

Corporate Kuleana

2020 Annual Sustainability Report to Stakeholders

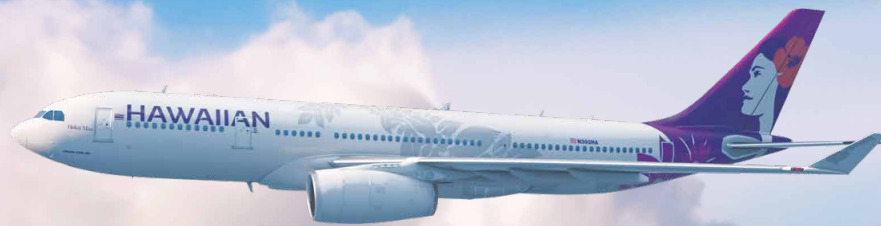


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Corporate kuleana



Caring for our people, our Island home and the global environment

At Hawaiian Airlines, we are proud to have pioneered commercial aviation in Hawai'i more than 90 years ago by linking our archipelago with safe and reliable passenger and cargo transportation. Today, as Hawaii's largest and longest-serving airline, we are privileged to introduce guests from around the world to the beauty of our shores and share our warm Island culture.

Our evolution from a regional interisland airline to a global destination carrier has been guided by our mission to serve Hawai'i and "Connect People with Aloha."

As Hawaii's hometown airline – with every one of our flights touching our Islands – we are committed to help mālama (care for) the environment, natural resources and culture that visitors come to Hawai'i to experience, and which are inextricably tied to the social, economic and environmental wellbeing of the communities where our employees, families, neighbors and friends live and work.

This year, to celebrate and strengthen our Environmental, Social and Governance (ESG) initiatives, we are delighted to share our inaugural Corporate Kuleana Report and provide greater transparency to our stakeholders with respect to our values and commitments.

Our first Corporate Kuleana Report, covering the years 2018 and 2019, is being released as we navigate broad and unprecedented economic challenges presented by the COVID -19 pandemic, social unrest over racial injustice, and an urgent climate crisis – all of which reinforce our focus on efforts critical to addressing these pressing issues, mitigating risk and bolstering our resiliency as both a business and a destination.

Mahalo,

A handwritten signature in black ink, appearing to read 'Peter Ingram', with a long, horizontal flourish extending to the right.

Peter Ingram
President and CEO



A local and global approach to sustainability

Our approach to environmental, social and governance concerns is informed by our Hawai'i-centric mission, the uniqueness of our archipelago and the needs of our residents, communities and stakeholders.

To help evaluate our ESG performance and guide disclosure to our stakeholders related to efforts within our industry, we have aligned our report with the Sustainability Accounting Standards Board's (SASB) accounting standards, which identify four material areas of disclosure for the commercial aviation sector: Greenhouse Gas Emissions, Labor Practices, Competitive Behavior, and Accident and Safety Management. (See Table 1)

In an effort to localize many of the initiatives outlined in this report, we have joined Hawaii's Sustainability Business Forum and Hawai'i Green Growth in developing and advancing Hawai'i-specific ESG metrics, including several that are aligned with United Nations Sustainable Development Goals. We are measuring our collective progress related to local initiatives via the public [Aloha+Challenge dashboard](#).

We recognize that the impact of our ESG work increasingly extends beyond our shores and throughout the world, from Japan and South Korea to New Zealand and Australia, and as far as the East Coast of the U.S. mainland to New York and Boston.

As we navigate the COVID-19 pandemic and rebuild our network by welcoming back guests with robust health and safety protocols, we remain committed to advancing our ESG work and enthusiastic about sharing our results in future Corporate Kuleana Reports.

Sustainability Accounting Standards Board – Airlines

Table 1. Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting Metric	Category	Unit of Measure	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	TR-AL-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	TR-AL-110a.2
	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AL-110a.3
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	TR-AL-310a.1
	(1) Number of work stoppages and (2) total days Idle ¹	Quantitative	Number, Days Idle	TR-AL-310a.2
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associate with anti-competitive behavior regulations ²	Quantitative	Reporting Currency	TR-AL-520a.1
Accident & Safety Management	Descriptions of implementation and outcomes of a Safety Management System	Discussion and Analysis	N/A	TR-AL-540a.1
	Number of aviation accidents	Quantitative	Number	TR-AL-540a.2
	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	TR-AL-540a.3

Table 2. Activity Metrics

Activity Metric	2019	Code
Available seat miles (ASMs) '000s	20,596,711	TR-AL-000.A
Passenger load factor	86.6 percent	TR-AL-000.B
Revenue passenger miles (RPM) '000s	17,826,887	TR-AL-000.C
Revenue ton miles (RTM) '000s	2,098,535	TR-AL-000.D
Number of departures	97,922	TR-AL-000.E
Average age of fleet	10.1 years	TR-AL-000.F





Protecting our environment

Aviation allows us to welcome people from around the world to Hawai'i and to transport visitors and our residents throughout our Islands, the Pacific Rim and the U.S. mainland. While commercial aviation globally accounts for approximately 2 percent of all human-induced carbon dioxide (CO₂) emissions, we are nevertheless mindful of the impact our flying has on the environment. We proactively seek opportunities to minimize the carbon footprint of our flight and ground operations.

Greenhouse gas emissions [\(TR-AL-110a.1\)](#)

From 2018 to 2019, Hawaiian increased Available Seat Miles (ASMs) by 2.1 percent and Revenue Passenger Miles (RPMs) by 3.6 percent while reducing CO₂ greenhouse gas emissions by 1.4 percent. When adjusted for the year-over-year increase in flying, as measured by RPMs, we reduced CO₂ emissions intensity by 4.8 percent, as noted below:

	2018	2019	% Change
In '000s, except as otherwise indicated			
RPMs	17,206,703	17,826,887	3.6%
ASMs	20,171,911	20,596,711	2.1%
Gallons of jet fuel consumed	273,783	270,001	-1.4%
Emissions	2,634,784	2,598,397	-1.4%
tCO ₂ e/RPM (000,000)	153	146	-4.8%
tCO ₂ e/ASM (000,000)	131	126	-3.4%

Energy efficiency and carbon reduction strategy [\(TR-AL-110a.2\)](#)

We have a long record of utilizing opportunities to operate efficiently and lower our CO₂ emissions, having formally established a Fuel Efficiency Team in the summer of 2008 that is responsible for dozens of initiatives that reduce our fuel burn. In 2012, we became the first airline to earn aviation-based carbon credits for an innovative, eco-friendly engine-washing technology that improves fuel efficiency, and we remain at the forefront of engine performance programs. Highlights of our ongoing and more recent efforts follow.



Fleet modernization

During the first quarter of 2019, we completed our exit from the Boeing 767-300 fleet, fully transitioning to the Airbus A321-200neo aircraft, which delivers approximately 16 percent lower fuel burn and CO2 emissions over previous generation aircraft on flights between Hawaiʻi and the U.S. West Coast.

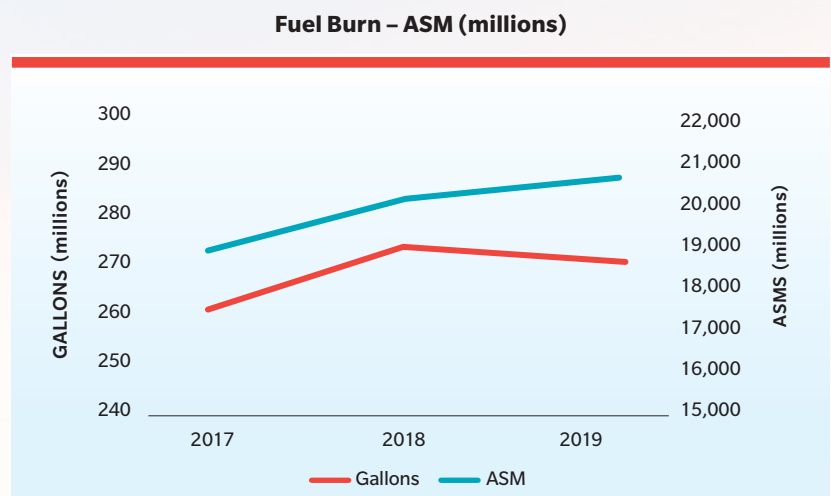
We utilize Airbus A330-200 aircraft, which are about five percent more fuel efficient than the 767-300, our previous widebody fleet, on our international transpacific long-haul, U.S. East Coast, and high-traffic U.S. West Coast flights.

In 2018, we entered into a purchase agreement for the purchase of 10 Boeing 787-9 “Dreamliner” aircraft with purchase rights for an additional 10 aircraft, with scheduled deliveries between 2021 to 2025. We have selected the Dreamliner – featuring innovative aerodynamics, modern engines, and a composite airframe contributing to an approximately 20 percent fuel-efficiency improvement over similarly sized aircraft – as our long-haul fleet of the future. Due to the economic conditions created by the COVID-19 pandemic, we amended our delivery schedule to 2022 through 2026, and expect to welcome our first aircraft in September 2022.

Fuel Efficiency Campaign

Our Fuel Efficiency Campaign includes several initiatives to conserve fuel, including the use of the PACE Flight Profile Optimizer system to determine the most efficient and comfortable altitude, and a Special Fuel Reserves in International Operations program that optimizes our fuel requirements. We have achieved an annual reduction in jet fuel burn of approximately 8.5 million gallons since formalizing our campaign in 2015 – reducing CO2 emissions by 75,540 metric tons, or the equivalent of removing more than **16,000 cars** off the roads, every year.

The graph shown illustrates how we have lowered jet fuel consumption relative to the growth in Available Seat Miles (ASMs).



Carbon dioxide (CO2) reduction goals

We have pledged to meet the International Civil Aviation Organization's Carbon Offsetting and Reduction Scheme for International Aviation ([CORSIA](#)), which includes an industry-wide goal of capping carbon emissions at 2019 levels.



Fuel efficiency at every phase of flight

In recent years we have conducted several demonstration flights using gate-to-gate best practices in operational performance to reduce fuel burn and carbon emissions as part of the Asia and Pacific Initiative to Reduce Emissions, a group of worldwide aviation leaders dedicated to advancing environmental stewardship in the airline industry.

Strategies successfully demonstrated via our flights were: User Preferred Routes, which allow airlines to customize a more efficient flight path based on factors such as fuel optimization and forecasted winds; Dynamic Airborne Reroute Procedures, or the ability to conduct multiple in-flight route adjustments in response to updated atmospheric conditions; and Optimized Descent Profile, which permits an aircraft to approach an airport and land with minimal changes in engine thrust. It is standard practice for our pilots also taxi to and from the runway using one engine whenever conditions allow.

Flying lighter

We consider every opportunity to lighten our load and burn less fuel.

Every 5.5 pounds of weight we eliminate from our aircraft results in a one-ton reduction of CO2 emissions over the course of a year. We utilize light-weight onboard service carts and cargo containers, have digitized pilot manuals to eliminate the weight of paper, and optimize fuel levels and the amount of potable water we carry in our tanks.

Reducing Auxiliary Power Unit (APU) use

We have made multimillion-dollar investments to supply our aircraft with cleaner electrical power at airport gates and to reduce fuel burn and emissions by turning off the auxiliary power unit (APU). In 2019, we reduced APU use on average by more than 15 minutes per flight and consequently conserved more than **426,000 gallons of jet fuel**, cutting carbon emissions by approximately **5,933 metric tons**.



Energy efficient facilities

While flight operations present us the most impactful opportunities to lower CO2 emissions, Hawaiian continues to modernize and ‘green’ its offices and maintenance facilities.

We have reduced energy use at our headquarters by approximately five percent between 2016 and 2018 through the use of motion sensors, LED lighting and tinted windows. Our 295,800-square-foot maintenance and cargo facility based in Honolulu, Hawai‘i is LEED-certified as an energy efficient green facility.



In March 2019, we partnered with Carbon Lighthouse, an Energy Savings-as-a-service company, to modernize our Airport Center building for both operational and climate impact. Our ongoing partnership is expected to lower the Center’s energy consumption by approximately 24 percent by 2021, or 654,000-kilowatt hours per year – the equivalent of powering 80 homes annually.

In February 2020, we became the first U.S. airline to join the U.S. Department of Energy’s Better Buildings Challenge, pursuant to which we have committed to a 20 percent electricity reduction by 2026.

Environmental protection

We minimize waste by recycling cans, bottles and menus, and have replaced various plastic serving items with compostable products.

In 2019 we partnered with Molokaʻi-based brand Kealopiko to launch a [new line of in-flight amenities](#) carrying a message of sustainability with coral and fern patterns that pay homage to Hawaii’s delicate natural resources. The amenity kits feature eco-friendly paper packaging, furthering our efforts to reduce single-use plastics.

We are especially proud of our ocean conservation efforts. We educate travelers onboard our flights about the importance of using reef-safe sunscreen so that they are empowered to prevent harmful chemicals from entering our oceans. In a collaboration with Barclays and CPI Card Group announced in November 2020, we began producing [Second Wave™](#) credit cards made with recovered ocean-bound plastic for our Hawaiian Airlines® World Elite Mastercard® members.

Additionally, we are the only U.S. airline member of the In-service Aircraft for a Global Observing System ([IAGOS](#)) program. Through IAGOS, starting in 2017, we have equipped one of our Airbus A330 aircraft with instruments that provide research data to NASA scientists and environmental agencies in Europe for analysis of the upper atmosphere in an effort to improve air pollution forecasts and more precisely assess climate change.



Fuel Use Breakdown (TR-AL-110a.3)

Fuel Type	2019 (gallons)
Jet kerosene	270,001,546.00
Diesel	~180,000-230,000





Caring for our people and community

Since we first took to the skies in 1929, we have committed to hiring locally. It is therefore no surprise that most of our employee 'ohana (family) were born or raised in the state of Hawai'i, hailing from communities stretching from Kaua'i to the Island of Hawai'i.

We bring to work a warm, welcoming culture of ho'okipa (Hawaiian hospitality), the hallmark of our brand promise to our guests, as well as to our team members. Yet, we are incredibly diverse and our workforce is representative not only of the communities we serve, but the cultural melting pot that is Hawai'i.

Labor practices [\(TR-AL-310a.1\)](#)

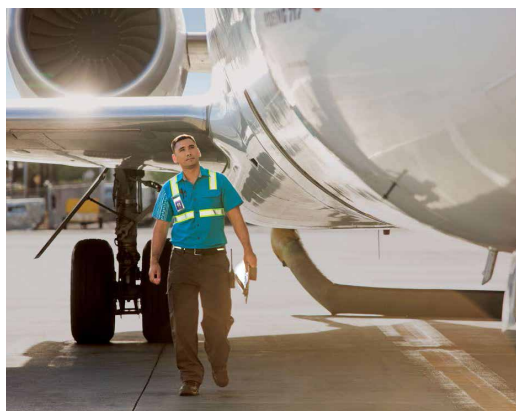
We foster collaborative relationships with our unionized team members to support our employees, enrich our values, and move our company forward. The percentage of Hawaiian's employees under collective bargaining agreements for the past two years is as follows:

Year	# of employees	% of employees under collective bargaining agreements
2019	7,437	83%
2018	7,244	84%

As a result of the COVID-19 pandemic, Hawaiian's active workforce consisted of 5,043 employees as of December 2020, an approximately 32 percent reduction from our pre-pandemic staffing levels, reflecting early retirements, furloughs, layoffs and temporary leaves. The decision to become a smaller airline was heartbreaking but necessary, and we appreciate that a significant majority of permanently separated employees accepted voluntary packages. We anticipate the return of employees from temporary leaves and furloughs as demand recovers.

Number of work stoppages and total days idle [\(TR-AL-310a.2\)](#)

Hawaiian did not have any work stoppages, strikes or idle days in the reporting period.



Our people

Human capital management, including our commitment to diversity and inclusion, is a key driver of our success. We retain our employees through competitive compensation and benefits packages, and by investing in training, mentoring, and career development opportunities. All of this enables us to hire and keep talented, high-performing employees. Some of our noteworthy commitments and accomplishments are set out below:

- Our diversity efforts include participation in career events and conferences for veterans, people with disabilities, women, and underrepresented groups. We are delighted to lead the U.S. industry with the highest percentage of women pilots at more than 9 percent, well above the 5.4 percent domestic industry average.
- Hawaiian continues to embrace its work ‘ohana’s (family) diversity and interests through various employee resource groups, including ASCEND (A Support Community for Employees Nurturing Diverse Abilities), LGBTQA, Network for Black Employees and Allies, Sustainability, Veterans, and Wahine (women) in Aviation.
- In 2019, we expanded an ‘ōlelo Hawai‘i (Hawaiian language) certification program for crewmembers and made it available for all employees. The certification, which is offered at no cost to our employees, broadens our commitment to honor and perpetuate Hawai‘i’s rich culture by incentivizing our team members to share Hawai‘i’s native language with our guests and each other. The program adds to our Ke Kumu project consisting of employee-led hula and Hawaiian language classes.

Our community

As Hawaii's hometown airline and one of the state's largest local employers, we are deeply rooted in our Island communities and committed to advancing their social and economic wellbeing. Some of our contributions to drive positive change include the following:

- **Over 2,000 Hawaiian Airlines volunteers** donated approximately **7,500 hours** to social, environmental and cultural initiatives in 2019 through our **Team Kōkua** program. From the start of the COVID-19 pandemic through November 2020, **1,218 employees have volunteered 5,346 hours** to support community organizations.
- Our employees and customers, augmented by our company match commitment, donated approximately **55 million airline miles** to over 160 nonprofit organizations in 2019.
- We made **cash donations of over \$350,000** to support over 50 nonprofit organizations in 2019.
- We sponsored a wide range of local community organizations and efforts, including the **Hawaii LGBT Legacy Foundation**, the **Honolulu Gay & Lesbian Cultural Foundation**, **POW!WOW! Hawai'i** (a global network of artists), the **Hawaii Agricultural and Culinary Alliance**, and the **Children's Discovery Center in Honolulu**.
- We are members of the newly-created **Hawai'i Sex Trafficking Apprehension Team** organized by the U.S. attorney for the District of Hawai'i. It aims to combat sex trafficking in Hawai'i and protect victims by enhancing the law enforcement community's ability to proactively identify, investigate, and prosecute sex traffickers.
- We provide community mentorship and educational opportunities. Our annual Ka Ho'okele "The Navigator" Explorers Program, developed with the **Aloha Council Boy Scouts**, features more than 20 Hawaiian Airlines employees who volunteer to mentor high school students in aviation careers. We also partner with **ClimbHI**, a Hawai'i nonprofit dedicated to sustaining educational opportunities for students, on annual career day events statewide.
- We partner with **Honolulu Community College** and the **International Association of Machinists and Aerospace Workers** union on an apprenticeship program to train and recruit local candidates interested in pursuing a career as aviation mechanics



Leadership and governance

The Hawaiian values of Mālama (care), Ho'okipa (hospitality), Lōkahi (collaboration) and Po'okela (excellence) guide how we lead and govern at all levels of our company.

Our Board of Directors and our management team are deeply engaged in our ESG efforts, with the Board being directly involved in evaluating our strategies, programs, policies and communications related to ESG.

We are dedicated to connecting communities large and small, near and far, with safe and reliable service to, from and within Hawai'i. As a destination airline that competes with much larger legacy U.S. and flagship international carriers, we are focused on delivering superior value to travelers with our Hawai'i-focused network, and we compete in domestic and international markets to the benefit of the traveling public.

Competitive behavior [\(TR-AL-520a.1\)](#)

Hawaiian has had no anticompetitive behavior claims or lawsuits in the reporting period (2018-2019).

A culture of safety [\(TR-AL-540a.1\)](#)

Managing safety

Hawaiian Airlines has an unwavering commitment to safety, which starts at the top of the organization. Our president and CEO, Peter Ingram, is the executive directly accountable for safety. The Safety Committee of the Board of Directors provides oversight of the company's commitment to maintain and promote a culture of safety, adopt best practices to produce industry leading safety performance, and to have as its highest priority the safety and security of our guests and our employees.

Employees at every level – from pilots, flight attendants, dispatchers and maintenance technicians to ground support employees at airports and offices – are responsible for identifying hazards, promoting safety awareness, complying with regulations, and adhering to published procedures. Hawaiian holds a systemwide briefing each morning to review any operational safety matters, and employees across the organization are encouraged to report potential concerns through a confidential system without fear of reprisal.



Hawaiian Airlines Safety Management System (SMS)

SMS is a Federal Aviation Administration (FAA)-required, formal, top-down, organization-wide approach to effectively managing safety risk. It gives airlines a set of business processes and management tools to examine data gathered from everyday operations, isolate trends that may be precursors to incidents or accidents and to take steps to mitigate risk. Hawaiian's SMS structure is as follows:

- **Policy:** Hawaiian's Safety Policy is the foundation of our SMS. It is broadly communicated across the company to promote employee awareness of our safety objectives and the methods and organizational structures that make it possible to maintain and sustain an effective SMS.
- **Structure:** Hawaiian maintains an internal governance structure for ongoing oversight of safety management through an Integrated Safety Review Board (ISRB) and department-specific Safety Review Boards (SRB). The ISRB, composed of our executive leadership team, is responsible for companywide safety decisions and risk acceptance. The seven operational departments – Flight Operations, Airport Operations, Dispatch, Maintenance, In-flight, Cargo, and Catering – have each established an SRB to provide safety oversight and regularly review risk acceptance, mitigation and prevention.
- **Training:** Hawaiian provides crewmembers and leaders with the subject-matter training and tools to maintain the SMS within their area of responsibility. This includes training in change management, safety risk management, risk analysis and acceptance procedures, and specialized SMS leadership training for members of each SRB.

Safety Risk Management (SRM)

SRM is Hawaiian's formal process for analyzing, assessing and accepting risks, including the actions required to mitigate risks. We use specialized risk analysis tools to evaluate the probability and severity of adverse safety outcomes and determine the resources needed to prevent or mitigate them.

Each SRM risk assessment identifies a crew leader or committee to either accept or direct actions to mitigate the risk. Our SRM process also includes procedures for communicating changes throughout the company, notifying key stakeholders and technical subject-matter experts, and identifying hazards related to those changes. Identified hazards are addressed through the following Quality Assurance program.



Safety programs

Flight Operational Quality Assurance (FOQA): FOQA is a flight data analysis program that monitors flight and aircraft trends and screens for significant events requiring further analysis.

Safety Hotline: The Safety department maintains a hotline staffed 24 hours, seven days a week. It is available to all employees for reporting safety or operational issues and to receive assistance from the Safety department.

Quality Assurance: The internal evaluation program provides continuous oversight of safety regulations and best practices and reviews hazards identified through our SMS. Quality Assurance reports to the company's Safety leadership and escalates significant safety findings to executive leadership via the ISRB.

Internal audits by operational departments, including Flight Operations, Airport Operations, Dispatch, Maintenance, In-flight, Cargo, and Catering: We maintain several internal audit programs providing oversight of internal procedural compliance. These include the Internal Evaluation Program (IEP), Continual Airworthiness and Surveillance System (CASS) for Technical Operations and a Line Check program for Flight Operations.

External Audits: Our SMS, and the airline, is audited externally every two years by the International Air Transportation Association (IATA) Operational Safety Audit (IOSA) and the U.S. Department of Defense. Additionally, we participate in annual Codeshare Partner Airline Audits through the FAA's Certificate Management Office.

Aviation Safety Action Program (ASAP): ASAP encourages voluntary reporting of safety issues and events by pilots, aircraft technicians, and dispatchers. Submitters of reports accepted into ASAP are protected from retribution from FAA Enforcement Action.

Number of accidents [\(TR-AL-540a.2\)](#)

Between 2018-19, Hawaiian has had one aircraft accident (Tail Strike N204 at Los Angeles International Airport on 08/13/18) as defined according to Annex 13 to the International Civil Aviation Organization (ICAO) Convention on International Civil Aviation. No injuries were reported.

Governmental enforcement actions of aviation safety regulations [\(TR-AL-540a.3\)](#)

Hawaiian had no material government enforcement actions in 2018-2019 from the Federal Aviation Administration (FAA), International Civil Aviation Organizations (ICAO) or the European Union Aviation Safety Agency (EASA), or equivalent national authority relating to aviation safety events, which cover categories that include but are not limited to aircraft maintenance, transportation of hazardous materials, drug testing, records and reports, training, and noise.





What *kuleana* means to us

The word kuleana is usually translated as “responsibility,” but it stands for a Hawaiian value that encompasses a broader meaning. Kuleana describes a reciprocal relationship rather than merely a duty or obligation. When we say we have a kuleana to Hawai‘i, we affirm our commitment to care for and respect the land and culture, and also acknowledge the value that Hawai‘i brings to us.

For centuries, the concept of kuleana has helped maintain balance within society and within the natural environment.

