

2016

Sustainability Accounting Standards Board Report

jetBlue®



EXECUTIVE SUMMARY

As an airline we depend on natural resources. Fuel, water and metals are essential for flight. Tourism – an essential element of our business – relies on having beautiful, preserved destinations for our customers to visit.

We recognize that the airline industry has an important role to play in addressing global climate change. It's estimated that commercial aviation contributes two to three percent of global greenhouse gas emissions. That's why JetBlue is pushing the envelope in aviation sustainability through groundbreaking initiatives such as a commitment to purchasing renewable jet fuel, more efficient planes and engineering design, and operational changes to reduce emissions. We prioritize climate change opportunities through financial impact assessment. The greatest opportunities lie in the area where financial savings and GHG emissions savings overlap.

Sustainability is key to our long-term business planning. At JetBlue, we view sustainability through the lens of fuel efficiency, risk preparedness, and customer experience. More efficient and environmentally responsible processes and technologies means we can use less fuel – which saves money, strengthens the bottom line, and reduces our impact on the environment – protecting the natural places our customers want to visit.

As part of our commitment to transparency, this year we are expanding the reporting of JetBlue's sustainability performance by incorporating the SASBⁱ guidelines for the aviation industry. These additional disclosures focus on four sustainability issues and ten metrics that are deemed to be material for our industry. Disclosure is not a static concept. Markets are dynamic and disclosure must keep pace. Integrating SASB disclosures into our sustainability reporting is proof positive that JetBlue intends to stay on the leading edge of sustainability performance and reporting.

ACTIVITY METRICS AND NORMALIZATION

Activity Metric	SASB Code	2016
Available seat miles (ASM)	TR0201-A	53,620 million
Passenger load factor	TR0201-B	85.1%
Revenue passenger miles (RPM)	TR0201-C	45,619 million
Revenue ton miles (RTM)	TR0201-D	4,170 million
Number of departures	TR0201-E	337,302
Average age of fleet	TR0201-F	8.9 years

ⁱ SASB—Sustainability Accounting Standard Board

SUSTAINABILITY DISCLOSURE TOPICS AND ACCOUNTING METRICS

Topic	SASB Code	Metric	2016 Performance	Notes	Page
Environmental Footprint of Fuel Use	TR0201-01	Gross global Scope 1 emissions	7,484,799 MTCO _{2e}		3
	TR0201-02	Description of long-term strategy or plan to manage Scope 1 emissions	See page 4		4
	TR0201-03	Total fuel consumed	108 million Gigajoules		10
	TR0201-04	Notional amount of fuel hedged	47 million gallons, 2016		10
Labor Relations	TR0201-05	Percentage of active workforce covered under collective-bargaining agreements	0%	Is expected to be 16% in 2017	12
	TR0201-06	Number and duration of strikes and lockouts	0		12
Competitive Behavior	TR0201-07	Amount of legal and regulatory fines and settlements associated with anti-competitive practices	0		14
Accidents & Safety Management	TR0201-08	Description of implementation and outcomes of Safety Management System	See page 16		16
	TR0201-09	Number of accidents	2		20
	TR0201-10	Number of governmental enforcement actions of aviation safety regulations	0		21

TOPIC 1: ENVIRONMENTAL FOOTPRINT OF FUEL USE

Management Approach:

JetBlue uses an integrated approach in assessing and managing its sustainability performance, where material ESG risks and opportunities are analyzed through their potential impact on the environment, society and the financial performance of the company.

In recognizing the many potential risks driven by climate change, we work alongside industry organizations such as IATAⁱ, A4Aⁱⁱ, and ICAOⁱⁱⁱ to establish a comprehensive and collaborative approach to mitigating these risks. In 2016, JetBlue supported ICAO's historic CORSIA^{iv} agreement, joined The Roundtable on Sustainable Biomaterials, and signed one of the most significant renewable jet fuel purchasing agreements in the world.

We follow a robust methodology in determining our sustainability goals where the magnitude, timeframe and likelihood of sustainability risks and opportunities are analyzed to determine their potential impacts.

TR0201-01: Gross global Scope 1 emissions

JetBlue's total Scope 1 GHG emissions in 2016 were 7,484,799 MT CO₂e. Detailed information about our emissions in 2016 is presented in the table below:

Emissions	Amount (Metric Tonnes)
Carbon Dioxide	7,417,431
Methane	11
Nitrous Oxide	6,7357

We do not currently track the hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride associated with our Scope 1 emissions.

Change in Emissions

In 2016, JetBlue's gross Scope 1 emissions increased 581,089 metric tonnes or 8.41% compared to the previous year due to an increase in passenger volume.* As our business grew, our revenue passenger miles increased 9.3% from 41.7 billion to 45.6 billion from 2015 to 2016, leading to this associated increase in JetBlue's absolute Scope 1 GHG emissions. A change in physical operating conditions also contributed, as congested airspace in the Northeast United States

ⁱ IATA— International Air Transport Association

ⁱⁱ A4A—Airlines for America

ⁱⁱⁱ ICAO— International Civil Aviation Organization

^{iv} CORSIA—Carbon Offsetting and Reduction Scheme for International Aviation

*Because of an editing error, the SASB report issued on April 10th, 2017 incorrectly stated the emissions percent as 1.08%.

occasionally requires airplanes to taxi longer at airports, increasing jet fuel consumption. While our gross GHG emissions slightly increased, we have achieved significant reductions in our GHG intensity (amount of GHG emissions per revenue passenger mile), decreasing by 0.62% from the previous year, and 4.9% since our baseline reporting year of 2009.

Calculation methodology for Emission Disclosures

JetBlue uses “The Climate Registry: General Reporting Protocol” to collect activity data and calculate Scope 1 emissions. We have used the global warming potentials calculations from the IPCCⁱ Fifth Assessment Report (AR5 - 100 year) to convert our CH₄ and N₂O emissions into CO₂e. In order to calculate the CO₂, CH₄ and NO₂ emissions from jet kerosene and diesel/gas oil, we use 2014 Climate Registry Emissions Factors. JetBlue uses The Financial Control approach defined by the GHG Protocol and referenced by the CDP Guidance. Ninety-eight percent of our Scope 1 emissions come from gallons of jet fuel combustion, which is tracked very accurately. We also maintain detailed records of ground fuel use so we are highly confident in our Scope 1 reported emissions. Therefore, the range of uncertainty in our calculations is less than or equal to 2%. Our intensity target changed in 2016 from reporting years due to a change in our operations. In 2015, we discontinued commercial cargo operations, which affected our annual Revenue Ton Miles (RTM). Due to this change, RTM is no longer a relevant measure for our intensity target to determine change in emissions year to year. Instead, we are now using Revenue Passenger Miles as the denominator in our intensity target to measure emission levels against productivity.

TR0201-02: Description 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

Long-Term Targets and Strategy to Manage Emissions

JetBlue follows two international agreements to set its long-term emission goals. The first is the set of three industry-wide goals established by IATA, from which JetBlue has adopted the following GHG reduction targets: (1) a 1.5% average annual improvement in fuel efficiency from 2009 to 2020; (2) carbon-neutral growth from 2020 and (3) a 50% absolute reduction in carbon emissions by 2050. Our emission targets cover 100% percent of the Scope 1 and Scope 2 emissions from sources on which JetBlue has financial control; this includes all of our flights, and ground operations at New York JFK International Airport Terminal 5 (T5).

The second is the 2016 ICAO CORSIA agreement, which set a new global market-based measure to control CO₂ emissions associated with international aviation. JetBlue is currently following the

ⁱ IPCC—Intergovernmental Policy on Climate Change

IATA targets while preparing to meet the requirements of ICAO to be well equipped for long term market growth in international markets.

JetBlue's emissions targets are intensity based with Revenue Passenger Miles, the metric denominator of our calculations. The start year of the reduction activity as well as the base year is 2009 with a target year of 2020. Since 2009 JetBlue has reduced its intensity target GHG emissions by 4.9%.

As evidence of our integration of climate change into our business strategy and dedication to meeting our CO2 reduction target JetBlue has set three goals:

- Save over 500,000 gallons of fuel burn per year through enhanced technology. Additional emissions savings will be possible if the FAA complements our in-aircraft investment with air traffic control infrastructure improvements, procedural changes and controller training in the Caribbean region.
- Integrate biofuel into all flight operations.
- Transition our wholly-owned ground service equipment to electric ground service equipment where feasible for our airport operations.

In order to achieve these goals, JetBlue has launched the following long-term projects:

Renewable Jet Fuel

In September 2016 JetBlue's commitment to renewable jet fuel as part of our climate change strategy was realized through a purchase agreement with SG Preston, a bioenergy company. This agreement to purchase 33 million gallons of blended jet fuel per year for at least 10 years marks one of the largest renewable jet fuel purchase agreements in aviation history, and the largest, long-term binding commitment by any airline globally for HEFA (hydro-processed esters and fatty acids) based renewable fuel. The renewable fuel will account for approximately 20 percent of our annual fuel consumption at New York's John F. Kennedy International Airport, with first delivery expected by 2019.

Compared to traditional petroleum-based Jet-A fuel, renewable options significantly reduce emissions, including pollutants related to air quality as well as net greenhouse gases. Renewable jet fuel is a key aspect of JetBlue's emissions reduction strategy that will allow us to meet our goal for long-term fuel use and emission reduction. In addition, the use of renewable alternative fuels reduces our compliance costs in jurisdictions where emissions are highly regulated as well as the future cost of complying with CORSIA, and diversifies our fuel portfolio, which decreases the risk of oil price volatility.

NextGen

We are working with the FAAⁱ in efforts towards implementing the Next Generation Air Transportation System, or NextGen, by 2020. NextGen technology is expected to allow flying of more direct routes, optimizing flight speeds and improving descent patterns to reduce fuel use.

With a planned investment of \$60 million to equip all our planes with critical NextGen technology, JetBlue initiated this process in 2012, equipping 35 of our aircraft with this technology. Our entire fleet will be equipped by 2019. While the FAA has mandated for the inclusion of Automatic Dependent Surveillance-Broadcast (ADS-B) on all planes by 2020, JetBlue is taking added steps to incorporate three additional features to further enhance efficiency and safety.

In 2015, we saved more than 150,000 gallons of fuel and 1,451 metric tonnes of CO₂e through the use of NextGen technology. In 2016 we continued usage of NextGen to reduce delays and lower CO₂ emissions from our Gulf of Mexico operations. Additional savings were achieved when the FAA took East Coast RADAR out of service for maintenance and JetBlue was able to continue flying its normal routing to select Caribbean markets due to NextGen technology. Typically, such outages result in a need to revert to non-RADAR procedures (longer taxi times, increased separation and in some cases airborne reroutes). NextGen reduced average flights by 38 nautical miles and six minutes per flight in this scenario.

Airbus Plane Purchases

Twelve new A321s were delivered in 2016, with 15 expected in 2017. We placed orders for Airbus New Engine Option (NEO) planes to be delivered in 2018. All new NEO aircraft from Airbus come equipped with sharklets, providing built in efficiency for future purchases combined with newly designed engines and cabin changes to improve fuel economy by 15%.

Behavioral Change

In 2013 JetBlue introduced a resource efficiency program called “Just One More, Just One Less.” The program is aimed at increasing efficiency during engine wash, decreasing potable water use, reducing water carried and shifting to a paperless cabin (iPads for pilots, inflight crewmembers). As part of this program, Crewmembers reported that the majority of flights were landing with their water tanks mostly filled, with the added weight of carrying the unused water leading to unnecessary fuel consumption. Following a successful trial, JetBlue rolled out the policy to fill potable water tanks to three-quarters across our fleet of Airbus 320s rather than fill completely, saving roughly 2,700 metric tonnes of CO₂e emissions and \$900,000 in fuel costs annually.

ⁱ Federal Aviation Administration

EcoEarnings

Leisure travel to Latin America and the Caribbean is a key pillar of JetBlue's business model, with destinations in the region making up one-third of our route network. To better understand the link between financial capital and natural capital in those regions, we initiated a study with The Ocean Foundation. The study, called EcoEarnings, is designed to predict JetBlue's revenue at risk due to anthropogenic ecosystem degradation, with the ultimate goal of motivating a collaborative effort of key stakeholders to engage in protection of the marine environment, thereby protecting revenue. The study's early results suggest a positive correlation between the environmental health of travelled destinations and JetBlue's revenues from these routes. In addition to environmental benefits, the EcoEarnings initiative is also expected to have a long-term and progressive positive impact on our revenue stream.

Irregular operation events (IROPS) Integrity

JetBlue recognizes the risk of increased frequency of extreme weather events brought on by climate change. To address the significant operational difficulties IROPSⁱ pose, JetBlue has created a multi-tier plan to address weather events and mitigate the effects of storms when they do hit. The plan has detailed responses for various levels of operational impact, outlining the associated communication plan and each department's role in helping to prepare for the storm and then restore the operation after it passes.

Short-Term Strategy to Manage Emissions

While JetBlue sees our many sustainability investments and initiatives as long-term initiatives due to the longevity of their impact, we recognize a difference between the timeline of large capital infrastructure initiatives versus those projects that provide evident shorter-term results, such as reducing waste sent to landfills. It is in combining short-term progress through recycling, retrofitting, and operational changes with large-scale infrastructure investments of NextGen and renewable jet fuel that we reduce emissions, mitigate ESG risks, and create opportunities for JetBlue to grow and lead.

Sharklets

In 2015, JetBlue began retrofitting our Airbus 320 fleet with sharklets – curved wing extensions, which have the potential to increase fuel efficiency up to 4% on long-haul flights. Currently 49 Airbus aircraft out of our fleet of 167 and all 60 of our Embraer planes have sharklets installed.

Transportation Fleet Improvements

JetBlue sees an opportunity to transition ancillary assets to more efficient energy sources and systems, including a transition from conventional diesel and gasoline ground support equipment (GSE) to plug-in electric. By transitioning from diesel fuel to electric vehicles, JetBlue estimates

ⁱ Irregular Operation Events

an annual reduction of 270 metric tons of CO₂ equivalent GHG emissions as well as significant reductions from other emissions to help reduce air pollution. Though dependent on usage, one vehicle saves an average of 10 metric tons, or 22,000 pounds, of CO₂e annually. The use of electric vehicles on the ground also has significant financial benefits by lowering risks that might emerge due to oil price volatility, and ensure compliance with regulations in locations where emissions are highly regulated such as California.

In 2016, JetBlue completed our first trial of electric GSE, which included 12 units over seven months at JFK, our biggest airport. Following its success, we purchased 20 new electric vehicles for the California airports we serve, increasing the proportion of our electric fleets at Oakland and Long Beach Airports from 34% to 65%. We plan to announce additional expansion in 2017. Over a 13 year period – the useful life of electric charging stations – we estimate a reduction of over 25,000 tons of carbon monoxide, 684 tons of Volatile Organic Compounds, and 1057 tons of Nitric Oxide. Electric ground support equipment also saves fuel and maintenance costs. At JFK we anticipate over \$1,000,000 in fuel savings over the next five years. In Long Beach we anticipate savings of approximately \$40,000 in energy costs annually by transitioning to electric ground support.

Carbon Offset Projects

JetBlue offset 144,000 metric tonnes of CO₂e in 2016. Offsets support the Amazon Tropical Rainforest Protection and Community Enhancement REDDⁱ + Project which prevents millions of tonnes of CO₂e from entering the atmosphere, produces oxygen, and improves local air and water quality by filtering pollutants, while restoring biodiversity. JetBlue also planted 18,500 trees in California's Angeles National Forest in 2016 as part of our offsetting program. We encourage our customers to follow suit with a post-ticket purchase link to offset the emissions of their flight. Since 2008, JetBlue has offset over 1.7 billion pounds of CO₂e.

Waste Recovery

Recycling has positive, progressive, short-term impacts on the environment; both through diverting waste from landfills and reducing associated emissions. We recycle, track and measure plastic bottle and aluminum can waste on all domestic flights and in all domestic airports. As part of our recycling initiatives, we recycle all bottles and cans on each flight and maintain a waste tracking system at all US airports we serve. The tracking system helps us record inflight recycling compliance — including sorting — and monitor whether Crewmembers on the ground bring recycling bags to the correct containers. In 2016, our recycling adoption rate for domestic flights was 82 percent. Across all U.S. JetBlue flights, we estimate that we have recycled nearly 60 million bottles and cans since 2013, preventing 3,850 metrics tonnes of CO₂ equivalent GHG emissions being released into the atmosphere.

ⁱ Reducing Emissions from Deforestation and Forest Degradation

We compost waste produced at two of our JFK Terminal 5 (T5) food court stores. In 2016, we composted an average 100,000 pounds of food scraps from Dunkin Donuts and Jamba Juice. Mostly made up of coffee grounds and fruit peels, diverting this waste from landfills saved 38 tonnes of Scope 3 CO₂e emissions.

Association with Emissions Disclosure/Reporting or Reduction Programs

JetBlue works with ICAO, IATA, and A4A to reduce dependence on fossil-based fuels. We are actively pursuing sustainable jet fuel to limit the risk associated with future regulation of fossil fuels. We prioritize climate change opportunities through financial impact assessment. The greatest opportunities lie in the area where financial savings and GHG emissions savings overlap. The naturally compatible business case for fuel efficiency makes new fuel-efficient options and NextGen flying techniques a priority.

In 2015, JetBlue joined the American Business Act on Climate Pledge, a White House initiative that involves more than 150 companies demonstrating an ongoing commitment to climate action and voicing support for the Conference of Parties 21 (COP21) Paris climate negotiations. In 2016 JetBlue became the first U.S. airline to join the Roundtable on Sustainable Biomaterials (RSB), helping us prepare for increased emission reductions through renewable fuels, and providing us the opportunity to contribute to a coalition of organizations working to make renewable fuels more viable. Recognizing that jet fuel is the biggest component of emissions, we announced a renewable jet fuel purchase agreement that over 10 years, which is to be incorporated in regular operations in 2019.

TR0201-03: Total fuel consumed, percentage renewable

The amount of total fuel consumption from all sources as an aggregate figure in gigajoules or their multiples including fuel consumed by entities owned or controlled by JetBlue (excluding non-fuel energy sources such as purchased electricity and purchased steam) are presented below.

Fuel Type	Consumption
Jet kerosene	108,040,504 GJ
Diesel/Gas oil	137,621 GJ
Total	108,178,125 GJ

In 2016, 0% of our fuel consumed was from renewables. We anticipate to have the infrastructure in place to incorporate the renewable fuels purchased through our agreement with SG Preston in 2019, where renewables will make up approximately 20% of our fuel lift from JFK.

TR0201-04: Amount of fuel, for which the company has entered into fuel derivative contracts (fuel hedges)

JetBlue's advanced fuel derivative contracts for 2016 were as follows:

- 47 million gallons
- 25% estimated percent consumption

JetBlue has hedged approximately 10% of its first quarter and full year 2017 projected fuel consumption using jet fuel swaps. Based on the fuel curve as of January 13th 2017, JetBlue expects an average price per gallon of fuel, including the impact of hedges and fuel taxes, of \$1.73 in the first quarter of 2017. JetBlue's current fuel hedge contracts will reach maturity in December 2017.

TOPIC 2: LABOR RELATIONS

Management Approach:

We aim to foster a direct relationship between Crewmembers and leadership, with the belief that doing so is in the best interests of our Crewmembers, our customers and our shareholders.

For this reason, we have six Crewmember-led Values Committees, elected by their peers, to influence company policies, work with leadership, identify and advocate for resolutions to challenges and help maintain our company culture. Values Committees serve as a vehicle for Crewmembers to have direct input in matters pertaining to their work experience. Through Values Committees, our Crewmembers make important contributions to their workgroup as well as complex, company-wide projects, such as the aircraft restyling project. Our leadership team communicates on a regular basis with all Crewmembers in order to support our direct relationship and to keep everyone informed about news, strategy updates and challenges affecting the airline industry. Communication channels include email messages, weekday news updates, Crewmember engagement surveys, a quarterly Crewmember magazine and active leadership participation in new hire orientations. Leadership is also heavily involved in periodic open forum meetings across our network, called “pocket sessions” which are often recorded and posted on our intranet.

TR0201-05: Percentage of active workforce covered under collective-bargaining agreements, broken down by U.S. and foreign employees)

At the current moment, none of our Crewmembers are represented under collective bargaining agreements. In 2014, JetBlue pilots elected to be represented by ALPAⁱ. We are currently working with our pilots and ALPA to reach our first collective bargaining agreement. Once finalized, 16.7% of our Crewmembers (all Pilots) will be represented by ALPA.

JetBlue’s workforce is broadly diversified among several job classifications with Airport Operations Crewmembers the largest group at 32%. Nearly all (97%) of JetBlue’s workforce is based in the US.

Distribution of the workforce

Distribution of Crewmembers by occupation	Percent	Number
Flight Ops (Pilot):	16.7%	3325
Inflight:	22.8%	4540
Customer Support:	14.7%	2927
Airport Operations:	32.4%	6451

ⁱ Air Line Pilots Association

Technical Operations:	5.1%	1016
System Operations:	1.6%	319
Support Services:	6.7%	1334

Distribution of Crewmembers by region	Percent	Number
US Crewmembers (excluding PR & USVI):	97.0%	19315
International Crewmembers (including Puerto Rico & USVI):	3.0%	597

Distribution of Crewmembers by age group	Percent	Number
18-25	8.3%	1653
26-34	28.2%	5615
35-44	29.0%	5774
45-55	24.4%	4859
56+	10.1%	2011

TR0201-06: Number and duration of strikes and lockouts

JetBlue has never had a strike, lockout, or work stoppage, attesting to the efficacy of our approach to labor relations.

TOPIC 3: COMPETITIVE BEHAVIOR

Management Approach:

Known as New York's Hometown Airline™, JetBlue has grown since it was founded in 1998 to serve 101 destinations across the Americas with 20,000 crewmembers delivering award-winning customer service every day. From its first flights at an underutilized New York JFK in 2000, JetBlue has succeeded through nearly two decades of industry change without a merger, bankruptcy or furloughs.

Since its first flight, JetBlue has brought much needed competition to markets that were underserved, overpriced or both. JetBlue's track record of entering these markets with a lower fare and superior product offering often results in lower fares and increased traffic – stimulating demand, and benefitting customers and communities.

The U.S. airline industry has experienced an unprecedented number of mergers and airline bankruptcies over the past 20 years, and today four airlines control more than 80 percent of the industry. A fifth controls 7 percent. JetBlue, while the largest domestic airline in New York, Boston, Fort Lauderdale and a major impetus for low fare competition in these major markets, has only five percent.

In addition to U.S. industry consolidation, the rise of international joint ventures and immunized alliances has had a detrimental effect on competition. Just as we've seen airfares rise in domestic markets without the presence of JetBlue or other low fare carriers, fares in the North Atlantic and Pacific markets are also up with immunized joint ventures controlling more than four-fifths of the market. Smaller airlines interested in these international markets are faced with barriers to entry including limited access to airport gates and slots controlled by the three major global alliances. In the increasingly consolidated airline industry where fewer and larger players dominate the landscape, we recognize the need to advocate for maintaining our nation's Open Skies agreements, and for important protections such as ensuring airport access and term limits on immunity from antitrust laws that will allow small but vital competitors like JetBlue to continue offering low fares and protect the interests of consumers. We have a dedicated Government Affairs team that advocates for such conditions, noting the positive impacts of competition in creating more sustainable growth, increased innovation, and better customer service.

Political Contributions:

To protect the interests of our customers and business, we build relationships with government officials throughout our network and advocate for relevant, positive public policies. We are members of the trade associations Airlines for America, the International Air Transport Association and the Latin America and Caribbean Air Transport Association. These act to protect the interests of the industry and their members, including by lobbying on local, state, federal and international policy issues.

Our Policy for Political Contributions states that, in rare cases, we can also make financial contributions to candidates for office. In 2016, we made no such contributions. If they wish to, crewmembers can make financial contributions to support political candidates, campaigns and committees that will be beneficial for our business through the JetBlue Airways Corporation Crewmember Good Government Fund (JetBlue PAC). Read full details of 2016 contributions in JetBlue PAC's Federal Election Commission filings.

TR0201-07: Amount of legal and regulatory fines and settlements associated with anti-competitive practises

Our approach to competition is reflected in the fact that in 2016 JetBlue paid no legal fees or regulatory fines or settlements associated with anti-competitive practices.

TOPIC 4: ACCIDENTS AND SAFETY MANAGEMENT

Management Approach:

At JetBlue, safety is always our top priority, as it should be for every airline. While air travel is one of the safest modes of transport, airlines are held to high safety standards, with consumers expecting completely safe and accident-free operations. Moreover, aviation accidents may result in significant environmental and social impacts, requiring payments for remediation and compensation of victims, and impacting investors. Safety incidents or violations of safety regulations can have a lasting impact on reputation and can lead to lower demand from passengers. Accidents, even if they occur rarely, can lead to significant and long-term impacts on reputation and revenue growth. We are acutely aware of these risks, with mitigation a top priority.

If an organization accepts too much safety risk, it is likely to have incidents or an accident, which has direct costs as well as indirect costs that impact the brand. However, an organization can be too risk adverse to the point that it fails to seek revenue or assumes too many costs related to protection. JetBlue's Safety Management System utilizes advanced safety processes and data analytics to make informed risk-based decisions. This allows JetBlue to strike the balance between production versus protection to operate a safe and profitable airline.

JetBlue's unique culture prizes innovation and drives safety management in two ways. First, through technology: We utilize an enterprise database tool from Rolls Royce called Visium AQD to collect, track and manage our safety processes and data. In addition we employ a comprehensive suite of analytical tools on our safety data, such as business intelligence software like Spotfire and Hypercube. All backed by highly-trained analysts expert in statistical methods, querying and programming. Second, our emphasis on the human element of safety management means we take into account the latest human factors and system safety approaches to create the most reliable systems and services. What's more, JetBlue strongly promotes its #1 value of Safety. Individual Crewmembers are expected and encouraged to report hazards, issues, concerns, occurrences and incidents confidentially, and propose solutions, without facing any reprisal.

Accountability for Safety starts at the top of the organization. CEO Robin Hayes has ownership and ultimate responsibility for Safety at JetBlue, but Crewleaders at all levels of the organization are responsible for developing, implementing and maintaining safety/operational processes and practices within their area of responsibility including:

1. Risk assessment and hazard identification,
2. Managing safety risks and ensuring risk is reduced as reasonable and practical,
3. Assuring the effectiveness of safety risk controls,
4. Promoting safety awareness,
5. Complying with all applicable regulatory requirements,

6. Advising the senior leaders or the Safety Department of any need for improvement,
7. Striving to continually improve safety

2016 Safety Highlights:

During 2016 JetBlue initiated four new safety-related practices:

1. Level entry boarding for customers with disabilities in international destinations: From crewmember reports in addition to findings under an ACAAⁱ audit, it was determined that carrying customers with disabilities down air stairs was a safety concern. Reports were brought to the Airports Risk Working Group and to the Security Review Board where funding was approved to address this concern. While this is not a regulatory requirement, it will improve the customer experience and support our proactive safety program.
2. Installation of coffee brew shields across the fleet: to protect the Inflight Crew from possible injury from exploding coffee packets, brew shields were installed on all coffee machines.
3. Prohibition of Hoverboards on all flights: When it became known that hoverboards had the potential to catch on fire, JetBlue became the first US airline to ban hoverboards. The rest of the industry followed shortly afterwards.
4. Change management process: In 2016, JetBlue adopted a new policy that whenever an operational department requests a change in process, a change management form detailing how this change will affect other departments must be filled out and reviewed. The affected departments are then able to work in coordination with the Safety department to identify whether there is a safety risk involved in the proposed change. This policy change was enacted as a result of the 2015 decision to remove the Cargo department from our business operations. The implications of this decision meant that controls for internal corporate shipping were eliminated as well, which posed a safety risk which hadn't been factored into the initial decision making process.

TR0201-08: Description of Implementation and Outcomes of Safety Management System

In early 2015, the FAA passed a rule mandating that all U.S. commercial airlines have a Safety Management System (SMS) in place by March 2018. JetBlue was proud to be the first commercial carrier accepted into the FAA's voluntary program for developing the SMS plan. We began implementation in 2015, three years ahead of the FAA deadline, with the launch of our new Safety Policy. The SMS system helps our processes become more predictive and proactive rather than simply reactive. In promoting an environment of tracking and following risks, we are

ⁱ Air Carrier Access Act

able to better address those concerns—preventing safety incidents, reacting to safety occurrences, and predicting possible safety issues across the board.

Safety Policy:

JetBlue’s Safety Policy is the foundation of our Safety Management System. The policy promotes crewmember awareness about JetBlue’s safety objectives as well as methods, and organizational structures that make it possible to achieve the objectives. The philosophy that underpins the policy is one that investigates the causes of mistakes, encourages crewmember reporting and identifies ways to enhance JetBlue’s safety performance.

Safety Structure:

We maintain a structure for overseeing and responding to safety measures through our Safety Review Board and Risk Working Groups. The Safety Review Board is comprised of JetBlue leaders responsible for company-wide safety decisions, including our CEO, EVPs, SVPs, and VPs of relevant departments. Along with advisors, the Review Board oversees six key operational risk working groups:

- Flight Risk Working Group
- Airport Risk Working Group
- SOC Risk Working Group
- Tech Risk Working Group
- Inflight Risk Working Group
- Customer Support Risk Working Group

Each Risk Working Group meets on a regular basis to 1) review risks as identified and assessed by Safety, Training and Operational programs; 2) accept and/or require mitigation of risks or escalate to the SRB; 3) direct and review the progress of corrective/preventative actions to eliminate causes or potential causes of identified non-conformances; 4) conduct regular reviews of the outputs of SMS; and 5) perform regular reviews of the performance and effectiveness of SMS and operational process to identify any needs.

Safety Training:

JetBlue provides Crewmembers and Crewleaders with the knowledge and tools to make safety the number one priority. Our Safety department and JetBlue University introduced an injury-prevention training program called SAFE Movement to educate Crewmembers on proper lifting techniques. The program contributed to a 5 percent reduction in airport injuries to Crewmembers in 2015.

Safety Management:

Safety Risk Management (SRM) is a formal process for systemically identifying risks within the context of the delivery of JetBlue's products and services and taking action to reduce those risks. SRM includes steps to understand systems and processes, identify hazards, estimate the probability of outcomes, and make decisions regarding the best allocation of resources. JetBlue's approach to SRM is based on the concept of risk "informed" decision-making.

This means that SRM processes and tools are intended to inform, or support, the decision maker in making decisions involving safety risk. There are inherent limitations to risk management processes and tools and decision makers should be mindful of these limitations. Risk management processes and tools do not replace the need for sound human judgment and the exercise of humility when making decisions about an unknown future. JetBlue will at all times strive to reduce risk to "as low as reasonably practicable." Reducing risk to as low as reasonably practical means that any further risk reduction is either impractical or grossly outweighed by the cost.

Primary objectives of risk management are to:

- Determine the appropriate organizational level for risk related decision-making
- Compare operational risks for best resource allocation
- Communicate operational risk within the organization

Safety Assurance:

JetBlue has developed and maintains processes and systems to monitor its safety performance including monitoring of operational processes and the operational environment.

The programs outlined below detail the numerous tools made available for crewmembers to be proactive in determining and mitigating potential safety risks.

Flight Operational Quality Assurance (FOQA) – FOQA monitors trends and screens for significant events possibly requiring further analysis.

Safety Hotline/Safety Response Coordinator – The Safety Department maintains a Safety Hotline staffed by a qualified Safety Response Coordinator (SRC) 24 hours a day, 7 days a week. The Hotline is available to all JetBlue Crewmembers to report any safety/operational issues or concerns and/or receive assistance from the Safety Department.

Internal Audits by Operational Departments – JetBlue's Safety Evaluation and Audit Program (SEAP) monitors safety performance including evaluations of the SMS and operational processes and systems.

External Audits – JetBlue's Safety Management System is also audited externally by the IATA Operational Safety Audit (IOSA), the Department of Defense (DoD) Audit, Codeshare Audits and the FAA Safety Assurance System.

Investigations – JetBlue has developed and maintains processes and systems to monitor its safety performance including investigations of incidents and accidents as well as investigations of reports regarding potential non-compliance with regulatory standards or other safety risk controls.

Safety Promotion:

JetBlue Crewmembers across departments and roles will be required to possess the competencies and training appropriate with their role in JetBlue's Safety Management System. JetBlue maintains 5 "tiers" of training that Crewmembers will be assigned to in these departments.

JetBlue's Safety Policy is found on our intranet and in every JetBlue Manual. In addition, our safety policy and performance is communicated to Crewmembers through:

New Hire Orientation: New JetBlue Crewmembers receive a presentation from the Safety Department and are briefed on the Safety Action Report -- our confidential safety reporting system, as well as our Safety Policy.

Safety Snapshot: A periodic report that provides Crewmembers with an overview of year to date (YTD) safety metrics including Crewmember Injuries, Aircraft Damages, Safety LIFTs and Safety Action Report count.

Safety and Security Recognition Reception: An annual event where Crewmembers that have made significant contributions to safety enhancement are awarded with the Office of Safety Distinguished Achievement Award.

Flight Safety Newsletter (FSN): A quarterly communication with articles written by members of the Flight Safety team including Safety Investigations, Fatigue, Aviation Safety Action Program (ASAP), Tech Ops Safety and Sys Ops Safety.

Alignment of JetBlue Safety Management System with FAA and ICAO

JetBlue's Chief Executive Officer is responsible for ensuring that JetBlue meets the requirements outlined in 14 CFR Part 5, International Air Transport Association (IATA) Standards and Recommended Practices (ISARPs), Design Validation and Design Demonstration SMS Safety Assurance System (SAS) related Data Collection Tools (DCTs), and to continuously improve the performance of JetBlue's Safety Management System (SMS).

JetBlue does not measure our SMS Implementation to the ICAO implementation scale. While this scale was used during the FAA's SMS Pilot project, we are now working within the FAA framework. JetBlue is currently in the Design Validation Phase of SMS Implementation to Part 5 with the FAA and will be moving to the Design Demonstration Phase this year. We plan to be completed with FAA Validation and receive FAA approval of our SMS by Q4 2017. Our last Operational Safety Audit (IOSA) was conducted in Feb 2017. A large portion of the preparation was around documenting and showing implementing of our newly created SMS to match the

new IOSA requirements around SMS. We had thirteen findings from the audit, and by March 2017, we had already provided the Corrective Action Plan for closing those findings to the Audit Organization. We expect to be renewed on the IOSA registry by the end of May 2017. Our next IOSA audit will be scheduled in mid-2018.

JetBlue Safety by the Numbers in 2016:

Safety Action Report – Reporting safety hazards, risks and concerns is the responsibility of all Crewmembers. Our Safety Action Report (SAR) is our confidential safety reporting system for all Crewmembers. In 2016, 613 Safety Action Reports were filed compared to 479 in 2015 indicating that Crewmembers are engaging more in the reporting program, which is a key tool in our ability to proactively address concerns. For example, a report was received from a crewmember regarding a technical issue with A320 oxygen mask clips. The report was investigated and Technical Operations commissioned a Fleet Campaign to identify and correct oxygen masks on our A320s and A321s.

Number of safety risks and hazardous situations identified as a result of SMS

The goal of the Aviation Safety Action Program (ASAP) is to enhance aviation safety through the prevention of accidents and incidents. Its purpose is to encourage voluntary reporting of safety issues and events that come to the attention of pilots, technical operations staff and dispatchers. SAR is JetBlue’s confidential safety reporting system for the entire company.

Voluntary Reports and Mitigated Risk

	2015	2016
Safety Action Reports	479	613
Aviation Safety Action Program Reports	1321	1351
Number of Findings Raised	735	823
Number of Risks and Findings	783	691
Number of Risk Assessments	52	31

In 2016, our injury rate (4.29 incidents per 100 full-time Crewmembers) was essentially unchanged from 2015 (4.28) when we recorded the lowest injury rate in JetBlue history.

TR0201-09: Number of accidents

JetBlue had two (2) accidents in 2016, defined according to Annex 13 to the International Civil Aviation Organization Convention on International Civil Aviation.

- 1) Inflight Crewmember suffered second degree burns from turbulence induced hot water spill

2) Landing with Retracted Nose Landing Gear: A plane landing in the Bahamas' Nassau airport reported a landing-gear malfunction prior to arrival. The plane landed using the aircraft's rear gear with the plane's nose partially extended. No injuries were reported from the 93 passengers and four crewmembers on board.

TR0201-010: Number of governmental enforcement actions of aviation safety regulations

JetBlue had no government enforcements in 2016 from the FAA, the EASAⁱ, or the equivalent national authority relating to aviation safety, including, but not limited to, maintenance, transportation of hazardous materials, drug testing, records and reports, training, or noise.

ⁱ European Aviation Safety Agency

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