

2018 REPORT

Creating Lift Through Sustainability



Report contents.



**Report
introduction.**

03



**We are all
about people.**

08



**We fly
greener.**

15



**We invest for
strong communities.**

22



**We make
flying matter.**

25



**Sustainability
goal summary.**

30



**Report
appendix.**

33



Report introduction.





Creating Lift through Sustainability

Welcome to our 2018 Sustainability Report. We continually seek ways to be a responsible company – to secure futures for young people, to make flying greener, strengthen our culture, and to support the communities where we live and work.





Message from our CEO

At Alaska Airlines, we talk often about the principle of lift – the force that enables an aircraft to leave the runway and take flight. It's the foundation of flight. But it also inspires us to think bigger. How do we create lift for all of those who depend on us?

The answer to that question is ultimately straightforward. It means being responsible for our impact, controlling what we can control, and always striving to do better.

We highlight this work every year in our sustainability report. But our annual report is more than a collection of metrics and data. It's ultimately Alaska's story. It's the efforts of our team to maintain the most fuel-efficient and environmentally friendly fleet in the country. It's the dedication of our flight attendants who help us maintain the most comprehensive recycling program of any U.S. airline. It's the generosity of our guests who last year donated 53.8 million miles to help organizations like the Nature Conservancy, United Negro College Fund, and Make-A-Wish. It's our shared community coming together and supporting Aviation Day, which helps kids learn about opportunities in aviation.

I am proud of our team and what they do each day to take people where they need to go safely, while also growing careers and opportunities, giving back to our communities, being conscious of our impact, and delivering value to our stakeholders. We have been around since 1932, and sustainability also means running the business for the long run, so we can continue to do this good work for the next 87 years.

I invite you to learn more about Alaska's story in the pages that follow and on our site at FlySustainably.com. Thanks for joining us in this journey of lift.

Sincerely,
Brad Tilden



Message from Diana Birkett Rakow, VP of External Relations

If you've flown with a kid lately, you know that the moment the airplane leaves the ground, it feels like magic. In fact, the Alaska Airlines employees-turned-elves Fantasy Flight crew in Spokane, Washington, have made that magic very real the first weekend of every December for the last 20 years—giving kids who wouldn't otherwise have the opportunity a ride to “Santa's workshop” for holiday cheer, warm clothes and a gift request come true.

That magical moment is thanks to the physics concept of “lift.” Centuries upon centuries after sailboats used this concept to cross oceans, engineers built curves into airplane wings—forcing air above the wing to travel farther, and therefore faster, than air below the wings, lifting the plane into the air.

But what if we could translate this idea, the collective force of air particles acting around a wing, into our environment, our communities and the people who make up our business? In its origin, lift was a bold idea—seemingly simple, but creating infinite possibilities for people, commerce and connection.

For us, it's both our past and our future. It's why we work here. We love aviation, and we know that being a resilient, responsible business requires us to create lift on all fronts. It means investing in our people, cultivating a diverse and talented workforce, innovating to reduce our environmental impact and resource use, using our flying to support those in need, and enabling and inspiring young people to pursue their dreams.



These aren't easy things, and we don't have all the answers. We value the chance to partner with those who are also on the path to fly and live greener, better, more sustainably. In 2018, we worked hard across Alaska and Horizon toward our social and environmental impact goals and priorities:

In 2018, we made real progress within our company and toward our social and environmental impact goals and priorities:

- Removing 22 million plastic straws and stir sticks from our aircraft in favor of sustainable alternatives
- Improving our inflight recycling—already the best in the business—by Integrating our inflight service training across all aircraft types in our mainline fleet
- Half of our independent board members are women—and we were the first West Coast based Fortune 500 company to do this. This means better diversity of thought, and ultimately better decisions
- Bringing the total number of Airbus 321 neo aircraft in our fleet to eight, each over 50% more efficient than the older Airbus 319s.
- Signing memorandum of understanding agreements with Sea-Tac International Airport, San Francisco International Airport, and Neste, a sustainable fuels company, to continue to figure out ways to be more fuel-efficient and to make sustainable aviation jet fuel a commercially viable and locally-produced option.

We also began to focus our social impact to inspire, empower, and enable young people—especially those who don't start out with a lot of opportunity—to make career connections and improve economic mobility. We're making a long-term commitment to hone our own version of lift: fueling to explore and learn critical thinking and critical skills; mentoring and enabling programs for kids to find their voice and believe in their strengths; providing internships for young people to explore work pathways; and hiring, training and promoting a diverse workforce. We'll continue to learn with and from our people, our partners and our communities about where and how we can best contribute.

We're made of up 23,000 and the many more who've served our company over the decades. Millions more fly with us, inspire us and keep us striving for better ways to serve. Many of these remarkable people started with us as young people themselves, growing families, exploring new realms of aviation or growing their careers to finish school and try new things. As our hubs and the beautiful places we live and fly continue to grow and flourish, we owe it to each other to be strong, resilient and thriving for the long term.

That kind of lift will take all of us. Thank you for being part of this journey.

Sincerely,

Diana Birkett Rakow





We are all
about people.



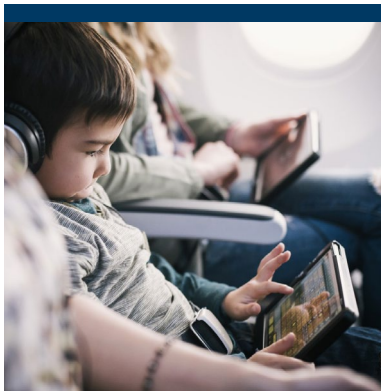


Our business is fundamentally about lifting people – as a team. We do this by empowering our employees and helping them feel engaged, by providing stellar service to our guests and by giving back to those in need in the neighborhoods where we fly. It's all about treating people with respect and valuing their individual gifts.

Our diverse, passionate, and dedicated team of people embodies a culture that displays an unwavering commitment to the safety of our guests and employees alike, and continually embraces the challenges of an ever-changing industry. In return, we strive to create a rewarding workplace for the long term, to provide opportunities for people to grow in their careers, and to treat all individuals with fairness and respect.

Our strategies

Because our ability to succeed depends so heavily on our people, we choose to focus our attention on three priority areas:



**Employee
and guest
safety.**



**Diversity and
inclusion in the
workplace.**



**Employee
engagement.**



Our goals: Increase employee safety reporting by **26%** over 2017 baseline (reports per employee) and decrease medium risk (3+) safety events by **20%**.

Employee and guest safety.

Safety is our #1 core foundational value, and always will be.

We are committed to achieving the highest possible level of safety for every employee, every guest, every flight, every day. By encouraging our employees to preemptively report their concerns, and by including safety metrics in our annual bonus program and operating under the first safety management system in the U.S. to be accepted by the FAA, we've created a culture of safety woven throughout every aspect of our business.

Promoting and incorporating a culture of safety into all aspects of our operation is paramount to the way we run our business, and critical to our long-term success. Our Safety Management System (SMS) places the responsibility for safety in every employee's hands by reporting what they see in the workplace, helping to prevent incidents and identify risks before they occur. Alaska assesses risk on a scale of 1–5. Alaska and Horizon Air saw 6 Risk Level 3+ events in 2018, a 40 percent improvement from 2017.

Employees continue to file safety reports, up 14.7 percent from last year. Our Report It! reporting software is available for use by all employees, and the key is to make it easy. Report It! allows employees to use mobile tools to file employee safety reports in a central data repository. This makes the sharing of safety information between divisions not just easier, but faster and more accurate.

Additionally, we continue to integrate safety goals into our company-wide Performance-Based Pay program to drive positive safety behaviors and to target areas of specific focus. We awarded bonuses to 180 employees who prioritized safety in the workplace as part of our Safe Operations Award & Recognition (SOAR) program – a program that has been in place since 2014.



Diversity and inclusion in the workplace.

Diversity makes us stronger. It fuels innovation, sparks creativity and cultivates an atmosphere of continuous learning and improvement.

We believe that championing a culture of diversity and inclusion starts from the top. We are proud to have achieved 50% gender balance company wide. Our independent board directors are 50% women, and Alaska is the first company—and as of 2018, the only West Coast based Fortune 500 company—to have accomplished this. We were proud to be recognized for our gender diversity in governance by the Women's Forum of New York, and for diversity overall by the Puget Sound Business Journal and National Association of

Corporate Directors. In addition to ranking second* among the top 25 companies in the U.S. for women on its board, Alaska's board includes leaders from diverse backgrounds, including members of Asian, Native Alaskan and Hawaiian ancestry. Having diversity on our board is valuable, with varying perspectives leading to better discussions, decisions and results.

Our investment in diversity extends to our employees, and our communities.

Our goal: Integrate diversity and inclusion initiatives into people strategies of our four largest work groups, representing **85%** of employees.



Business Resource Groups (BRGs)

Our 14 BRGs are groups of employees who come together based on shared characteristics, interests, or life experiences to celebrate a common cause. BRGs are generally based on providing support, enhancing career development, and contributing to personal development in the work environment. In 2018, our BRGs created plans that directly align to advancing our inclusive culture, initiatives and business. These include groups that support our Black/African American, Hispanic, LGBTQ+ and women's communities, and many more, and have significant influence to guide our company.

Respect and Equality for all

In 2018, Alaska Airlines continued our commitment to equality for LGBTQ people by joining the Human Rights Campaign's Business Coalition for the Equality Act and to endorse this important piece of legislation to ensure equality for all. We're proud to partner with organizations like HRC, Lambda Legal, and the Frameline Film Festival and others to reflect this commitment – including through more public events, advocacy, and employee engagement in many Pride Parades across the communities we serve.

In 2018, we talked a lot about respect – and implemented sexual misconduct prevention & response training, including an anti-bias module, for all people leaders across the company. We also integrated training for unsafe or unfair situations into our required compliance training suite for all employees, strengthened our People Policies, and updated onboard announcements and written information to make our commitment to safety at all levels clear.

50%

gender balance
company wide



50%

of board independent
directors are women





Honoring those Who Serve

Alaska is a proud supporter of all members of our military, both past and present.

A significant number of our employees are veterans, and we show our support in many ways throughout the year. We support veteran job seekers through information sessions, an Alaska-hosted web portal for veteran job seekers, and our Military Fellows program, which places former and current military personnel in temporary management positions, allowing them to translate their valued leadership skills in a corporate environment.

Some of our notable activities around veterans in 2018 included:

The Stand Up and Be Counted campaign

An important goal is to make sure we can identify our veteran community, so we can further engage and provide resources to succeed. To do so, we ask our employees to disclose if they are a veteran.

The Fallen Soldier program

An employee-driven volunteer effort to honor those who served by transporting the remains of our nation's fallen heroes with the greatest care and respect. In 2018, we added two additional Fallen Soldier Carts, for a total of 11 across our airport network. These carts are a core part of honoring these heroes. All our employees have access to this program, which provides the military protocols to follow when transporting a fallen soldier, and we openly share the tools from our program with other airlines. When a fallen soldier arrives at one of the airports served by this program, the entire plane and gate area goes quiet in honor and respect.

Honor Flights

Where we help the men and women who have served enjoy once-in-a-lifetime visits to Washington, DC. In 2018, we flew 400 World War II, Korean War and Vietnam veterans on 15 Honor Flights to Washington DC to view their war memorials. Since 2012, we have flown more than 3,270 veterans on 65 Honor Flights.



Our goals: Increase employee engagement scores to **80%** or more, with no less than **75%** for any division and be nationally recognized as a **great place to work.**

Employee engagement.

Great service begins with great employees, and ours are some of the best in the business.

We hire people whose values align with our own: our employees do the right thing, are kind-hearted, deliver on performance and own safety. They are remarkable. We are committed to the growth and development of every individual who works here, and that they feel valued, heard, and have a range of opportunities to be remarkable.

As we grow, we are committed to learning from our employees about how to preserve core elements of Alaska's small-company feel that translates into deep and genuine connections with each other and our guests. In 2018, as we wrapped up the vast majority of integration milestones from our merger with Virgin America, we recognized that we needed to make a significant investment in coming together as one team.

To this end, and with input from volunteers across all our workgroups, we developed and launched a new program called Flight Path, which brought every employee to Seattle for a day of discussion about our history, business model, values, and strategy – an open question, answer, and listening time with senior leadership. We know that this is just one step in a journey, but were gratified to see employees' feedback reflecting a better understanding of our purpose after attending Flight Path. To fully focus on this investment and understand employee needs following completion of the Flight Path sessions, we postponed our 2018 Employee Engagement Survey until in mid- 2019, so we don't have an engagement metric update for 2018. Mergers and integrations are always a challenging time for employees – but we're committed to the path forward, together.



We fly
greener.

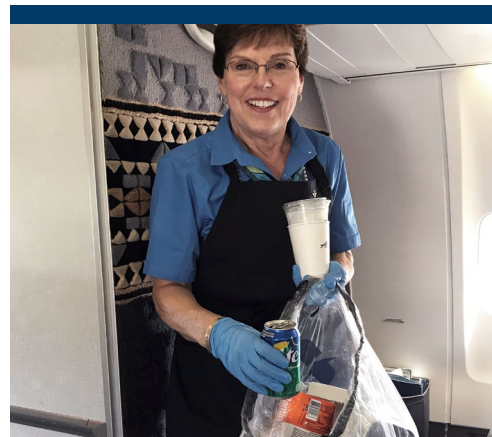
We're always looking for ways to improve the efficiency of our operations and reduce the burden we place on the planet. Alaska has a proud tradition of innovation in environmental performance.

Our strategies

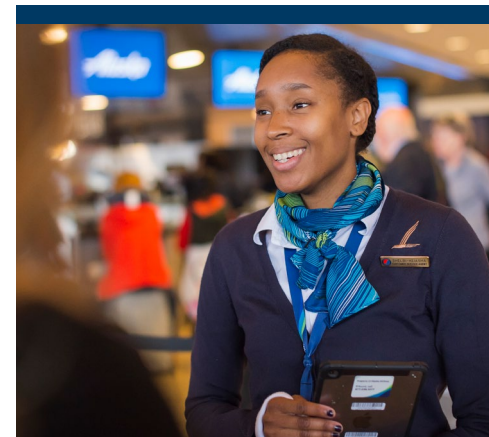
Our strategy is focused on the key areas where we have the greatest impact or see the most opportunity for innovation:



**Reducing
our aircraft
emissions.**



**Reducing waste
from our
inflight service.**



**Decreasing
our paper
consumption.**



Our goal: Decrease aircraft CO₂ emissions **by 17% per RTM** over 2009 through increased fuel efficiency and sustainable aviation fuels.

Reducing our aircraft emissions.

Fuel use and emissions remains our top opportunity.

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

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

In 2018, our overall emissions intensity (CO₂ per revenue ton mile, or RTM) improved very slightly by .1%. We maintained our emissions intensity at a 13% improvement per RTM over our 2009 baseline year. The integration of Airbus aircraft into our fleet led to a temporary flattening of our efficiency gains, but we expect to return to our long-term trend of improvement in 2019.



What we fly

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

Our Boeing fleet is now 100% “NG” (Next Generation), supporting a high-level of efficiency. In our Airbus fleet, we took delivery of our first four A321neo aircraft in 2017, followed by four more in 2018. Equipped with ultra-efficient CFM LEAP-1A engines, the aircraft flies 102 seat miles per gallon—compared to the A319, which gets 65 seat miles per gallon.



34K

gallons per aircraft saved

per year from winglets



How we fly

We continued our use of RNP approaches and departures. Required Navigation Performance (RNP) is a performance-based navigation technique that uses a combination of onboard navigation technology and the GPS satellite network to fly safer, more reliable approaches. RNP technologies save an estimated 1.2 million gallons of fuel annually due to reduced track miles.

We also continued our Arrival Fuel Program that encourages smart choices that optimize the use of fuel when planning and selecting alternate landing sites. Through this, we save an estimated 300,000 gallons of fuel annually. Alaska is also partnering with NASA, as the sole airline to use new technology to optimize flight paths in real time. This technology, known as Traffic Aware Planner, is estimated to be able to save between 8,000 and 12,000 gallons of fuel per aircraft each year.

The fuel we use

In 2018, we continued to build strong foundational partnerships with industry leaders in the sustainable aviation fuels arena. We are working with the port authorities, other industry leaders, local and state government representatives, and major producers to develop the strategy for a sustainable fuels path for SeaTac, San Francisco and other airports on the West Coast. By the end of 2018, we had signed partnership agreements with the Port of Seattle, San Francisco airport, and Neste—a renewable fuels company that is pioneering sustainable aviation fuel.

Procuring sustainable aviation fuel (SAF) that is priced competitively with traditional fuel has been difficult. We are searching for the best ways to obtain the volume of fuel that we need at the right price. In the meantime, we continue to make progress by partnering with alternative fuel companies, stakeholder groups, and industry steering committees to accelerate this innovation.

1200009

gallons of fuel saved

from using RNP in 2018



Reducing waste from our inflight service.

Our robust, inflight recycling program is the most comprehensive of any U.S. airline.

Recycling is a point of pride for our flight attendants; without their hard work and dedication our recycling efforts would not be so successful.

In 2018, we were the first airline to eliminate plastic straws and stir sticks inflight. We partnered with the Seattle-based nonprofit Lonely Whale, an organization that drives impactful market-based change on behalf of our oceans, to support this initiative. This eliminates over 22 million non-recyclable plastic items annually.

Our combined waste to landfill dipped to 0.14 lbs. per passenger in 2018 for our Boeing fleet and our Horizon regional aircraft. This reduction is largely due to our robust recycling efforts. Flight attendants captured a weighted average of 76% of all recyclable materials used onboard our aircraft, including cans, bottles, cups, paper, and plastic serving ware. To date, we have reduced our waste to landfill by 65% since our baseline year of 2010.

We're excited about the progress, and about our Airbus and Boeing teams working together on a common service flow and recycling program. Mid-integration, our 2018 auditing process likely underrepresented our Airbus fleet, and we realize as a result that our waste per passenger is somewhat higher than .14 pounds per passenger. Our 2019 auditing process will better capture our entire integrated fleet in this metric.

Our goal: Reduce inflight waste sent to landfills by **70%** over our 2010 baseline (lbs./passanger).



Decreasing our paper consumption.

Using new technologies as they become available, Alaska Air Group is pushing to become as paperless as possible.

It started in 1995, when Alaska became one of the first carriers in the nation to offer ticketless travel; we've since gone on to adopt several other strategies in our efforts to transition away from paper, such as online software, mobile applications, and digital documentation.

In 2018, Alaska and Horizon reduced paper consumption by an additional 5% per departure over 2017—that's 39% less paper per departure and over 23 million fewer sheets of paper than we used in 2012.

In summer 2018, we launched a digital flight release program called “JetPack” for Horizon pilots. By digitizing the documentation needed for flight releases, we will decrease pilot paper use by an additional 30-60 pages per flight.

Our goal: Reduce paper consumption by **50%** per departure over 2012.



We invest for strong communities.





We are inspired by flying and the opportunities it creates. We want to see more students, from all backgrounds, have the chance to become future leaders in aviation—or any industry.

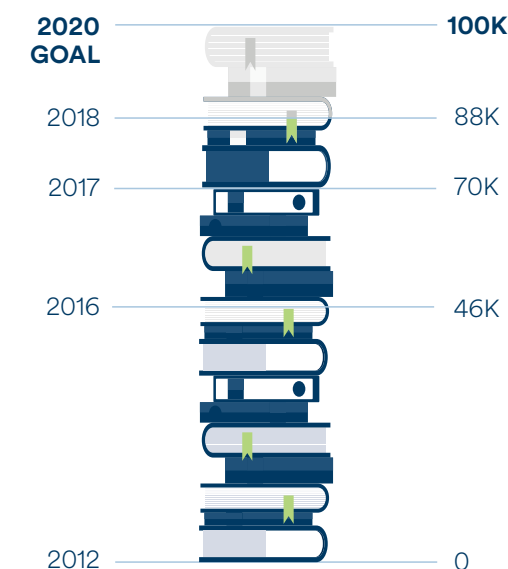
We invest in many ways to support communities in our backyards—especially youth, education, and workforce development, with the goal of impacting 100,000 young people and workers by 2020.

Working with partners across our communities, we aim to inspire, empower, and equip young people for future opportunities – whether in aviation or beyond. With a goal of improved economic opportunity for young people, we support and partner with nonprofit organizations, host events and activities, and volunteer our time. The programs we support have impacted the lives of more than 88,000 young people since 2014. Additionally, we’ve provided educational opportunities for 453 airport workers since 2014 through Airport University, a program designed to provide airport workers with the skills training needed to advance their careers.

We are proud to report that we met or exceeded our 2018 goals in this area and will continue to look at ways to learn and improve our impact., and have increased our goal to reflect the higher number of youth and worker lives we hope to impact in the coming years.

In 2018, more than 19,685 young people and workers participated in Alaska-sponsored programs, bringing our cumulative number of youth and workers impacted by our efforts to 88,841 since we began measuring in 2012. Of the \$17 million in philanthropic contributions that Alaska Air Group provided in 2018, 35% was specifically directed at educational and workforce development. The programs we support and track include a variety of local education initiatives, events, activities, partnerships, donations and employee volunteer time. Employees of the company have also served on key government-appointed committees and leadership councils focusing on helping young people prepare for future success.

Youth & workers supported



Our goal: Improve economic and educational outcomes for **100,000** youth and workers.



Some of the more notable initiatives of the past year include:

- The Alaska Native Science Engineering Program (ANSEP) is a key recipient of our support. ANSEP's objective is to effect systemic change in the hiring patterns of Alaska Natives in science and engineering by placing students on a career path to leadership. In 2017, Alaska Airlines renewed its partnership with ANSEP as part of our commitment to education in our communities. With this second, three-year \$1 million grant, Alaska Airlines' total investment in ANSEP is now \$2 million. Funds will help transport nearly 2,000 students from rural areas of Alaska to Anchorage to attend ANSEP's Middle School Academy education program at the University of Alaska Anchorage. Our support provides access to educational opportunities and the associated economic benefits not otherwise available for thousands of Alaskans.
- In 2018, Alaska Airlines served as the lead corporate partner for the San Jose Public Library Foundation's Coding 5K Camps, which offered free coding programs and lunch to children in Silicon Valley. Alaska Airlines also worked with the City of San Jose to offer the very first Girls Coding camp in 2018. More than 30 employees volunteered to coach and speak with students at the Alaska Airlines Aerospace Education Center (AAAE) at Seattle's Museum of Flight. This immersive, aerospace learning experience gives underserved high school students a chance to experience the magic of flight and learn about aviation careers and pathways from Alaska Airlines employees.
- We partnered with The Road Maps Project in South King County to host multiple sessions at a one-day program called DiscoverU, impacting more than 180 students in 2018. DiscoverU provides high school students at Title I schools with the opportunity to explore their career interests, tour companies, and learn about the skills and education needed to get there.
- Alaska also proudly partners with Port Jobs at Sea-Tac airport through its economic opportunity and workforce development initiative called "Airport University." The program provides a career trajectory for our employees and other airport workers by providing them the training and professional skills needed to advance to better positions in airport operations. In 2018, 88 airport workers completed a course at Airport University, bringing the total number of workers supported through the program to 453 since 2012. In 2017 we renewed our partnership with Port Jobs through 2020 and are providing a \$1.5 million grant to support training, workforce development, job placement, and education funding. Out of this funding, approximately \$150,000 is dedicated to a scholarship fund for airport workers seeking additional educational opportunities.



We make
flying matter.

The airline industry can make a big difference in people's lives, beyond travel for business or leisure. We aim to make a positive impact through things like charity miles, disaster relief efforts, honoring those who serve, and by protecting the beautiful places we live and fly.

Our strategies

Our strategy is focused on the key areas where we have the greatest impact or see the most opportunity to make an impact:



**Giving back through
Charity Miles.**



**Investing in
important causes.**



Disaster relief.

Giving back through Charity Miles

Our Charity Miles program offers Mileage Plan™ members a unique and meaningful way to support important causes and use travel for impact.

Members can donate their miles to help people and organizations who need to have an urgent or mission-driven need to get from here to there.

In 2018 alone, more than 53,000,000 miles were donated by our passengers, valued at approximately \$1.4 million.

52.3M  **\$1.4M**
miles donated

To support the following 10 organizations:



Partnering with those around us to support communities

We provide airline tickets for organizations to support their fundraising and other travel that supports them in achieving their mission.

In 2018, we provided airline tickets to over 1,300 nonprofit organizations with \$7.6 million of in-kind ticket donations. The carefully selected community-based organizations who receive these donations use the airline tickets for auctions and raffles to raise support for their organizations. Additionally, tickets were donated for philanthropic efforts, such as medical travel with Angel Flight West. In 2018, Alaska celebrated its 15 years of partnership with Angel Flight West serving over 10,000, and 18 million miles flown. Angel Flight West is an organization that enables air travel for children and adults with serious medical conditions and other compelling human needs.



Disaster Relief

Part of running a great airline is supporting the communities we serve, especially in times of need.

We have a long-standing relationship with the American Red Cross and AirLink, and make monetary and Charity Miles donations to support relief efforts in the wake of natural disasters. In 2018, we donated \$50,000 to the California wildfire relief efforts, in addition to our annual support of the Red Cross 365 program and Airlink. Our employees can also have their charitable donations matched through our matching gift program.



Donated **\$100K and 1.5M miles** to the American Red Cross for ongoing disaster support including the fires in California and the earthquake in Alaska.



Donated **2M miles** from our Charity Miles Pool to Airlink, a rapid response disaster relief organization that links airlines with pre-qualified non-governmental organizations to transport aid workers and cargo to disaster areas.









Contributed **\$25K** to the Red Cross, who provided shelter, meals, and mental health services to those impacted by the fires in California.



Sustainability goal summary.



CATEGORY		2020 GOAL	FY2018	2018 PROGRESS
Employee and guest safety.		Decrease medium risk safety events (3+) by 20% over 2017.	40% reduction	We had 6 medium safety risk events in 2018: a reduction of 40% compared to 2017.
		Employee safety reporting increased to 26% over 2017 baseline (rate/10,000 departures).	Up 14.7%	Our employee reporting increased 14.7% over 2017. Increased reporting helps target safety improvements in our operation, and contributes to driving down our high risk safety events.
Employee engagement.		Employee engagement scores at 80% or more (with no less than 75% for each division).	N/A	Our Flight Path employee engagement program began in 2018 and targeted engaging every employee. Due to a vendor change, we postponed our survey until 2019.
		Great Place To Work recognition by at least one external national organization.	1 of 1	Alaska was ranked among Forbes' "America's Best Employers" for the fourth year in a row.
		Integrate diversity and inclusion initiatives into the people strategies of our four largest work groups.	3 of 4	Our divisional work has progressed well, and is on track to complete all four largest work groups as well as smaller groups in 2019.
Ethical labor standards for suppliers.		Embed Alaska's Supplier Code of Conduct into all vendor contracts.	72%	Continued momentum in 2018, with the challenge that only a portion of contracts are renewed each year.
Reduce emissions.		Reduce aircraft emissions by 17% per RTM over 2009 baseline through flying efficiencies and biofuel (CO2/RTM).	13% improvement over 2012	Continued efficiency progress continues, though slowed from previous trajectories. We are continuing our partnership with NASA to evaluate Traffic Aware Planner technology and we continue to pursue RNP procedures.

CATEGORY		2020 GOAL	FY2018	2018 PROGRESS
 Reducing inflight waste.		Inflight waste to landfill reduced by 70% over 2010 baseline (lbs./passenger).	65% improvement over 2010	Our 2018 auditing underrepresented our Airbus fleet, and our waste per passenger is likely higher than calculated. Our 2019 auditing will better capture our entire integrated fleet.
 Reduce paper consumption.		Paper consumption reduced by 50% per departure over 2012.	42% improvement over 2012	We are on trajectory to hit our goal in 2019.
 Economic and educational outcomes.		Improve economic and education outcomes for 100,000 youth and workers.	88,841	An additional 19,685 youth and members of the workforce participated in our sponsored educational initiatives in 2018, for a total of 88,841.



Appendix.



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

Data for McGee Air Services is not covered, as it represents less than 1% of AAG 2018 revenues.

For specific information regarding our complete 2018 operational or financial data and/or performance, please refer to our investor relations website at: investor.alaskaair.com



Greenhouse gas emissions

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

Scope 1 and 2 GHG emissions information was prepared by an independent 3rd party in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition.

Total GHG emissions by source (metric tons)

	2018	2017	2016	2015	2014
Gross Global Emissions (Scope 1)	7,751,255	7,493,569	5,087,097	4,840,491	4,503,254
Aircraft (Scope 1)	7,733,609	7,453,560	5,061,825	4,816,259	4,476,725
Vehicle (Scope 1)	10,888	10,369	7,874	8,733	8,223
Facility Heating (Scope 1)	6,758	5,733	4,862	4,981	5,471
Facility Electricity (Scope 2)	10,744	9,906	12,536	10,518	12,836

** GHG emissions intensity per unit of operation—revenue passenger miles (RPM), available seat miles (ASM), and revenue ton miles (RTM).*

Normalized emissions / emissions intensity

	INTENSITY METRIC	2018	2017	2016*	2015*	2014*
All sources	Metric tons CO2e per thousand RTM	1,457	1,458	1,456	1,485	1,495
All sources	kg CO2e per thousand RPM	148	148	148	151	152
All sources	kg CO2e per thousand ASM	124	125	125	126	128
Aircraft energy intensity per seat	Fuel gallons per ASM	0.0126	0.0124	0.0126	0.0129	0.0132
Aircraft energy intensity per passenger	Fuel gallons per RPM	0.0150	0.0146	0.0150	0.0152	0.0154

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



Other greenhouse gases

produced (metric tons)

	2018	2017	2016	2015	2014
Methane (CH₄) *	27,422	28	24	47	44
Nitrous Oxide (N₂O)	3,210,004	228	155	155	145
Sulphur Oxide (SO_x)	370,767	355	265	225	211
Nitrogen Oxide (NO_x)	3,210,004	3,166	2,336	1,991	1,850

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

Avoided emissions (metric tons of CO₂e)

estimated from improvements in emission intensity.

	UNIT	2018	2017	2016	2015
Total avoided emissions from 2009	Metric tons CO ₂ e	3,444,996	2,498,401	1,917,434	1,302,055
Year over year avoided emissions	Metric tons CO ₂ e	798,672	580,967	615,379	477,453

These figures are estimated from improvements in emission and energy intensity per available seat mile (ASM). For calculation and comparison purposes, Virgin America consumption and emissions data was not included.

Energy

Energy consumed and generated

by Alaska Air Group during normal operations.

	UNIT	2018	2017	2016	2015	2014
Alaska Air and Horizon Aircraft Fuel (non-renewable)	Gallons	786,837,000	757,056,000	514,100,000	488,769,000	454,306,000
Alaska Air and Horizon Aircraft Fuel (non-renewable)	GJ	111,888,221	107,653,363	73,105,020	69,502,952	64,602,313
Alaska Air and Horizon Aircraft Fuel (renewable)	GJ	0	0	356	0	0
Vehicle Fuel (non-renewable)	GJ	158,175	163,560	115,663	NR	NR
Facility Energy (non-renewable)	GJ	229,500	208,680	194,072	192,291	206,877
Total Energy Consumed	GJ	112,275,897	108,025,604	73,414,754	69,695,243	64,809,190
Total Energy Consumed	MWh	31,187,749	30,007,112	20,392,987	19,359,790	18,002,553



Waste

Total solid waste (tons) disposed of

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

	2018*	2017*	2016	2015	2014
Solid Waste Disposed to Landfill (inflight)	3,261	3,090	3,839	3,057	4,173
Solid Waste Recycled** (inflight)	1,928	1,963	1,851	1,772	1,796
Hazardous Waste (RCRA) Disposed	492	49.7	43.9	NR	NR
Hazardous Waste (RCRA) Recycled	46.5	129.0	44.6	NR	NR

* Does not include operations from Airbus aircraft.

** Inflight waste is a measure of the weight of all materials that are collected by flight attendants in garbage and recycling bags during inflight service on domestic flights. Total weight is estimated by sampling and weighing the contents of the garbage and recycling bags from a minimum of 30 flights per airline per year.

Total volume of water (gallons) used by AAG

	2018	2017	2016	2015	2014
Municipal Water Usage	16,226,756	16,735,025	18,017,324	21,875,257	18,605,686

Company compliance

with applicable environmental laws and regulations.

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

* Chemical spills subject to local and state reporting requirements.

Employee snapshot

Total employees at Alaska Air Group companies (2018)

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

Total number of employees	21,571
U.S. employees	21,420
International employees	151
Self-employed or contract workers	0
Represented in trade union or collective bargaining agreement	18,581
Full-time employees	18,940
Part-time employees	2,631
number of McGee employees	1,804



Philanthropic activities

Total funds and in-kind donations

distributed by Alaska Air Group.

	2018	2017	2016	2015	2014
Cash donations	\$9,214,617	\$6,675,790	\$5,311,898	\$3,859,170	\$2,594,842
Foundation Grants	\$140,500	\$286,500	\$307,500	\$250,000	\$172,000
In-kind giving (value)	\$7,635,466	\$7,801,080	\$7,602,378	\$7,161,443	\$6,623,538
Employee matching funds	\$493,162	\$464,759	\$400,570	\$449,076	\$299,799
Dollars for Doers	\$180,221	\$236,163	\$196,667	\$212,536	\$140,535
Charity miles (miles)	53,815,841	52,311,670	53,821,104	50,113,883	53,727,227
Charity miles (value)	\$1,479,935	\$1,438,571	\$1,480,080	\$1,378,132	\$1,477,499
Giving as a % of adjusted net income	3.1%	1.87%	1.48%	1.39%	1.69%
TOTAL	\$ 17,663,966	\$15,464,292	\$13,819,013	\$11,932,225	\$9,830,714

Number of tracked hours volunteered by employees

	2018	2017	2016	2015	2014
Employee volunteer hours	44,000	41,671	27,128	21,000	NR

Employee safety

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

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



Glossary of terms

ASM	Available seat mile	Airline passenger carrying capacity. It is equal to the number of seats available multiplied by the number of miles flown
CO ₂ e	Carbon dioxide equivalents	A standard unit for measuring a carbon footprint. It expresses the impact of each different greenhouse gas in terms of the amount of CO2 that would create the same amount of warming.
GHG	Greenhouse gases	A greenhouse gas is a gas that absorbs infrared radiation (IR) and radiates heat in all directions. Examples include: carbon dioxide (CO2), methane (CH4), and nitrous oxide (NOX).
GJ	Gigajoules	A measurement of energy equal to one billion (109) joules. 6 GJ is about the chemical energy of combusting 1 barrel (159 l) of crude oil.
LTI	Lost time injury	Accidents resulting in personnel not being able to work as a result of their injury.
MWh	Megawatt hours	A megawatt hour (Mwh) is equal to 1,000 Kilowatt hours (Kwh). It is equal to 1,000 kilowatts of electricity used continuously for one hour.
NR	Not reported	

OJI	On the job injury	Employee Injuries that occur while at work.
RPM	Revenue passenger mile	A measure of traffic for an airline flight calculated by multiplying the number of revenue-paying passengers aboard by the distance traveled.
RTM	Revenue ton mile	One ton of revenue traffic (passenger and/or cargo) transported one mile.
RNP	Required navigation performance	A type of performance-based navigation (PBN) that allows an aircraft to fly a specific path between two 3D-defined points in space using satellite technology. This safer, more reliable, and more direct navigation system saves fuel by reducing track miles.
Scope 1		Direct emissions from owned or controlled sources such as the combustion of jet fuel, natural gas, or motor vehicle fuel.
Scope 2		Indirect emissions from the generation of purchased energy.



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