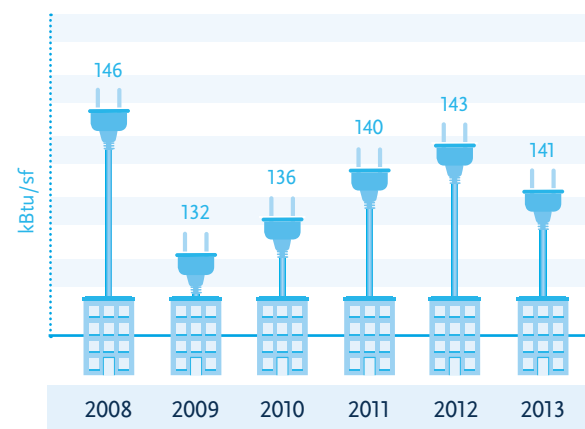
To help us more effectively plan our facilities maintenance efforts and **reduce our operating expenses**, we're developing and implementing processes that will

identify opportunities for improvement and help us **manage the overall energy performance in buildings we control**. We have started incorporating sustainability criteria into our facilities maintenance and planning, and periodically review energy performance data for facilities equipment and systems.

Energy consumption data is being used to develop internal scorecards that help us track and analyze energy use by type and geographic region, which helps us **monitor monthly performance**. Data will also be used for project planning, tenant education and collaboration opportunities.

In 2014, we will complete several **energy audits** and develop a plan for buildings with the worst energy consumption rates. Structures that need improvements will be renovated to improve energy efficiency and reduce emissions and operating costs.

Energy Intensity of Buildings



Total Energy Consumption⁴



⁴ As of 1/1/2013 the new numbers reflect a 4% decrease in intensity from baseline



Challenges

It is difficult to regulate or measure progress in shared buildings since **our energy consumption is not always metered independently of the rest of the airport.** Without a way to see the impacts of our consumption, it can be challenging to modify operational habits to improve conservation.

In buildings we do control, accuracy is important; we continually look for better ways to monitor and track our energy usage. An error was recently discovered in the square footage data used to calculate our energy consumption and performance. Although our methodology, scope and boundary remain unchanged, this resulted in a change in our energy data due to square footage updates.

This error also impacted our ability to accurately measure our progress toward our previously stated energy conservation goal. While we have corrected these data errors, we're re-evaluating our previous goal and will develop more consistent systems for capturing, analyzing, improving, and reporting our facility energy use. Our revised numeric goal will be published in our next report.





Waste & Recycling

*Looking at our impact
from the ground to the skies*

The airline industry generates and manages a great deal of waste. Although our inflight operations are the largest contributor, our waste stream is also impacted by operations in our offices, maintenance facilities, and in the airports where we fly.

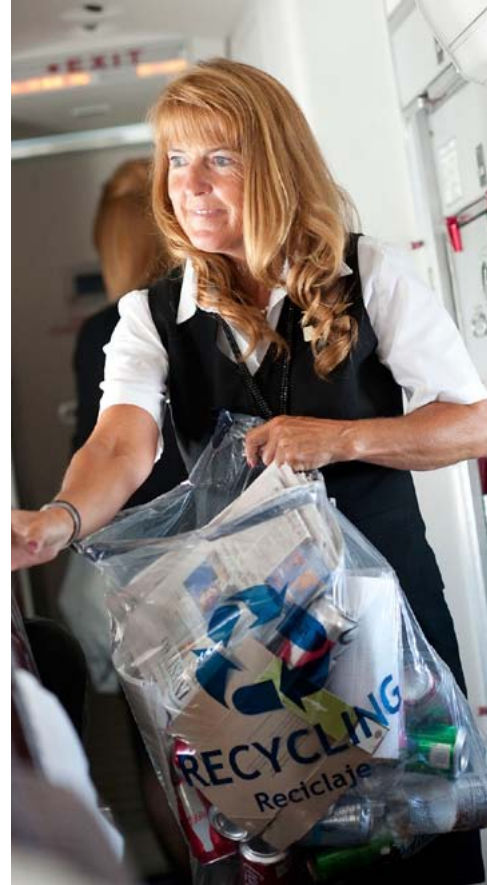
*We approach waste & recycling solutions
in two categories:*



Inflight



At Our Facilities





WASTE & RECYCLING:

Inflight

Recycling is our service standard

The largest contributor to our waste stream is inflight waste from food and beverage services. Added up over time, the amount is significant — at just under a quarter pound per passenger on every flight, **we generated over 3,900 tons of waste in 2013.**

To counteract this environmental impact, recycling is a service standard at both Alaska Airlines and Horizon Air, regardless of where the flight is headed. We're proud of our **award-winning inflight recycling programs** and the progress we've made in the past two years.

2020 Goal



70%
REDUCTION

Reduce all inflight waste sent to landfill⁵ by 70% per passenger, over a 2010 baseline.

Progress

Each airline audits more than 30 flights a year to measure, track, and evaluate our waste stream. We provide feedback to our flight crews and solicit ideas for improvement.

Our waste stream currently includes 50% non-recoverable materials, and we're working to adjust our inflight procurement practices to decrease this quantity.

Where we are today

52% REDUCTION per passenger since 2010



.33LBS



.21LBS



.18LBS



.16LBS

Seven percent of all recyclables are presently being landfilled. This is partially due to unfamiliarity with recycling procedures, the difficulties arising from having to separate trash and recyclables using a two-bag collection system, and operational events that interrupt our recycling efforts.

Horizon Air currently **composts over 14 tons of coffee grounds** each year; in 2014, we'll evaluate ways to integrate composting at Alaska Airlines, as well.

Previous Goals & Successes

Alaska Airlines

GOAL FOR 2013:

70%
RECYCLABLE
COLLECTION RATE

SUCCESS:

77%

Horizon Air

GOAL FOR 2013:

90%
RECYCLABLE
COLLECTION RATE

SUCCESS:⁶

93%

⁵ Alaska Airlines and Horizon Air combined

⁶ While we would like to reach 100%, safety and operational considerations take precedence and it is not always feasible to be thorough with safety in mind.



Challenges

The biggest challenge we encounter is with airports and municipalities that do not have the infrastructure for a successful commingled recycling program. In these locations, we must **transport recyclables to a hub location**. While in many of our Alaska Airlines locations we have resolved this by contracting with a single waste disposal company to collect commingled recyclables, it remains a challenge at Horizon Air where it is managed by the individual stations.

Additionally, government regulations require incinerating all international waste — including recyclables — and many locations have food residue restrictions set by recycling companies that limit what they're able to take.



New Locally Sourced Coffee Cups

In 2013, Alaska Airlines and Horizon Air introduced new coffee cups that are manufactured locally from 50% recycled water bottles and recycled after use. By using recycled cups, we keep 40,000 plastic bottles from going into landfills each year and prevent at least 250 trees from being cut down to make paper coffee cup equivalents.



WASTE & RECYCLING:

Facilities

Opportunities for our ground-based employees

While the vast majority of our waste is generated inflight, waste management and recycling within our facilities is still important to our business. Not only does it save money, it also helps employees make a personal connection and contribute to our sustainability efforts.

2020 Goal


100%

OF GROUND-BASED FACILITIES HAVE
RECYCLING PROGRAMS BY 2020

where operationally feasible.

Progress

In 2012, our Seattle offices kicked off a new **employee-led recycling program**. Volunteers helped implement the program and have made it easier to recycle than

ever. The program is expected to **save the company more than \$60,000 a year**, and we're now evaluating the implementation of recycling programs in other large-scale buildings in Seattle, Portland, and Anchorage.

Challenges

The main challenge is that our capacity to roll out programs in rural facilities is sometimes limited by a lack of infrastructure or recycling services within those communities.

In other facilities, a lack of corporate or divisional oversight makes it a challenge to raise awareness and instill recycling habits when new programs are introduced. Good communication and overall awareness of our desire to build sustainability into our brand have helped in this ongoing process.





Materials & Supplies

*What goes in must come out:
upstream strategies for minimizing
consumption of resources*

Another approach to waste management is through source reduction — **eliminating waste before it's created**. Choosing materials and supplies that are designed to minimize waste reduces the demand for unsustainable resources. This approach also gives us an opportunity to work closer with our vendors and suppliers, signaling our intention to move in a more sustainable direction through the questions we ask and the orders we place.

Choosing where to begin can be a challenge. We know it can't all be done at once, so we're focusing current efforts on paper and inflight service materials.

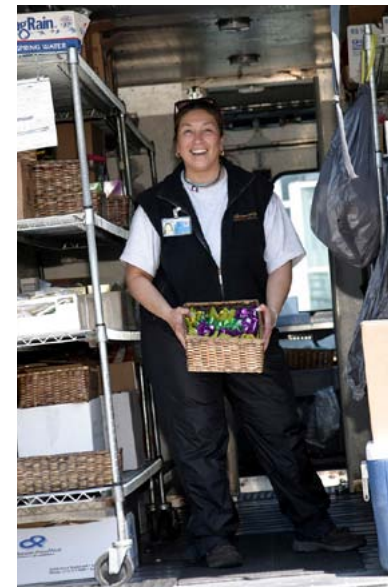
We approach materials consumption in two categories:



Inflight Supplies



Paper





MATERIALS & SUPPLIES:

Inflight Supplies

Exploring sustainable product options

Airlines use millions of disposable items onboard flights every year — Alaska Airlines alone uses over 36 million cold cups and 54 million napkins. It's important for us to explore sustainable products simply because our consumption is so great.

2020 Goal



100%

OF OUR INFLIGHT CONSUMABLE
SERVICEWARE IS SUSTAINABLY
SOURCED.⁷

Progress

Since our last report, we've been working with our sourcing vendor to identify options that meet our sustainability and operational needs, and have been working with local recycling companies to ensure the materials we send are acceptable.

In 2013, we introduced **new recycled hot cups** and placed **100% recycled content paper personal hygiene**

products on all Alaska Airlines flights. These changes will be introduced on Horizon flights in 2014. We're also in the process of eliminating the last of our polystyrene coolers, moving more of our disposable foil items to sustainable options, and identifying ways to decrease the amount of disposable materials on our flights.

Challenges

From stir sticks and pretzels to the garbage bags they end up in, we use a huge variety of materials during inflight services, and it can be difficult to obtain sourcing data⁸ for each and every item. Although this makes quantification and establishing a baseline problematic, local managers and suppliers have been very helpful in providing any information they have.

It will be some time before we reach our goals, but we've started the conversations and **set our expectations with suppliers**. Although our data will need to be adjusted as we get better at identifying the sustainability criteria behind the materials we use, for now we've established an estimated baseline to help us measure progress and identify areas of opportunity and improvement.

⁷ As measured by percentage of total inflight serviceware that meets at least one sustainability criterion: reusable, easily recycled, manufactured from recycled content, and/or sourced from certified sustainably managed forests.

⁸ Sourcing Data: Product composition, % recycled content, life-cycle impacts, etc.



Sustainability in the Supply Chain

In 2013, we began pilot testing the implementation of a vendor scorecard, which includes environmental sustainability criteria in waste, sustainable sourcing, and energy use. We request information regarding sustainability efforts from all our vendors in our standard RFPs; in certain cases, specific requirements must be met, and vendors that do not meet the criteria are not considered. For example, as part of our food and beverage criteria, vendors must commit to recycling 100%.



MATERIALS & SUPPLIES:

Paper

Decreasing waste, improving operations, and saving money

Paper epitomizes inefficiency and hidden expenses. Not only are environmental costs associated with harvesting and processing raw materials, but the associated printing, storage, security, and disposal make paper costly, as well.

These are just some of the reasons **we're moving toward a paperless industry** as we introduce ticketless travel, mobile boarding passes, electronic forms, paperless flight decks, iPads® for mechanics, and electronic records. By finding ways to eliminate paper, we get the job done quicker, cheaper, and with less waste.

2020 Goal



50%

REDUCTION OF INTERNAL CONSUMPTION
OF OFFICE & OPERATIONAL PAPER
by weight, over a 2012 baseline.

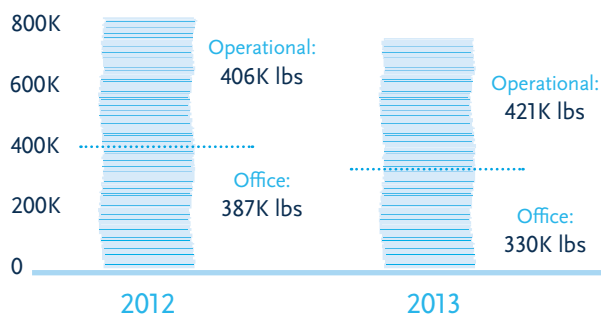
Progress

In the past, we pioneered the progress of the paperless airline industry by becoming the **first U.S. airlines to allow travel bookings via the Internet, utilize check-in kiosks**

at the airport, and introduce Web-based passenger check-in. In 2013, our total office paper consumption decreased by over 14% while our operational paper use increased by 4%, for a **net decrease of 5% for all paper.**

In 2013, we developed a cross-company paper reduction task force. Bringing together a team from our sustainability and LEAN groups, Supply Chain Management and IT departments, our job involved defining which paper uses to explore, establishing a baseline, and evaluating processes to identify opportunities for reduction.

Office & Operational Paper Use⁹



⁹ For the purposes of our baseline, externally printed and distributed marketing and HR communications are not included due to the difficulty of obtaining the data from a large network of print providers.



Paperless Flight Deck

As part of an ongoing effort to use technology to enhance flight safety, improve efficiency and protect the environment, Alaska and Horizon have issued iPad® tablets to pilots, replacing the paper flight manuals pilots are required to carry. Alaska was the first major domestic airline to take this step, replacing up to 25 pounds of weight per flight, reducing fuel requirements, and saving approximately 2.4 million pieces of paper a year.



Looking Ahead

Other projects we'll undertake include:

- Replace all flight crew and maintenance paperwork with tablet technology;
- Develop a corporate printer strategy;
- Evaluate our electronic document management options;
- Develop and finalize a system for electronic signatures; and
- Replace 10% of existing paper forms with those in electronic format.

Challenges

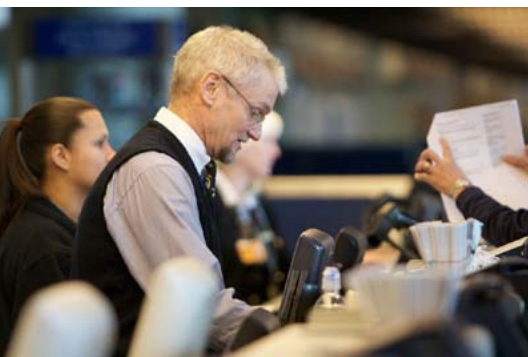
Our company uses just under 1 ton of paper daily — nearly 70 million pieces of paper every year. Paper is used for internal and external operational, general office, and communication purposes, for bag tags, ticket stock, envelopes, office and operational print jobs, annual reports, manuals, brochures, and posters. Although we have transitioned to paperless methods for a variety of programs, there are still ample opportunities for improvement across the company.



Trees (and Accountants) Rejoice!

Our Fleet Service Department is replacing all aircraft toilet tissue, facial tissue, and paper towels with 100% recycled paper products. Since our passengers use over 450,000 pounds of these hygiene-related paper products annually, the switch to all recycled content is expected to save over 665 tons of trees each and every year. Alaska's accountants will rejoice, as well; by switching to recycled products, we'll also save over \$80,000 a year.





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Section 3:
Society
 Embracing Corporate Responsibility



Overview

People are at the heart of our business

People are our most important assets. The future of Alaska Air Group depends on the strength and success of our employees, the satisfaction of our customers, and the positive relationships we build with the communities we serve.

Because our success depends so highly on the success of our people, this year we have focused our attention on the following areas:

Priorities and Commitments:



Passenger &
Employee Safety



Diversity & Equal
Opportunity



Employee Attraction
& Engagement



Supplier Labor
Practices



Corporate Giving &
Community Support



OVERVIEW:

Achievement Highlights



① Passenger & Employee Safety

WE ARE:

 **50%**

toward full implementation of our new Safety Management System



Alaska and Horizon have each received the FAA Diamond Award for Maintenance Training Excellence 12 times in the past 14 years



② Diversity & Equal Opportunity

WE ARE COMMITTED TO HAVING A DIVERSE & INCLUSIVE CULTURE

BOARD OF DIRECTORS

36%  **27%**
People of Color Women
**100%** of our employees go through diversity training

③ Corporate Giving & Community Support

WE SUPPORTED OVER:

1,300 community organizations

AND DONATED:

**\$15.5M** in cash or in-kind since 2011

WE HELP TRAIN THE LEADERS OF TOMORROW: Through targeted giving and mentorship, we expose youths to science, technology, engineering and math careers.



④ Employee Attraction & Engagement

OUR EMPLOYEE ENGAGEMENT

 **79%** in 2013

THIS IS A:

 **13%** improvement since 2011
EMPLOYEE RETENTION RATES ARE CONSISTENTLY OVER: **90%**

⑤ Supplier Labor Practices

WE EMPLOY:

100+
MAJOR SUPPLIERS**10,000+**
MINOR SUPPLIERS

AND INVEST MORE THAN:

**\$600M**
IN LOCAL ECONOMIES

Every 1 job at Alaska Air Group

=



2.5 jobs in the communities we serve



Alaska Air Group is the only major U.S. commercial airline that has a Vendor Code of Conduct to ensure that suppliers treat their staff the way we do.

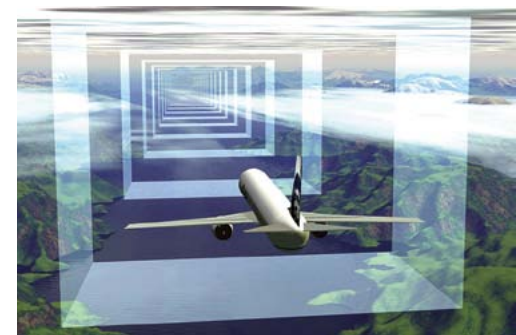
Passenger & Employee Safety

Our No. 1 priority

The safety of our passengers and employees overrides any other consideration, and we are committed to continuously integrating a positive safety culture into every aspect of our business. We aim to comply with all external safety standards and procedures, and have developed rigorous internal policies and practices to ensure the highest possible level of safety for our employees, our customers, and our communities.



Promoting a
Culture of Safety



PASSENGER & EMPLOYEE SAFETY:

Promoting a Culture of Safety

*For every customer and every employee,
on every flight, every day*

We are determined to **ensure the safety** and well-being of our customers and employees, so a safety culture is integrated across all aspects of our organization.

2020 Goals

Achieve the highest possible level of safety for every employee, every customer, and every flight, every day, by:



20%

**INCREASE IN THE EMPLOYEE SAFETY
REPORTING RATE**

over a 2012 baseline for all Alaska Air Group employees.



INCENTIVE

**DRIVE CONTINUOUS SAFETY
IMPROVEMENT & ACCOUNTABILITY**
through an employee bonus program.

Progress

In 2013, both Alaska and Horizon completed the second implementation phase of a Safety Management System (SMS), a structured process to help ensure safety risks are managed and to help us **identify risks before incidents occur**.

Risk level is assessed on a scale of 1 to 5, with higher risk values assigned to events that are higher in severity and more likely to occur. We incentivize a safety culture at our airlines by linking a percentage of our employee bonus program (Pay for Performance) to Risk Level 3 and higher events. As a result, safety awareness has already improved; **Risk Level 3+ events have been reduced by 83%** since year-end 2011, and we have already seen a **24% increase in the number of safety reports submitted** quarterly per employee. To meet our



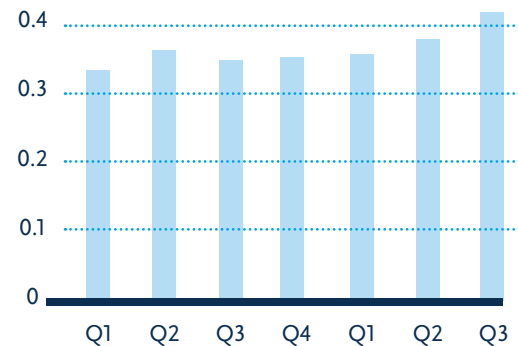
2020 goal, however, we'll need to sustain our increased reporting rate. An increase in reports means that we are creating a reporting culture where people feel free (even obligated) to point out concerns.

Challenges

Shifting workplace safety culture can be a challenge to implement on such a broad level. Our best efforts are spent in **proactively identifying operational and workplace risks**, and mitigating them before they lead to accidents. As employee reporting is essential to identify those risks, we try to foster a culture in which all **employees feel empowered** and encouraged to report safety concerns as they arise.

Safety Reports

Submitted per employee in Q1 2012 – Q3 2013



24%
INCREASE

in the number of safety reports submitted quarterly per employee



Operational Compliance

Strict adherence to governmental regulations and company policies and procedures is crucial to safety and compliance. Federal Aviation Regulations govern how we operate and maintain our aircraft and conduct our ground operations. Department of Homeland Security regulations govern the security of our passengers, employees, and aircraft. Department of Transportation regulations govern airline consumer protection requirements, such as how we handle delayed, canceled or overbooked flights, and how we accommodate passengers with disabilities. These regulations, along with many more, affect nearly every employee at Alaska Air Group.



Employee Attraction & Engagement

Encouraging candid feedback

Each year we ask our workforce to participate in an **employee survey to measure engagement** and other aspects of employment. We encourage candid feedback and we act on it.

2020 Goals

Increase internal and external recognition of Alaska and Horizon as great places to build a career by:



80%+

**EMPLOYEE ENGAGEMENT
SCORE¹⁰ ACHIEVED**

for both Alaska and Horizon (with
no less than 75% per division).



RECOGNITION

AS A GREAT PLACE TO WORK

from at least one national organization.

Progress

Engagement results in 2013 showed a significant improvement over our survey in 2011. 82% of Alaska Air employees and 78% of Horizon Air employees participated in the survey.

Employee Engagement Survey Scores:



Challenges

Our people are personally invested in this company and that shows in our results. That said, this is no time to relax. We will continue the hard work that got us great results and find ways to improve further.



Flight Path

Previous results showed a lack of understanding and alignment around our corporate strategy. As a result, we developed a one-day seminar — called Flight Path — to provide interactive learning opportunities regarding our company's strategic goals and where employees fit into the larger picture.

In 2010, we created a goal of getting 100% of our employees through Flight Path. We have nearly accomplished that goal; 99% of active Alaska and Horizon employees have now participated in the seminar.

In honor of the commitment to attend and participate in Flight Path, we've dedicated two airplanes that display employee's signatures and the message "Employee Powered."

EMPLOYEE ATTRACTION & ENGAGEMENT:

Labor Relations

Working together for long-term success

Our dedicated and engaged employees set us apart, and we want them to have long and successful careers. We work together with our people and their unions to ensure the company remains successful.

Many of Our Employees are Union Members:



83%
ALASKA
AIRLINES

49%
HORIZON
AIRLINES

Alaska Air Group makes an effort to understand and communicate with employees directly as well as through their elected union leaders.

Alaska Airlines Guiding Principles

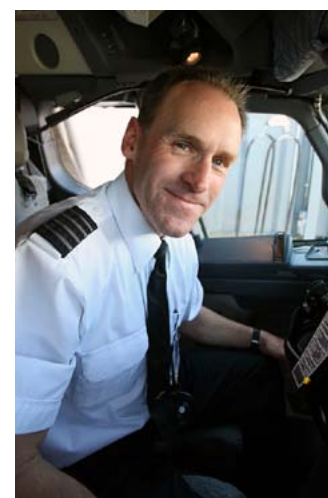
- ① An emphasis on working cooperatively to solve problems
- ② A focus on flexibility and high productivity to maintain a strong business model
- ③ Targeting pay and benefits in the upper tier of the industry.

Progress

In ideal circumstances we are able to reach agreement with our unions before contracts become amendable for renewal; something we have been more successful with over the past two years. Three of the last four contracts reached agreement by or very close to their amendable dates. We've also been able to reach long-term agreements, which provide more certainty and stability for both employees and the companies – most of our recent contract terms have been five-year terms.

At Alaska during the past 28 months, our pilots and mechanics agreed to five-year contracts and our ramp agents agreed to a six-year contract. A five-year agreement with our clerical, office and passenger service agents is pending ratification. Our flight attendants rejected a proposed contract and we remain in active mediation with them.

At Horizon, pilots agreed to a six-year contract, flight attendants signed a five-year contract and our Canadian station employees ratified a three-year pact.





Diversity & Equal Opportunity

Promoting communication and understanding

Talent, creativity, and passion are possessed by everyone. By stimulating a culture that values the unique perspectives and contributions of every employee, we attract and retain a valuable workforce that contributes to the company's success.

“Fostering a culture of inclusion means embracing our differences — this includes the color of a person’s skin, where they came from or their gender. It also includes diversity of thought, diversity of perspective and a willingness to spark new ideas.”

— Laura Fowler,
Managing Director of Diversity & Recruiting

2020 Goals

Our commitment to attract, retain and advance diverse employees is measured by progress toward two goals:



INCREASE

THE PROMOTION RATE OF WOMEN & PEOPLE OF COLOR

to match or exceed those for majority employees and increase our Executive Committee to 1/3 or greater women or people of color.



10%

HIRING RATE OF VETERANS

and ensure retention and advancement rates meet or exceed non-veteran employees.



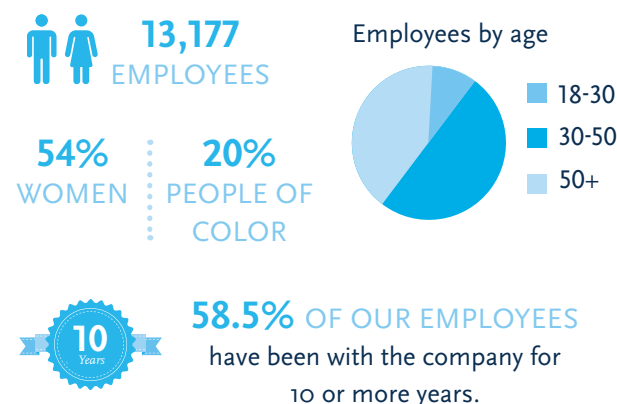
Progress

We believe that diverse teams create stronger and more creative solutions. As with many in the business world, the diversity of our employees thins out nearer the top of our organization. We are dedicated to moving the needle on diversity, including at the top levels of leadership, as reflected in our 2020 goals. We are committed to attract, develop, retain and advance diverse employees by shifting our culture to one that welcomes and supports varying styles and backgrounds. Along with this culture shift, we are making a concerted effort to hire and advance diverse employees at all levels. Our Board of Directors is an excellent example of diversity, and we are committed to building a strong and diverse team throughout the ranks at Alaska and Horizon.

Challenges

Promoting diversity involves more than acknowledging differences, and being diverse alone does not by itself promote an inclusive culture. We intend to be **transparent** and **persistent** in encouraging communication and understanding about the business and **ethical** necessities of a more diverse and inclusive workforce.

Employee Demographics



Employing Military Veterans

Often well-educated, motivated and highly trained, the unemployment rate of post-9/11 military veterans¹¹ remains high. With a wide range of technical and professional expertise, they're able to contribute to specialized civilian occupations in information technology, business management, piloting, procurement, operations and customer service.

Alaska Air Group embraces veterans as respected and valued additions to our workforce, and we'll continue to offer support through the Military Employee Resource Group. **Currently, 6.5% of Alaska Airlines and Horizon Air employees are military veterans** or are currently serving in the Guard and Reserve. Of our 1,137 newly hired employees, 6% are veterans.



Military Apprenticeships

Our Military Apprentice Program is designed to help transitioning soldiers gain experience with a civilian employer while simultaneously exposing hiring managers to the unique skills and experiences a military veteran can bring.

The program was so successful in its pilot year that each division hosting a three-month apprentice extended the opportunity for an additional three months out of their own budgets. Since then, the program has been modified and apprenticeship opportunities now last six months.

¹¹ In 2009, the U. S. Government redefined what it meant to be a veteran. Many who were previously considered veterans no longer qualified under the new definition. Our data is aligned with the new definition, beginning in 2010.



Supplier Labor Practices

Embedding ethical labor practices into our supply chain

Alaska Air Group believes our business partners should be **held to the same standards we set for ourselves**. When the Washington State Department of Labor and Industries issued several citations to ground service vendors used by Alaska at Sea-Tac Airport regarding safety and training issues in 2013, we recognized there was not naturally embedded governance over vendor compliance with employment-related regulations. This led to developing the **Alaska Air Group Airport Vendor Code of Labor Standards**, which requires vendors to provide safe, humane, and legally compliant working conditions for employees working in the service of Alaska Airlines.

2020 Goal



100%

OF COVERED VENDORS WILL HAVE
INCORPORATED THE ALASKA AIR
GROUP AIRPORT VENDOR CODE OF
LABOR STANDARDS INTO CONTRACTS

Progress

Air Group's Airport Vendor Code of Labor Standards outlines our minimum expectations for airport vendors regarding treatment of employees. The code explains the legal requirements in plain language, explains to employees their rights, and informs them that Air Group endorses these rights even though they're employed by another company. The code is incorporated into vendor agreements, and allows the termination of these agreements in cases of serious or repeated non-compliance. We're developing a monitoring and auditing program to track vendor compliance, and documenting resolution for any vendors not fully-accepting.

This is the first known adoption of such a code of vendor conduct by a major U.S. airline. We have received total compliance from our vendors and have not identified any negative impacts from this program.



Corporate Giving & Community Support

Giving back & sharing our successes

Our company embraces the culture of the communities where we fly, and we routinely participate in events such as **charity drives** and **educational support campaigns**. We see ourselves as a part of these communities, which is why we feel it's our responsibility to help when they're in need or suffering from disasters by **donating our time, money, and talents**.

Our Priorities:



Corporate, Employee
& Customer
Philanthropic Efforts



Educational
Support



Economic
Opportunities for the
Sea-Tac Workforce



CORPORATE GIVING & COMMUNITY SUPPORT:

Corporate, Employee & Customer Philanthropic Efforts

Supporting a brighter future

Our charitable efforts encompass the passions of our employees and customers, and contribute to the overall well-being of our communities.

Alaska Air Group has the opportunity to donate in-kind travel to nonprofit organizations for fundraising efforts or to help reduce staff travel costs. In 2013, **we supported more than 1,300 different organizations.**

Cash and in-kind donations:

2012	2013
.....
TOTAL:	TOTAL:
\$7,884,067	\$7,633,182
IN-KIND DONATIONS:	IN-KIND DONATIONS:
\$6,245,951	\$6,518,910
CASH DONATIONS:	CASH DONATIONS:
\$1,638,116	\$1,114,272

Ways we give back to our communities include:

① Support for Local Charities

We donate cash and in-kind transportation to a variety of non-profit organizations that support the communities where we fly, such as Make-A-Wish Foundation, The Nature Conservancy, Angel Flight West, and Special Olympics.

② Matching Gifts

Matching employee donations dollar for dollar¹², this program benefitted 520 unique organizations in 2013.

③ Dollars for Doers

For every hour one of our employees volunteers at qualifying nonprofit organizations, a charity of their choice is paid \$10¹³. In 2012, Air Group paid \$104,060 to selected nonprofit organizations, and in 2013 our payout reached \$90,323.

④ Pack the Plane

Each year, we beat our previous record filling virtual cargo planes with food to feed communities in need. In 2012, we collected contributions of \$44,000 and 13,000 pounds of food, packing nine virtual cargo planes. In 2013, employees raised more than \$54,000 and collected more than 12,000 pounds of food, setting another record and packing over 11 planes.

⑤ Disaster Relief

Through corporate donations, employee matched gifts, and generous Mileage PlanTM member donations, we've been able to provide aid for several recent disasters. Our Charity Miles program provided mileage donations to send medical and relief teams to areas of need, including flood areas in Alaska, Colorado and Chicago, and to aid typhoon relief efforts in the Philippines.

¹² Capped at \$1,000 per employee, with an overall program cap of \$200,000.

¹³ Capped at \$1,000 per employee, with an overall program cap of \$200,000.

Challenges

It is difficult to define the impacts of our philanthropic efforts. Going forward, we intend to enhance our giving strategy so we're able to capture and track data on the progress we're making.

With so many worthwhile causes and limitless opportunities to support those in need, it's also challenging to choose which efforts to support. We are refocusing our efforts to have greater impact. Our focus will be Youth/ Education; and Medical Research.

We've decided to concentrate on three main areas:

YOUTH



EDUCATION



MEDICAL
SERVICES



CORPORATE GIVING & COMMUNITY SUPPORT:

Educational Support

Improving exposure to STEM education

Alaska Air Group is focused on ways to meaningfully expose youths to science, technology, engineering and math (STEM)¹⁴ careers through targeted giving, mentorship, and other programs. By developing our educational giving strategy and increasing our focus on youth and education, we hope to improve educational outcomes by developing resources, mentors, internships, education and leadership support.

2020 Goal



IMPROVE

EDUCATIONAL & ECONOMIC
OUTCOMES FOR YOUTHS

in key Alaska Air Group locations.

Progress

Although we've shaped long-term strategies to promote education and foster career advancement that will lead to economic improvement in our communities, we currently do not have a well-defined method to measure the success of our efforts. In 2014, we will develop and define the metrics we will use to measure our progress.

We provide ongoing support to exciting programs, including:

① Aviation High School

Seattle's Raisbeck Aviation High School (RAHS) is the nation's first public aviation-themed college preparatory school. All subjects are taught in the context of aviation with an emphasis on STEM subjects. Previously operating out of two temporary facilities, the school was limited in its ability to provide applicable learning experiences — until now.

In 2013, Alaska Airlines and other major industry corporations donated enough money for RAHS to open a permanent facility on the grounds of Seattle's Museum of Flight. In its new location, the school is close to aviation businesses that serve as neighbors, advisers and resources.



¹⁴ Science, Technology, Engineering and Mathematics

② Project Amelia

Alaska Airlines made a public commitment to helping young girls pursue their dreams in aviation through a \$75,000 contribution that helped a replica of Amelia Earhart's 1935 Lockheed 10-E Electra become part of the Museum of Flight's permanent collection in 2013. The vintage aircraft is part of Project Amelia, a program that aims to inspire young girls interested in science, technology, engineering and math (STEM) and marks a unique opportunity for the Women's Interactive Network Group (WING) to connect women in STEM careers at Alaska with those aspiring youth.

③ Pledge It, Prove It, Take Flight

Alaska Airlines hosted over 600 students from 21 high school and educational programs at the company's Hangar facility in Seattle. The program included Alaska and Horizon employees that shared their experiences with a special focus on some exciting careers related to Science, Technology, Engineering and Math. Alaska's brand ambassador and Chief Football Officer Russell Wilson addressed the students directly sharing his experiences with balancing football and education through hard work, dedication and determination. The program ended in a challenge for students to pursue their dreams and long term goals. A tour of one of Alaska Airlines Boeing 737s followed the event where students were able to walk around, board and see every part of the aircraft. Three of the 21 high schools won the opportunity to return to Alaska as guests aboard a delivery flight of a brand new aircraft in 2014.



CORPORATE GIVING & COMMUNITY SUPPORT:

Economic Opportunities for the Sea-Tac Workforce

Skills training for our community

Alaska Air Group believes in **fair pay and benefits for all workers**, and we respect every worker and the job they do. We strive to work closely with our labor unions and business partners on pay rates and benefits that reflect the job market. We also recognize that **income inequality is a serious problem** across the country. Proposition 1, targeted at the city of Sea-Tac, pushed this issue to the forefront locally.

While enhanced pay and benefits are one component of a possible solution, we believe from a longer-term perspective that it's important for entry-level airport workers to **have access to education, training, and opportunities for advancement** to help them establish a career in aviation. Proposition 1 did not address these issues. In the year ahead, we're committed to working with our business partners and other airport community stakeholders to find solutions that better address the needs of entry-level workers and the ramifications caused by income inequality.

2020 Goal



INCREASE
ECONOMIC OPPORTUNITIES
& ENHANCE JOB SKILLS
for workers in the Sea-Tac area.

Progress

We strive to work closely with our business partners on pay rates that reflect the job market. In October 2013, we worked with Menzies Aviation and mutually **agreed to raise starting wages for ramp agents** by 14%, with additional raises after six months, one year and again at the end of two years.

In 2014, we will gather information to help us define how we'll contribute to finding solutions to improve training and advancement opportunities for entry-level workers.

Challenges

Given the severe economic pressures that existed during the mid-2000s, Air Group made many difficult decisions to help the company financially survive. One of those difficult decisions was to outsource the ramp function at Sea-Tac Airport in 2005. Today, we can see this inadvertently eliminated a career pathway opportunity for ramp workers. When we employed our own ramp agents, a more natural upward progression within the company existed for them. In upcoming years, we want to help **create new advancement opportunities** to help entry-level workers move ahead in their aviation careers.




Did You Know?



58.5% of our employees have been with the company for 10 or more years.





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Section 4:
Economy
Advancing Economic Stability



Overview

We are celebrating the most successful year in our 81-year history

Resourcefulness and innovation are at the core of how we run our business. A sustainable business model demands these qualities and they've helped us identify new ways of **operating efficiently**, **lowering costs**, and **recognizing valuable investments** in our people, business, and communities. We're always looking for ways to improve our financial performance while continuing to provide value to our customers.

As we transition toward a more sustainable business model, the direct and indirect financial benefits are becoming clear.

Our efforts have placed us in a strong financial position that allows us to:



Grow
Our
Network



Support
the Local
Economy



Develop Cutting-Edge
Ways to Keep Our
Customers Happy



OVERVIEW:

Achievement Highlights



① Our Financial Position

WE ACHIEVED A:

13.6% Return On Invested Capital in 2013, allowing us to balance our investments between customers, employees and investors.

LOWERING OUR OPERATING EXPENSES ALLOWS US TO:



Keep
fares low



Deliver reliable
value to customers



Offer employees better
incentive packages



Provide above
average returns to
our shareholders

OUR STOCK IS REACHING AN ALL-TIME HIGH WITH:

\$383M*
in profit achieved
in 2013

\$78.53
per share on
Nov. 27, 2013

21M
shares of Alaska Airlines
stock bought back since 2007

*Non-GAAP



② Growing Our Network

WE ARE POSITIONING OURSELVES FOR GROWTH:



12
new aircraft
were added to
our fleet in 2013



67
new aircraft are on
order to ensure we
meet demand and
maintain quality



15
new markets
were added
in 2013



③ Supporting the Local Economy

IN WA STATE, WE SUPPORT:



6,336
employees



15,840
indirect jobs

GENERATING:

\$407.8M

in wages that has helped to
boost WA State's economy

OUR EMPLOYEES RECEIVED:



Generous
healthcare
benefits



Fully-funded
pensions



1+ MONTH'S PAY

in bonuses on average over the
past five years — with a record total
of \$105M distributed in 2013



④ Cutting-edge Ways to Keep Customers Happy

FOR SIX STRAIGHT YEARS, ALASKA AIRLINES RANKED:



for Customer Satisfaction Among Traditional Network Carriers in
J.D. Power North America Airline Satisfaction Study.

WE KEEP OUR CUSTOMERS HAPPY BY DELIVERING RESULTS:



1.2M
DOWNLOADS of our
Alaska Airlines phone
app, which received 4.5
stars or higher on both
iPhone® and Android
platforms



95% OF THE TIME
we deliver customers' bags within
20 minutes of the aircraft parking



ALL SEATS
on our new aircraft come
with dual 110-volt and USB
power outlets



Economic Performance

Beyond the bottom line

Whether we're **creating jobs**, **spending money** that helps the economy, **providing corporate philanthropy** or other activities, we know we can be a positive driver of the health of the communities where we operate. By providing our employees with good jobs and meaningful work, we're confident we **can continue to grow responsibly** and make decisions that are in the best interests of our employees, customers, and shareholders.

Finances for a healthy economy



Sustainability:
The Business Case



Supporting the
Regional Economy



A Stable
Workforce



ECONOMIC PERFORMANCE:

Sustainability: The Business Case

Sustainability efforts are a part of our financial success

Alaska Air Group has put in place an organizational and governance structure that helps us make decisions with sustainability in mind. These efforts have been financially advantageous; excluding fuel costs, we've driven down our mainline operating expenses to 7.54 cents per available seat mile (ASM). Ongoing resource savings will allow us to continue to provide top-notch customer service and an exceptional flying experience.

2020 Goal



PROVIDE

ABOVE AVERAGE RETURNS FOR OUR OWNERS, WHILE PROVIDING CONSISTENT VALUE TO OUR CUSTOMERS

This will be measured by maintaining a 10-year historical average ROIC of greater than 10% AND our customer's perception of value received.

Progress

Since establishing our balanced scorecard approach to customers, employees and investors in 2003, Alaska Air Group has exceeded our return goals for the past four years and achieved an ROIC of 13.6% in 2013.

This performance has led to:

\$78.53 PER SHARE

Our stock reaches an all-time high on Nov. 27, 2013.

\$383M PROFIT

in 2013, the best year in our history.

\$478M

ALASKA AIRLINES SHARES bought back since 2007.

Our first
**QUARTERLY
DIVIDEND**
since 1992, beginning in Q3 2013.

\$105M IN
EMPLOYEE BONUSES
This is an average of more than one month's pay for every employee.

Did You Know?



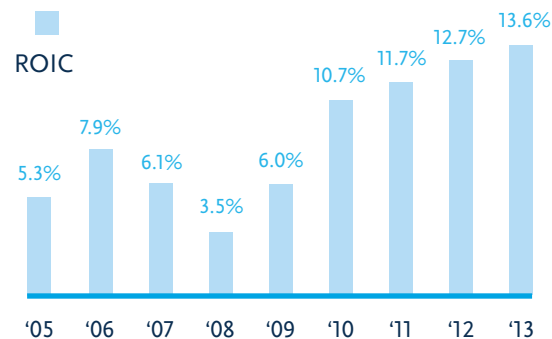
While no funding was required, we contributed \$620 million to our pensions over the past five years and reached fully funded status in 2013.

Our numerous fuel-saving innovations have also proven to be intelligent investments, contributing directly to our financial success and supporting other initiatives that benefit employees and shareholders.

With the most fuel-efficient fleet in the industry, we have reduced our fuel use per revenue passenger mile by 31% since 2004, and our eGSE program will save another \$800,000 in fuel costs annually. We have 67 firm aircraft orders to replace our aging fleet and ensure we can grow 4-8%. We have 71 options, should we earn the right to grow more.

By lowering unit costs, offering competitive fares and growing our network, we continue to add value for our customers and to our business. And, if we continue to achieve our ROIC goal and perform well overall, we will strengthen our ability to remain an **independent company**.

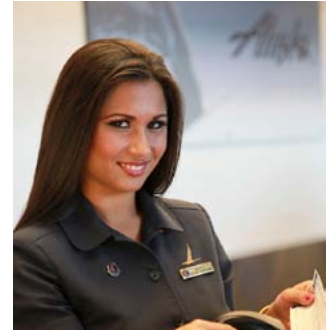
Annual Return on Invested Capital¹⁵



Challenges

We have maintained a **strong financial position** despite facing many uncertainties in recent years, but expensive jet fuel remains an enduring challenge. By far the largest cost in our operations, fuel prices have increased 320% since 2002. With each \$1 increase per barrel of oil representing an \$11 million decrease to our pretax profit, fuel costs have affected us tremendously.

While we've had great success in driving down our operating costs independent of fuel, **we will not cut costs at the expense of safety or our customer experience**. Providing safe, reliable, great service and low fares is a balancing act. We're not aiming simply to be the cheapest airline — we want every decision we make to provide value to our customers.



¹⁵ adjusted for hedge mark-to-market and unusual items

ECONOMIC PERFORMANCE:

Supporting the Regional Economy

Our success affects the communities and economies we fly

At Alaska Air Group we want to be more intentional in managing our **positive impacts on local and regional economies**. We know that as a major airline we have the opportunity to directly provide thousands of good-paying jobs and influence the quality of thousands of others indirectly. To get a clear picture of these impacts in 2012, Alaska Air Group commissioned an analysis of the company's overall economic impact on Washington state (the location of our largest hub).

Our Economic Impact on Washington State



6,336 EMPLOYEES
directly employed in WA:
5,301 at Alaska Airlines and
1,035 at Horizon Air



15,840 JOBS
(indirect and induced
jobs¹⁶) supported by
Alaska Air Group

Based on year-end figures from 2013:

\$407.8M
IN WAGES
paid to Washington-
based employees

\$1.26 BILLION
contributed in
total labor income,
including indirect and
induced effects on
labor income¹⁷

INCREASED THE
STATE ECONOMY
overall by **\$2.44** for
every **\$1** increase in
our own total
economic output

an estimated
\$2.28 BILLION
contributed in direct
output to the state
economy

\$5.58 BILLION
generated in total
economic output in
the state economy

INCREASED
LABOR INCOME
in Washington State
by **55 cents** for every
\$1 increase in our
own output

Did You Know?



Every 1 job at Alaska Air Group
generates an additional 2.5 jobs in
Washington State.

Direct Economic Impacts¹⁸

	2012	2013
Revenue	\$4.65 billion	\$4.96 billion
Operating Costs		
Excluding Fuel	\$2.67 billion	\$2.85 billion
Economic Fuel	\$1.42 billion	\$1.48 billion
Income Taxes Paid	\$78 million	\$149 million
State Property Taxes	\$26 million	\$30 million
Employee Wages & Benefits	\$1.03 billion	\$1.08 billion
Dividends	—	\$28 million
Interest payments	\$46 million	\$35 million

16 The jobs generated by the expenditure of visitors to a region, including both suppliers to Alaska Air Group and the jobs created by wages spent.

17 Income available expenditure back into the economy.

18 Impacts are considered significant since they are under direct control or payment by Alaska Air Group



Hassle-Free Flying

Innovation toward effortless

Our success ultimately depends on the satisfaction of our customers, so by keeping their experience as **comfortable** and **hassle-free** as possible, we generate the growth and customer patronage that allows us to keep evolving as a business.

2020 Goal



BE THE EASIEST AIRLINE IN THE WORLD TO FLY

measured by both industry benchmarking and customer satisfaction surveys.

Progress

The notion of becoming a hassle-free airline is a work in progress. We began tracking “hassle-free” data in July 2012, reaching a hassle-free **satisfaction score of 65%** in 2013.

Also in 2013, we created a dedicated **Innovation Department** to focus on improving our customers’ entire journey — from the experience of buying a ticket, getting from curb to gate at the airport, the onboard experience, all the way to collecting luggage after landing.

Among the Innovation Department’s most notable accomplishments has been the increased functionality of the Alaska Airlines **smart phone app**. In addition to saving on paper costs, mobile technology improves the customer’s ability to book, change or cancel travel on the go. Passengers are supplied with updated flight status, gate information and boarding times, and are able to check in, obtain boarding passes, and receive push notifications. **Our app is consistently rated at 4.5 stars or higher** on both iPhone and Android platforms.

Inventive Improvements

In 2013, Alaska Airlines’ Customer Innovation Department sponsored the company’s first annual Hackathon. Designed to find innovative ways of improving our customers’ day-of-flight experience, the Hackathon provides engineers and non-technical participants the opportunity to turn ideas into functioning prototypes that are then assessed by a panel of judges from outside the company to determine a winner.

The top three ideas were awarded prizes based on factors such as marketability, ease of implementation, scalability, viability, and benefit to the business. The winning entry has moved on to pilot prototype development for testing with customers.



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Section 5:

Appendix

Performance Data and GRI Index





Report Profile

About Alaska Air Group's 2012-13 Sustainability Report

This is Alaska Air Group's second Sustainability Report. It progresses the story that our 2012 report illustrated, summarizing the progress we have made, significant impacts we have made on the environment, society, and economy, and our goals for the upcoming years. Included are links to useful information and publicly available resources regarding our financial, corporate governance, social and environmental policies and performance.

This sustainability report provides basic information about Alaska Air Group's environmental, social, and economic performance from January 1, 2012 to December 31, 2013, unless otherwise stated; whenever possible we have included data showing trends though multiple years. There were no significant changes in our operational size, structure, ownership or supply chain during the reporting period.

For any questions regarding this report or its contents, please contact us at sustainability@alaskaair.com.

Boundaries

Alaska Air Group is comprised of Alaska Airlines and Horizon Air; this report includes data from both airlines, separately reporting on each airline individually where relevant and available. Report content is predominantly focused on our U.S.-based inflight and ground-based operations, including our maintenance facilities and offices. While our commitments span our operations throughout the U.S., Canada and Mexico, these operations represent the majority of Alaska Air Group's environmental, social, and economic impacts.

Process for Determining Report Content

Engaging with our stakeholders is important to ensure we report on matters of importance to them. We have covered issues that are significant to Alaska Air Group

and our stakeholders, based on information regularly obtained from our customer satisfaction and employee surveys, frequent flier and industry forums, Employee Resource Groups, our Corporate Travel, Disability and Community Advisory Boards, our Vendor Scorecard, internal staff experts, and from direct conversations with the communities and organizations we work with. In 2013, we completed a process identifying significant sustainability issues that impact or are impacted by our company and evaluated them internally and externally. Materiality results are shown below.

Aspects identified as having higher importance to Alaska Air Group or our stakeholders have associated goals and commitments and are described in the narrative of this report. We are developing additional methods and criteria for stakeholder engagement and identification, to further identify and prioritize material issues.

	Environmental	Social	Economy
HIGH (full disclosure, goals, commitments, progress)	<ul style="list-style-type: none"> ✓ Emissions & Fuel ✓ Waste ✓ Energy ✓ Material Consumption 	<ul style="list-style-type: none"> ✓ Passenger & Employee Safety ✓ Employee Attraction & Engagement ✓ Diversity & Equal Opportunity ✓ Corporate Giving & Community Support ✓ Supplier Labor Practices 	<ul style="list-style-type: none"> ✓ Financial Performance ✓ Customer Satisfaction
MEDIUM (not included in report)	<ul style="list-style-type: none"> ✓ Drinking Water ✓ Noise ✓ Spills & Remediation ✓ Environmental Compliance ✓ Deicing 	<ul style="list-style-type: none"> ✓ Operational Compliance ✓ Customer Privacy ✓ Training & Development ✓ Vendor Diversity 	<ul style="list-style-type: none"> ✓ Indirect Economic Impacts
LOW (not included in report)	<ul style="list-style-type: none"> ✓ Biodiversity ✓ Water Use 	<ul style="list-style-type: none"> ✓ Human Rights ✓ Child Labor ✓ Indigenous Rights 	<ul style="list-style-type: none"> ✓ Procurement practices

2012 Goals and Progress

Although our priorities have changed since our 2012 report, our previously stated goals did not fall to the wayside — in fact, 78% of the sustainability goals we published in our last report were either met or exceeded. Below is the progress we have made and metrics for each of those goals.

ENVIRONMENTAL	Category	2013 Goal	Status	Progress
	Aircraft Emissions Reduction	Contribute to an industry-wide goal of reducing CO ₂ emissions by 50% by 2050, relative to 2005 levels.	×	Reduced CO ₂ e intensity by 2.8% over 2011.
	Inflight Recycling (Alaska)	Collect and divert 70% of all inflight recyclable materials by year-end 2012, and increase collection rate to 90% by year-end 2015. Expand catering location recycling efforts to 100% of all catering locations by 2Q 2012.	✓	In 2012 we missed our goal with a 66% diversion rate; in 2013 we exceeded our goal with a diversion rate of 77%. 100% of our catering locations now have recycling.
	Inflight Recycling (Horizon)	Collect and divert more inflight recyclables by increasing our diversion rate by waste stream type: aluminum 85%; paper 80%; glass 100%; plastic 75%. In 2013 we modified this goal to: Collect 90% of all recyclable materials generated during inflight service by year-end 2013.	✓	Horizon Air collected 91% of recyclable materials generated inflight in 2013.
	Building Energy Consumption	Achieve a 22% reduction over 2008 baseline.	×	Historical square footage data used to evaluate energy intensity was found to be inaccurate, a recalculation of data using new numbers shows only 5% improvement.
	Biofuels	Actively participate in strategic biofuel advisory groups and incentivize one or more projects that support the study and development of aviation biofuels in AAG's route system.	✓	In addition to participating in the Washington State Aviation Fuels Work Group which is looking specifically at biofuel development throughout Washington State, we also signed an off-take agreement that will support biofuel development in Hawaii.
	Vehicle Fleet Emissions	Increase percentage of electric motorized equipment by 20% (Alaska Airlines)	✓	In 2013 our eGSE fleet hit 22%
		Establish GSE fuel use baseline and implement a system to track all types of GSE fuel consumption.	✓	Implemented a new system to track fuel and establish fuel use baseline.
	Inflight Sourcing	Continue to source inflight serviceware items with reusable, sustainable, recyclable, and/or compostable alternatives.	✓	We established a baseline of all materials from which to measure progress, identifying sustainability criteria and tracking for sourcing. Our catering supply vendor is also collecting data.
	Building & Facility Waste	Establish a standardized recycling program for the five largest company-owned non-airport facilities in Seattle by year-end 2012.	✓	Formalized recycling programs now in effect at five Seattle-area locations, saving us \$60K the first year in waste disposal fees.
	Paper Consumption	Develop 2012 baseline of top papers	✓	"Office Paper" scope defined and baseline completed for internal operational and office paper use.

2012 Goals and Progress

SOCIAL	Category	2013 Goal	Status	Progress
	Industry Leader in Safety & Compliance	Alaska to complete the second of four levels of SMS implementation; Horizon to complete the first level of implementation.	✓	Alaska and Horizon both completed Level 2 implementation on November 21, 2013.
		Achieve less than 5.5 Risk level 3+ events per 10,000 departures	✓	Alaska 2013 Risk Level 3+ incident rate was 0.47; at Horizon, Risk Level 3+ rate was 0.56 in 2013.
		Alaska to reduce lost-time injuries by 5% over baseline to 4.66 per 100 employees. Horizon to reduce lost-time injuries to 2.82 per 100 employees.	×	2013 LTI rates: Alaska: 4.71; Horizon: 4.97.
		Issue awareness training on Code of Conduct and Ethics through company-wide Employee Compliance Training.	✓	Training was issued to all employees (apart from FAs) in 2013. Going forward this will be an annual training, part of our culture and not a separate call out goal.
	Develop, Engage & Care for People	Freeze the pension plan covering management and dispatch employees and replace it with a generous, defined contribution plan.	✓	Defined benefit pension plans have continued to be funded, well in excess of required amounts. We communicated the freeze to all affected plan participants, and freeze of accruals occurred Dec. 31, 2013.
		Maintain a “small company feel” by connecting employees through an eight-hour Flight Path seminar.	✓	Completed in Spring 2013.
		Achieve a rate of 4.09 on the Kenexa Employee Engagement Index by the end of 2017.	✓	Achieved average score of 4.09, meeting our goal four years early.
		Improve how we measure factors relevant to increasing applicant pool diversity to ensure our diversity outreach efforts are effective. Create formal expectations around coaching, mentoring and sponsoring employees.	✓	Each officer identified one diverse employee in 2013 for a short-term supported assignment, and an “Advisory Board” (composed of officers) was created with the purpose of establishing strong diversity advocates in the officer group.
		Implement an employee giving and volunteerism portal.	✓	Portal was launched in August 2013.

2012 Goals and Progress

ECONOMIC	Category	2012 Goal	Status	Progress
	Reduce costs	Reduce costs per available seat mile (CASM) excluding fuel to 7.5 cents at Alaska and 12 cents at Horizon. Continue to reduce CASM at Alaska and Horizon to remain competitive with lower-cost airlines for the long-term.	partially met	Alaska reduced CASM to 7.54 cents in 2013; Horizon reached 12.73 cents.
	Optimize Profit and Value Created	Continue to keep 10 cents on every dollar we collect (before taxes) by responding nimbly to changing market conditions and continuing to lower costs.	✓	Achieved ROIC of 13.6% in 2013.
	Growth	Grow Air Group capacity (measured by available seat miles) 4% to 8% annually, assuming acceptable profitability. Establish Alaska Air Group as the preferred carrier for travelers living on the West Coast.	✓	In 2012 we saw 6% growth; in 2013 this number increased to 7%.
		Accept delivery of three 737-800s and four 737-900ERs in 2012 and up to nine more in 2013.	✓	We accepted three 737-800's and four 737-900ER's in 2012, and nine 737-900ER's in 2013.
	Suppliers	Develop performance standards for our integrated buyers that ensure a minimum of one diverse supplier is included in all RFPs issued by SCM.	×	In 2012 we met this goal, but in 2013 we fell short; more information can be found on page 46.



Organizational Profile

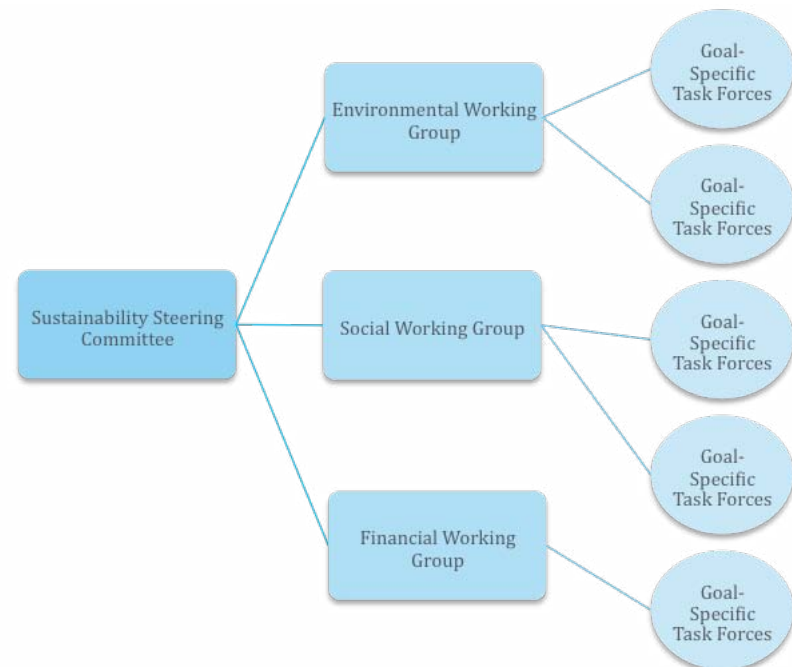
Management & Governance

Alaska Air Group, Inc. is a Certified C Corporation, organized as a Delaware corporation in 1985. Subsidiaries of Alaska Air Group include:

- [Alaska Airlines, Inc.](#)
- [Horizon Air Industries, Inc.](#)

For the purposes of this report, only Alaska Airlines, Inc. and Horizon Air Industries, Inc. have been included. Information about the remaining entities can be found on Alaska Air Group's publicly consolidated financial statements [here](#).

Sustainability initiatives at Alaska Air Group are overseen by a Sustainability Steering Committee composed of representatives from most major departments who are management or senior management employees. This committee oversees cross-functional working groups focusing on our environmental, social and financial performance. The Steering Committee reports informally to the Board of Directors.



External Charters & Industry Associations

Alaska Airlines was the first domestic airline to join SAFUG (Sustainable Aviation Fuel Users Group) in July 2009. SAFUG is a global group of airlines, airplane and equipment manufacturers working to promote and accelerate the commercialization of sustainable aviation fuels. Through our membership with SAFUG, we have pledged to consider fuels that minimize biodiversity impacts; require minimum land, water, and energy to produce; and don't compete with food or freshwater resources. More information can be found at <http://www.safug.org/>.

Alaska Air Group is a member of the following organizations:

International Air Transportation Association (IATA)	IATA is the trade association for the majority of the world's airlines, representing approximately 240 airlines and more than 80% of total air traffic. IATA supports airline activity and helps formulate industry policy and standards.
Airlines for America (A4A)	Formerly known as Air Transport Association of America, Inc. (ATA), Airlines for America is the only trade organization of the principal U.S. airlines. A4A members and their affiliates transport more than 90% of all U.S. airline passenger and cargo traffic, and is the main advocate for the airline industry in national conversations.
Regional Airline Association (RAA)	RAA represents North American regional airlines, and the manufacturers of products and services supporting the regional airline industry, before the Congress, DOT, FAA and other federal agencies. With more than 13,000 regional airline flights every day, regional airlines operate more than 50% of the nation's commercial schedule.
Alaska Air Carriers Association (AACA)	The Alaska Air Carriers Association provides safety and educational training and support to members, and facilitates the distribution of aviation safety and business management support. Alaska Airlines donates Free Standby Travel for air carrier employees to the AACA annual convention and member dinner.



Performance Data: Environmental

Operating Fleet Information *(as of Dec. 31, 2013)*

Alaska Air Group proudly operates a fleet of 182 modern, fuel-efficient aircraft. As of Dec. 31, 2013, the average age of our combined aircraft is less than ten years old, helping our fleets remain some of the most fuel-efficient in the industry. More information can be found [here](#).

Alaska Airlines	Total in Fleet	Average Age
Boeing 737 Freighters and Combis	6	20.2
Boeing 737-400 / 700	39	16.1
Boeing 737-800 / 900 / 900ER	86	5.8
Boeing 737 Passenger Aircraft	125	9.0
Total	131	9.5
Horizon Air		
Bombardier Q400	51	7.1
Total	51	7.1
Alaska Air Group Total	182	8.8

Emissions

Our emissions are calculated annually by third-party experts using standard greenhouse gas (GHG) inventory protocol. Since 2004, our operations have grown significantly in size, resulting in growth in our overall emissions but with a significant decrease in our GHG intensity. Our intensity ratios are based on RPMs, showing a decrease in GHG emissions per unit of production for Alaska Air Group.

CO₂e (MM kgs)	2004	2005	2006	2007	2008¹⁹	2009	2010	2011	2012	2013
Alaska Airlines	3,523	3,428.5	3,471.3	3,469.4	3,313.6	3,026.6	3,171.0	3,435.7	3,647.3	3,891.2
Horizon Air	494.9	510.5	540.6	644.9	510.1	596.5	572.3	457.2	440.2	445.6
Total CO₂e	4,017.9	3,939	4,011.9	4,114.4	3,823.7	3,623.1	3,743.3	3,892.9	4,087.5	4,336.8
GHG Intensity	224	209	201	196	187	174	164	158	154	153

¹⁹ After 2008 our baseline was updated due to the availability of improved primary data that was unavailable at the time of the original calculation, and reflects a revision in the aircraft fuel factor and emission factors due to industry updates. As a result, there is a slight difference in calculations after that year as compared to 2004-2008, but the difference was not significant enough to warrant retroactively updating the pre-2008 data.

Emissions

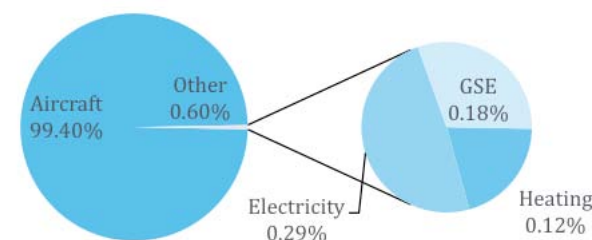
GHG Inventory (Alaska Air Group)	2012	2013
Total flights	281,639	291,459
Jet fuel consumption (MM kgs)	1,278.7	1,357.3
Scope 1 emissions (MM kgs of CO ₂ e)	4,074.4	4,324.1
Scope 2 emissions (MM kgs of CO ₂ e)	13.1	12.7
Aircraft emissions: CO ₂ (MM kgs)	4,019.7	4,266.7
Aircraft emissions: CH ₄ (kgs)	40,780	42,266
Aircraft emissions: N ₂ O (kgs)	131,255	139,261
Aircraft emissions: CO ₂ e (MM kgs)	4,061.2	4,310.7
Aircraft emissions: SO _x (kgs)	195,162	204,035
Aircraft emissions: NO _x (kgs)	1,688,134	1,772,471
Total GHG emissions (MM kgs of CO₂e)	4,087.5	4,336.9
Available Seat Miles (ASM)	30,848,839	33,089,279
Intensity ratio (kgs CO ₂ e/1,000 ASM)	133	131
Revenue Passenger Miles (RPM)	26,506,125	28,334,664
Intensity ratio (kgs CO ₂ e/1,000 RPM)	154	153
Revenue Ton Miles (RTM)	2,717,369	2,905,772
Intensity ratio (kgs CO ₂ e/1,000 RTM)	1,505	1,492

Aircraft Emissions

To calculate aircraft emissions, the number of Landing/Take-off (LTO) cycles per aircraft type was applied to the appropriate aircraft fuel factor to calculate total fuel consumed during the LTO cycle. Total fuel consumed during LTO was then subtracted from the total fuel used to calculate total fuel consumed during cruising. It is assumed that the remaining fuel usage is correlated only with cruising.

Utilizing emission factors, the emissions associated with LTO and Cruising were then calculated. It is understood by the industry that there are no CH₄ emissions during cruising.

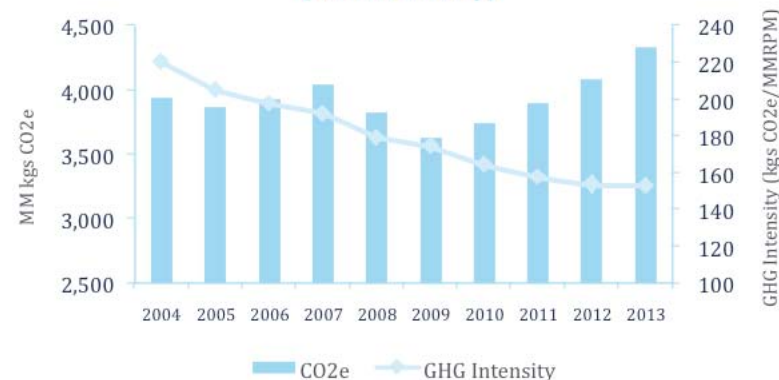
2013 Scope 1 and 2 Emissions
(Alaska Air Group)



Scope 1 & 2 Emissions ²	2012	2013
Aircraft	4,061,264,779	4,310,793,360
Heating	5,489,372	5,308,952
Electricity	13,110,959	12,698,464
GSE	7,626,941	8,019,178

² Calculated in kgs of CO₂e

GHG Emissions & Intensity
(Alaska Air Group)



Emissions

GSE Emissions

To calculate GSE emissions, we used the average GSE emissions used in 2010 and applied the total number of LTOs each year. The methodology used was to estimate average emissions per LTO, as GSE activity is tied to the number of flights the GSE serviced and the assumption that number of LTOs is a good indication of the GSE activity level.

To calculate eGSE emissions, kWhs usage was provided by the Port of Seattle. Based on location, we utilized the egrid WECC Northwest to calculate emissions from electricity usage. End of year data for 2013 was unavailable, so average kWhs from November and December was used to estimate this data.

Emissions from our Facilities

Building energy consumption was calculated by applying energy consumption data to the appropriate emission factor. Types of energy included in the intensity ratio are electricity and heating fuel; we have achieved a 3% reduction in annual energy intensity (kBtu/sf) since our last report.

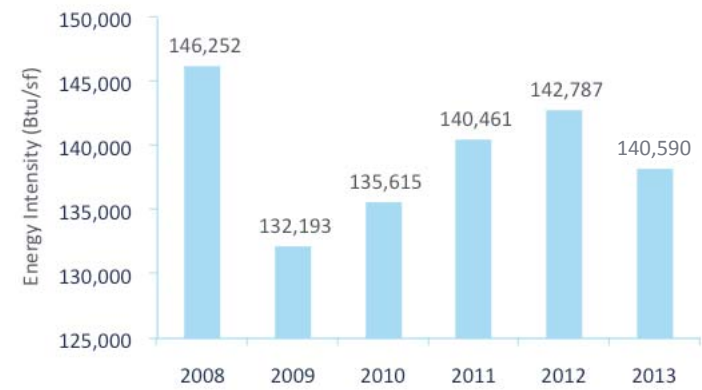
Facilities Emission Factor Sources

Electricity: World Resources Institute - GHG Protocol Calculation tools - Emission-Factors-from-Cross-Sector-Tools-(August 2012) - Electricity US - Table 4. "Year 2009 US Regional Electricity Emission Factors for CO₂, CH₄ and N₂o".

Natural Gas: World Resources Institute (2008). GHG Protocol tool for stationary combustion, v4; Energy Conversion Factors are from the GHG Protocol tool, Emission-Factors-from-Cross-Sector-Tools. August 2012.

Other Fuel: EPA Mandatory Reporting Emission Factors 2011 for heating oil. Heating oil emission factors were used due to how the data was captured in Ecova. Both propane and heating oil consumption was lumped into one category. SBC and Alaska chose to utilize the larger emission factor of the two in order to prevent underestimation of emissions. One facility - Cordova 160 - utilized jet fuel (and tracked separately), the emission factor for jet fuel as an energy source was used (EPA Climate Leaders).

Energy Intensity of Buildings
(Alaska Air Group)



Emissions

Boundaries

The majority of the facilities we operate in are owned by others and leased by our airlines. Our calculations include GHG emissions from facilities and assets we control, including facilities owned or operationally controlled by Alaska Air Group. Facilities under control of airport operations have not been included.

Scope 1 (emissions from the direct combustion of fossil fuels) and Scope 2 (indirect emissions generated during the production of energy) emissions are included in our inventory calculations. Scope 3 emissions are insignificant when compared to our other emissions, and have not been included. Data collected reflects GHG emissions from:

- Aircraft fuel consumption
- GSE fuel consumption
- eGSE electricity consumption
- Electricity used in facilities controlled by Alaska Air Group

Estimations

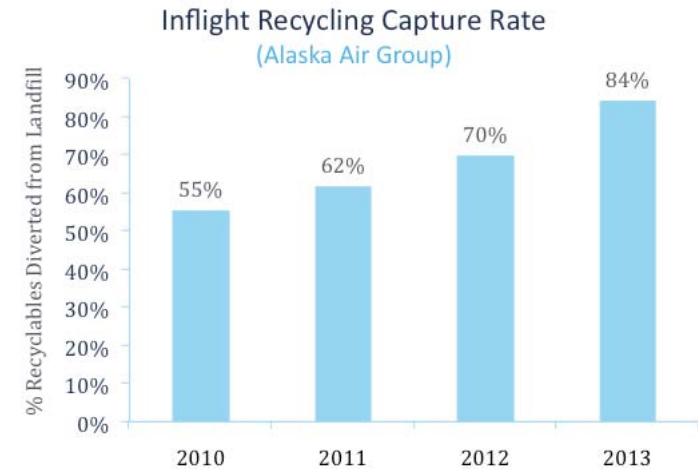
Where data was unavailable, data was extrapolated from nine different facilities between 2008 and 2012.

In 2013, end of year data was not available in some cases. Consumption was calculated utilizing estimated usage based on the most recent bills available.

Waste & Recycling

During the 2012-2013 reporting period, Alaska Air Group generated 7,991 tons of total inflight waste; of this, 2,861 tons of recyclables were successfully diverted by our flight attendants during inflight services. Solid waste is also generated by our ground-based facilities, but the data is not currently available.

All hazardous waste is appropriately managed and disposed at permitted facilities in accordance with local, state, and federal regulations. Although the landfilling of certain types of hazardous waste is allowed by law, we strive to exceed required levels of compliance by ensuring that all of our hazardous waste is recycled or permanently destroyed.





Performance Data: Social

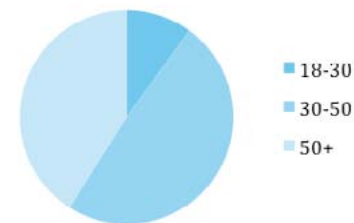
Employee Demographics

Alaska Air Group is committed to equal opportunity for all employees. We prohibit discrimination in hiring, promotion, and other employment decisions on the basis of race, gender, age, religion, or other basis, and comply with all federal, state and local laws. The information below illustrates Alaska Air Group's employee demographics, including ethnic and gender diversity at various levels within the company.



Gender Diversity (% Female)	2012	2013
Vice President and Above	29%	29%
Managing Directors	41%	43%
Supervisor//Manager/Director	42%	42%
All Other Employees	55%	55%
Overall	54%	54%

EMPLOYEES BY AGE



- **Minority Groups** represent **20%** of our employee base.
- **58.5%** of our employees have been with the company for **10 or more years**.
- Of those who have been with us for 10+ years, **52% are female**, and **16% are non-white**.

Board & Executive Leadership Diversity	2012	2013
Board of Directors (% Non-White)	36%	45%
Board of Directors (% Female)	27%	36%
Executive Committee (% Female)	12%	12%

Employee Promotion & Retention Rates (Alaska Air Group)

Retention of well-trained, high-performing individuals in our employee base is paramount to providing stellar services. Our company-wide focus on inclusion, talent development and employee engagement has resulted in employee retention rates that are consistently over 90%.

Promotion Rates (Supervisor and Above)

	2011	2012	2013
Minority Promotion	7.1%	10.0%	12.3%
White Promotion	14.9%	9.1%	9.9%
Male Promotion	13.4%	8.4%	10.5%
Female Promotion	14.8%	10.3%	9.9%
Veteran Promotion	12.3%	2.5%	13.9%
Non-veteran Promotion	14.1%	9.8%	9.9%

Promotion Rates (All Levels)

	2011	2012	2013
Minority Promotion	2.1%	1.6%	2.8%
White Promotion	2.6%	2.1%	2.4%
Male Promotion	2.6%	2.1%	2.6%
Female Promotion	2.4%	2.0%	2.4%
Veteran Promotion	2.0%	1.2%	2.8%
Non-veteran Promotion	2.5%	2.1%	2.5%

Employee Retention Rates (2012-2013)

	2011	2012	2013
Male	90.7%	92.3%	91.2%
Female	91.4%	92.5%	92.9%
<30 years of age	75.5%	75.5%	77.5%
30-50 years of age	92.3%	94.1%	93.7%
50+ years of age	93.8%	94.6%	94.0%
Veterans	89.8%	92.5%	89.9%
Non-Veterans	91.2%	92.4%	92.3%
Minority groups	89.4%	90.4%	90.1%
Whites	91.9%	93.3%	92.9%

Labor Unions

At 74.5%, the majority of our employees are represented by labor unions²¹. The breakdown of those participating, as well as our other employees, is as follows:

Union Group (Alaska Airlines)	Employee Group	2012	2013
Air Line Pilots Association International (ALPA)	Pilots	1,452	1,440
Association of Flight Attendants (AFA)	Flight Attendants	2,989	3,132
International Association of Machinists and Aerospace Workers (IAMAW)	Ramp Service and Stock Clerks	573	598
International Association of Machinists and Aerospace Workers (IAMAW)	Clerical, Office & Passenger Services	2,495	2,508
Aircraft Mechanics Fraternal Association (AMFA)	Mechanics, Inspectors & Cleaners	624	632
Transport Workers Union of America (TWU)	Dispatchers	39	41
<i>Subtotal Union Employees</i>		8,172	8,351
Mexico		102	99
Non-Union Employees		1,679	1,751
Total Employees		9,953	10,201

Union Group (Horizon Air)	Employee Group	2012	2013
International Brotherhood of Teamsters (IBT)	Pilots	550	551
Association of Flight Attendants (AFA)	Flight Attendants	505	545
International Brotherhood of Teamsters (IBT)	Mechanics & Technicians	298	274
Transport Workers Union of America (TWU)	Dispatchers	18	16
National Automobile, Aerospace, Transportation and General Workers	Station Personnel (Canada)	46	49
International Association of Machinists and Aerospace Workers (IAMAW)	Maintenance Stores	31	33
<i>Subtotal Union Employees</i>		1,448	1,468
Wage Scale Employees		1,178	1,170
Non-Union Employees ²⁰		349	338
Total Employees (Horizon)		2,975	2,976

²⁰ Includes Canadian Management

²¹ More information can be found at sec.gov

Passenger & Employee Safety

Safety is a top priority at Alaska Air Group, and we are working hard to integrate it into every aspect of our company's culture. The majority of injuries during the 2012-2013 reporting period occurred during baggage lifting or other cargo-related instances. Incidents identified as having a higher severity level (Risk Level 3 or above) have been reduced by 83% since the end of 2011, accomplishing our 2012 goal. More information can be found on page 40.

Injury Rates ¹ (Alaska Airlines)	OJI	LTI	Risk Level 3+
2010	8.31	5	n/a
2011	8.45	5.19	2.87
2012	8.04	4.91	0.98
2013	11.89	4.71	0.47

Injury Rates ² (Horizon Air)	OJI	LTI	Risk Level 3+
2010	7.94	2.95	n/a
2011	5.88	2.26	3.42
2012	4.81	2.93	0.91
2013	7.51	4.97	0.56

OJI = On-the-Job Injuries

Injuries that occur while at work.

LTI = Lost Time Injuries

Accidents resulting in personnel not being able to work as a result of their injury.

1, 2 Incidents per 10,000 departures

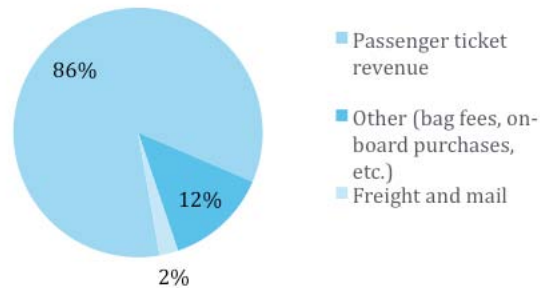


Performance Data: Economic

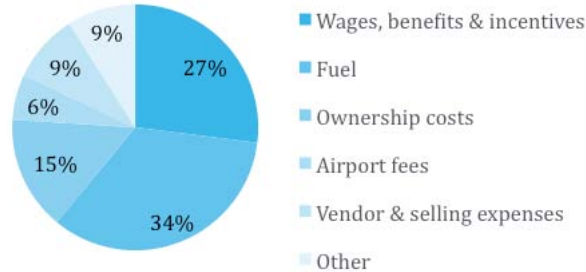
Economic Performance

Celebrating the most profitable year in our 81-year history, our company is making great strides. The following outlines our revenue, costs, and distributed economic value.

Where our money comes from



Where it's spent



Quantity of Services Provided

	2012	2013
Total Revenue Passenger Miles (MM RPMs)	27,007	28,833
Passenger Revenue per Available Seat Miles (PRASM, in cents)	12.82	12.67
Revenue per Available Seat Mile (RASM, in cents)	14.82	14.74

Direct Economic Value Generated

	2012	2013
Economic value retained ¹ (millions)	\$259	\$146
Direct economic value generated (millions)	\$5,026	\$5,332

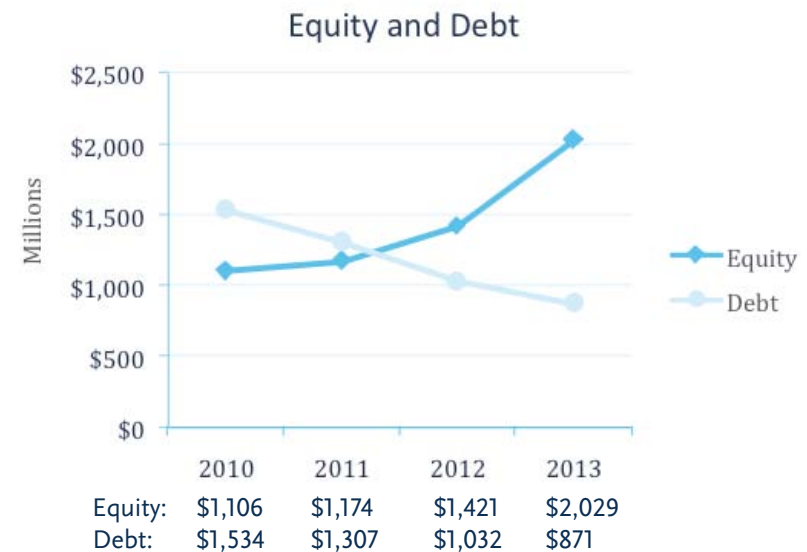
Direct Economic Value Distributed

	2012	2013
Employee wages, benefits & incentives (millions)	\$1,126	\$1,191
Dividends (millions)	-	\$28
Interest (millions)	\$46 ²³	\$35 ²⁴
Taxes paid (U.S.) (millions)	\$78	\$149
Community Investments (millions)	\$7.8	\$7.6

²³ Cash paid in interest net of amount capitalized

²⁴ Economic value generated less economic value distributed

Economic Performance



Indirect Economic Value

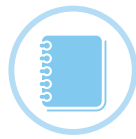
Alaska Air Group contributes to economic activity indirectly by supporting activity related to our everyday functions, such as purchasing, vendor operations and support industries. For example:

- Every 1 job at Alaska Air Group generates an additional 2.5 jobs in Washington State.
- Every \$1M increase in revenue at Alaska Air Group results in 9.56 new jobs in the local economy.
- For every \$1 increase in total output, output in the overall Washington State economy increases by \$2.44.
- For every one dollar increase in total output, labor income in Washington State increases by \$0.55.

Benefit Plan Obligations

As of Dec. 31, 2013, Alaska Air Group has fully funded its defined benefit pension plan. Depending on position and term of service before retirement, employee retirement plans may include pensions, defined contribution plans, or post-retirement medical benefits. The level of participation in our retirement plans is high; 90% at Alaska Airlines, and 93% at Horizon Air.

Pension Plan Liabilities	2012	2013
Projected Benefit Obligation (PBO, in millions)	\$1,873	\$1,709
Fair Value of Plan Assets (millions)	\$1,538	\$1,769
Funded Status	82%	104%



GRI Index

This report is prepared in accordance with the internationally recognized Global Reporting Initiative G4 Core Reporting Guidelines. The content of the report has been reviewed and approved by Alaska Air Group, and has been assessed against the GRI principles for defining content and quality. External Assurance is not currently sought.

General Standard Disclosures

G4	General Standard Disclosure	Chapter	Section or Disclosure
Strategy & Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Introduction	Message from the CEO
Organizational Profile			
G4-3	Report the name of the organization	Introduction	About Alaska Air Group
G4-4	Report the primary brands, products, and services	Introduction	About Alaska Air Group
G4-5	Report the location of the organization's headquarters	Introduction	About Alaska Air Group
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Introduction	Markets Served
G4-7	Report the nature of ownership and legal form	Appendix	Organizational Profile
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Introduction	Markets Served
G4-9	Report the scale of the organization	Introduction	Markets Served
		Appendix	Social Performance Data
		Appendix	Economic Performance Data
G4-10	a. Report the total number of employees by employment contract and gender	Social	Diversity & Equal Opportunity
	b. Report the total number of permanent employees by employment type and gender	Appendix	Social Performance Data
	c. Report the total workforce by employees and supervised workers and by gender		
	d. Report the total workforce by region and gender		
	e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors		
	f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)		

G4	General Standard Disclosure	Chapter	Section or Disclosure
Organizational Profile (continued)			
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Appendix	Social Performance Data
G4-12	Describe the organization's supply chain	Social	Supply Chain Management
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Appendix	Report Profile
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization		We do not explicitly use the precautionary principle in developing our policies.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Appendix	Organizational Profile
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> a. Holds a position on the governance body b. Participates in projects or committees c. Provides substantive funding beyond routine membership dues d. Views membership as strategic 	Appendix	Organizational Profile
Identified Material Aspects & Boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Appendix	Organizational Profile
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	Appendix	Report Profile
G4-19	List all the material Aspects identified in the process for defining report content	Appendix	Report Profile
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Appendix	Report Profile

G4	General Standard Disclosure	Chapter	Section or Disclosure
Identified Material Aspects & Boundaries (continued)			
G4-21	For each material Aspect, report the Aspect Boundary outside the organization as follows: <ul style="list-style-type: none"> a. Report whether the Aspect is material outside of the organization b. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified c. Report any specific limitation regarding the Aspect Boundary outside the organization 	Appendix	Report Profile
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Environmental Appendix	Energy Environmental Performance Data
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Introduction Environmental Social Appendix	Our Sustainability Strategy Energy Supply Chain Management 2012 Goals & Progress
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization	Appendix	Report Profile
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Appendix	Report Profile
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Appendix	Report Profile
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Appendix	Report Profile

G4	General Standard Disclosure	Chapter	Section or Disclosure
Report Profile			
G4-28	Reporting period for information provided.	Introduction	Introduction
		Appendix	Report Profile
G4-29	Date of most recent previous report	Appendix	Report Profile
G4-30	Reporting cycle		Annual
G4-31	Contact point for questions regarding the report or its contents	Appendix	Report Profile
G4-32	a. Report the 'in accordance' option the organization has chosen	GRI Index	
	b. Report the GRI Content Index for the chosen option		
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	GRI Index	
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Appendix	Organizational Profile
Ethics & Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Introduction	Honesty & Ethical Behavior
		Social	Vendor Labor Practices

Specific Standard Disclosures

G4	DMA & Indicators	Chapter	Section or Disclosure
ECONOMIC			
Economic Performance			
G4-DMA	Generic Disclosures on Management Approach	Economy	Economic Performance
G4-EC1	a. Report the direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations.	Appendix	Economic Performance Data
G4-EC3	Coverage of the organization's defined benefit plan obligations	Appendix	Economic Performance Data
Indirect Economic Impacts			
G4-DMA	Generic Disclosures on Management Approach	Economy	Supporting the Regional Economy
		Appendix	Economic Performance Data
G4-EC7	Development and impact of infrastructure investments and services supported	Social	Corporate Giving & Community Support
		Economy	Supporting the Regional Economy
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Economy	Supporting the Regional Economy
		Appendix	Economic Performance Data
ENVIRONMENTAL			
Materials			
G4-DMA	Generic Disclosures on Management Approach	Environment	Materials & Supplies
G4-EN1	Report the total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:	Environment	Materials & Supplies
	a. Non-renewable materials used		
	b. Renewable materials used		
G4-EN2	Percentage of materials used that are recycled input materials	Environment	Materials & Supplies

G4	DMA & Indicators	Chapter	Section or Disclosure
Energy			
G4-DMA	Generic Disclosures on Management Approach	Environment	Energy
G4-EN3	Energy consumption within the organization	Environment	Emissions & Fuel
		Appendix	Environmental Performance Data
G4-EN5	Energy intensity	Appendix	Environmental Performance Data
G4-EN6	Reduction of energy consumption	Appendix	Environmental Performance Data
G4-EN7	Reductions in energy requirements of products and services	Environment	Emissions & Fuel
Emissions			
G4-DMA	Generic Disclosures on Management Approach	Environment	Emissions & Fuel
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Appendix	Environmental Performance Data
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Appendix	Environmental Performance Data
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environment	Emissions & Fuel
		Appendix	Environmental Performance Data
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environment	Emissions & Fuel
		Appendix	Environmental Performance Data
G4-EN21	NO _x , SO _x , and other significant air emissions	Appendix	Environmental Performance Data
Effluents & Waste			
G4-DMA	Generic Disclosures on Management Approach	Environment	Waste & Recycling
G4-EN23	Total weight of waste by type and disposal method	Appendix	Environmental Performance Data
G4-EN24	Total number and volume of significant spills	Environment	Managing Other Impacts
Compliance			
G4-DMA	Generic Disclosures on Management Approach	Environment	Managing Other Impacts
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environment	Managing Other Impacts

G4	DMA & Indicators	Chapter	Section or Disclosure
SOCIAL			
Employment			
G4-DMA	Generic Disclosures on Management Approach	Social	Diverse Employee Attraction, Retention & Engagement Supply Chain Management
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Appendix	Social Performance Data
Occupational Health & Safety			
G4-DMA	Generic Disclosures on Management Approach	Social	Passenger & Employee Safety
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Social Appendix	Diverse Employee Attraction, Retention & Engagement Social Performance Data
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Social Appendix	Passenger & Employee Safety Social Performance Data
Training & Education			
G4-DMA	Generic Disclosures on Management Approach	Social	Diverse Employee Attraction, Retention & Engagement
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Social	Diverse Employee Attraction, Retention & Engagement
Diversity & Equal Opportunity			
G4-DMA	Generic Disclosures on Management Approach	Social	Diverse Employee Attraction, Retention & Engagement
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Social Appendix	Diverse Employee Attraction, Retention & Engagement Social Performance Data

G4	DMA & Indicators	Chapter	Section or Disclosure
Supplier Assessment for Labor Practices			
G4-DMA	Generic Disclosures on Management Approach	Social	Supply Chain Management
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Social	Supply Chain Management
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	Social	Supply Chain Management
Local Communities			
G4-DMA	Generic Disclosures on Management Approach	Social	Corporate Giving & Community Support
		Economic	Supporting the Regional Economy
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	Social	Corporate Giving & Community Support
		Economic	Supporting the Regional Economy
Supplier Assessment for Impacts on Society			
G4-DMA	Generic Disclosures on Management Approach	Social	Supply Chain Management
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Social	Supply Chain Management
Customer Health & Safety			
G4-DMA	Generic Disclosures on Management Approach	Social	Passenger & Employee Safety
Customer Privacy			
G4-DMA	Generic Disclosures on Management Approach	Economy	Customer Confidentiality



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