



2021

SUSTAINABILITY REPORT



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■ TO OUR STAKEHOLDERS

At Air Transport Services Group, Inc., our strong company culture and the dedication and hard work of our employees were the bedrock upon which we have successfully weathered the COVID-19 pandemic during the past two years. During 2021, we delivered a record 15 external leases and deployments of Boeing 767-300 series freighter aircraft and redeployed on lease three Boeing 767-200 series freighter aircraft. Additionally, our airlines again achieved double-digit growth in revenue block hours and improved their on-time performance over 2020.

During the COVID-19 pandemic, our priority continued to be the safety of our employees and the ability of our Company to meet the needs of our customers. And while safety will always remain at the forefront of everything we do, we were also determined to make progress in our Environmental, Sustainability and Governance ("ESG") efforts during 2020 and 2021.

This year, we are pleased to share this inaugural Sustainability Report in order to provide greater transparency with respect to our ESG efforts and initiatives. This report details our ongoing efforts in seeking to reduce the amount of fuel that we use in our airline operations and thereby reduce our level of greenhouse gas emissions as well as numerous other efforts to mitigate our impact on the environment. These efforts include investment in aircraft equipment and flight planning software to assist us in reducing fuel burn and related greenhouse gas emissions, our preparations to add the more fuel efficient converted Airbus A321 freighter aircraft to our fleet beginning in 2022, and our public advocacy for the increased production and use of sustainable aviation fuel.

We also detail our efforts to create a more diverse and inclusive workplace as well as the social contributions we have made in our communities. During 2020, we created the position of Vice President, Human Capital, to coordinate and enhance our human resource programs and we launched an ongoing company-wide diversity and inclusion campaign that provided inclusion training to our more than 500 company leaders.

We also discuss our robust corporate governance and the diversity, skills and experience of our Board of Directors. In 2021, we welcomed two new board members who bring extensive experience in finance, corporate governance and social responsibility, and who increased both the gender and racial diversity of the Board.

I would like to take this opportunity to thank our employees for their sustainability efforts during 2021 and their resilience, skill and extraordinary efforts on behalf of our customers, stockholders and each other during another year of pandemic challenges.

Richard F. Corrado



Richard F. Corrado
President &
Chief Executive Officer

■ WHO WE ARE

Founded in 1980, Air Transport Services Group, Inc. (“ATSG”) is a leading provider of aircraft leasing and cargo and passenger air transportation and related services. We are the world’s largest lessor of freighter aircraft as well as the largest owner and operator of converted Boeing 767 freighters. Through our principal subsidiaries, including three airlines with separate and distinct U.S. FAA Part 121 Air Carrier Certificates, we provide aircraft leasing, air cargo lift, passenger ACMI and charter services, aircraft maintenance services and airport ground services. ATSG’s subsidiaries include ABX Air, Inc.; Airborne Global Solutions, Inc.; Airborne Maintenance and Engineering Services, Inc., including its subsidiary, Pemco World Air Services, Inc.; Air Transport International, Inc.; LGSTX Services, Inc.; Cargo Aircraft Management, Inc.; and Omni Air International, LLC. Our corporate headquarters is located at the Wilmington Air Park in Wilmington, Ohio and we maintain offices in Tulsa, Oklahoma and Tampa, Florida. As of December 31, 2021, we employed approximately 5,280 people and owned a growing in-service fleet of 107 Boeing manufactured aircraft.

■ WHAT WE DO

We distinguish ourselves from, and gain an advantage over, our competitors by offering a breadth of integrated and complementary aviation and logistics-related services. Our broad range of services includes aircraft leasing; cargo and passenger airline operations; aircraft maintenance, repair and overhaul services; and ground support services.

Aircraft Leasing

- We acquire used mid-sized passenger aircraft, convert them to a freighter configuration and lease the converted freighters to customers under long-term contracts. The mid-sized aircraft we target for conversion are ideal for express and e-commerce driven regional air networks. As a result, our aircraft can be deployed into regional markets more economically than larger capacity aircraft, newly built aircraft or other competing alternatives. We owned an in-service fleet comprised of 107 Boeing manufactured aircraft as of December 31, 2021, as well as an additional 14 Airbus and Boeing aircraft either available for lease or undergoing conversion from passenger to a cargo configuration. We lease converted cargo airplanes to customers throughout North America, Europe, Asia and Africa.

Cargo Airline Operations

- Through our two separate cargo airlines, we operate converted freighter aircraft in the e-commerce and express delivery markets for customers such as Amazon, DHL and UPS.

Passenger Airline Operations

- We perform passenger charter flight services for a variety of private sector customers and are the nation’s largest provider of passenger charter service to the U.S. Department of Defense and other governmental agencies.

Maintenance, Repair & Overhaul

- With over 1,000,000 sq. ft. of hangar space, we provide airframe modifications, heavy and line maintenance, component repairs and engineering services.

Ground Support Services

- We provide gateway operations, cargo handling; facility and material handling equipment maintenance services; and ground handling equipment services to a variety of customers throughout the cargo industry, including the U.S. Postal Service.

OUR APPROACH

ATSG has long engaged in meaningful environmental, social and governance (“ESG” or “sustainability”) efforts, and we are continually working to improve our performance across these areas. During 2020 and 2021, our Board and management sharpened its focus on sustainability matters in recognition of the increasing importance of these issues to our stockholders, employees and other stakeholders. Since that time, we have been working to formalize our ESG strategy and processes and improve our disclosure concerning such matters.



OUR APPROACH

In 2020, we engaged an ESG consulting firm to assist us in developing a more robust approach with respect to our strategy, processes, and disclosure concerning sustainability matters. This initiative included interviews with investors to gain their perceptions of ATSG from an ESG standpoint, including with respect to the industries in which we participate; interviews and surveys with employees involved in ESG matters; benchmarking our sustainability disclosures with selected peers; and researching and seeking alignment across ESG rating agencies and frameworks. The results of our analysis are set out below, which reflect issues deemed of highest priority to us and our stakeholders:



Environmental

- Environmental Management System
- Greenhouse Gas Emissions
- Renewable Energy Usage



Social

- Diversity, Equity and Inclusion
- Health & Safety
- Labor Practices
- Supply Chain Management



Governance

- Board Composition (Gender/Race/Ethnicity)
- Board Independence
- Board Oversight of ESG/Sustainability
- Bribery and Corruption
- Compliance Procedures
- Shareholder Alignment
- Whistleblower Programs

This materiality analysis guides our ESG efforts, as we continue to develop our sustainability strategy, processes and disclosure priorities. While the health and safety of our employees is always at the forefront of our efforts, we also determined to focus on the following high priority issues in 2021: Greenhouse Gas Emissions; Renewable Energy Usage; Diversity, Equity and Inclusion; Board Composition; and Board Oversight of ESG/Sustainability.

To help evaluate our ESG performance and guide disclosure to our stakeholders related to efforts within our industry, we will make reference in this report from time to time to the Sustainability Accounting Standards Board's

("SASB") accounting standards, which identify four material areas of disclosure for the airline industry: Greenhouse Gas Emissions, Labor Practices, Competitive Behavior, and Accident & Safety Management (See Table 1 below). Since our aircraft leasing and airline operations constitute our reportable segments for financial reporting purposes, we have determined that the SASB standards for the airline industry are the most relevant to our financial performance. However, we have included the SASB activity metrics for both the airline industry and the airfreight and logistics industry in recognition of our passenger airline operations and cargo airline operations (See Tables 2A and 2B below).

This report presents data from our 2021 fiscal year, January 1 – December 31, 2021. However, since this is our inaugural report, we also make reference to certain significant ESG efforts which we undertook during our 2020 fiscal year.

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	Quantitative	Number, Days idle	TR-AL-310a.2
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	Quantitative	Reporting currency	TR-AL-520a.1
Accident & Safety Management	Description 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 2A. Activity Metrics – Airlines

ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Available seat mile (ASM)	Quantitative	ASM	TR-AL-000.A
Passenger load factor	Quantitative	Rate	TR-AL-000.B
Revenue passenger mile (RPM)	Quantitative	RPM	TR-AL-000.C
Revenue ton mile (RTM)	Quantitative	RTM	TR-AL-000.D

Table 2B. Activity Metrics – Air Freight and Logistics

ACTIVITY METRIC	UNIT OF MEASURE	2020	2021	CODE
Revenue ton miles (RTM) for: (1) road transport and (2) air transport (in 000)	RTM	(1) Not applicable ¹ (2) 1,231,284	(1) Not applicable ¹ (2) 1,656,695	TR-AF-000.A
Load factor for: (1) road transport and (2) air transport	Rate	(1) Not applicable ¹ (2) 99.5%	(1) Not applicable ¹ (2) 99.6%	TR-AF-000.B
Number of employees, number of truck drivers	Number	(1) 5,305 (2) Not applicable ²	(1) 5,280 (2) Not applicable ²	TR-AF-000.C

¹ The activity metric is not applicable for the reason that ATSG does not perform road transport services in its business operations.

² This activity metric is not applicable for the reason that ATSG does not employ truck drivers or engage independent contractors to perform road transport services.

HIGHLIGHTS



During 2020 and 2021, environmental, social and governance matters became a more prominent part of ATSG's board-level discussions and the company's operations. Some highlights of our sustainability efforts during 2020 and 2021 include:

■ ENVIRONMENTAL

Fuel Efficiency & Emissions Reduction

- Continued the installation and use of technology on our fleet of aircraft to track and reduce fuel consumption through predictive maintenance practices and optimize the flight configuration of each aircraft.
- Expanded the use of flight planning software that utilizes real-time weather conditions to provide our flight crews with optimal flight altitudes and speeds, which can result in significant fuel and emissions savings.

Energy Efficiency

- Installed more energy efficient HVAC equipment and replaced inefficient light fixtures with new LED retrofits in the company's aircraft hangars and offices in Wilmington, Ohio and Tampa, Florida, improving light quality and safety throughout the hangars while reducing our annual facility operating costs and energy consumption by more than 20%.

■ SOCIAL

COVID-19 Response

- Held daily leadership meetings during 2020 to maintain continuing operations while prioritizing workforce health and safety.
- Made efforts to minimize the spread of COVID-19 among employees, including by requiring daily temperature checks and the proper wearing of face masks, facilitating and encouraging employees to work remotely, implementing travel restrictions, performing contact tracing, developing a quarantine policy and providing additional paid leave to support employees impacted by the virus.
- Campaigned and provided incentives and education for employees to get vaccinated against COVID-19 and made vaccination opportunities readily available to employees onsite.



Social Responsibility

- Raised nearly \$1,000,000 in charitable contributions over the last two years in support of organizations such as United Way, American Diabetes Association, American Heart Association, American Red Cross and Wounded Warrior Project.
- Worked with the Ohio Governor's Office, the Ohio Department of Health and local healthcare providers to open a mass COVID-19 vaccination site at the Wilmington Air Park in Wilmington, Ohio.
- Engaged a third-party provider to open a health clinic at our corporate headquarters, offering services to all employees, spouses, and dependents at least three years of age who are enrolled in any ATSG medical plan.
- Opened a fitness center at our headquarters at the Wilmington Air Park in Wilmington, Ohio, offering a variety of convenient health and fitness options for our employees, including state-of-the-art strength training equipment and cardio machines.



GOVERNANCE

Board Diversity

- Increased the size of our Board to 10 directors and elected Phyllis J. Campbell and Paul S. Williams to fill the resulting vacancies, increasing both the number of female and racial minority directors to 20% of our Board.

Diversity, Equity & Inclusion

- Created the position of Vice President, Human Capital, reporting directly to the President and Chief Executive Officer, to coordinate and enhance our human resource programs to be best-in-class and in alignment with our human capital needs and business strategy.
- Launched a company-wide diversity and inclusion campaign with an outside diversity and inclusion consultant and provided inclusion training to our more than 500 company leaders.

Updates to the Nominating & Governance Committee Charter

- Amended the Nominating and Governance Committee Charter for the purpose of delegating to the Committee the oversight and review of ESG matters.
- Amended the Nominating and Governance Committee Charter to require that in seeking qualified individuals to become new directors, the initial list of candidates considered by the Committee (including a list provided by a third party engaged to assist with a director search) will include qualified underrepresented candidates, taking into account factors such as gender, race and ethnicity.



ENVIRONMENTAL

During 2020 and 2021, and throughout the COVID-19 pandemic, our Company provided essential services through the provision of air cargo lift services, facilitating the delivery of goods to individuals and families sheltering at home, and through the provision of passenger charter services, repatriating U.S. citizens arising from the pandemic and, more recently, the U.S. withdrawal from Afghanistan. While commercial aviation globally accounts for approximately 3% of all human-induced carbon dioxide (CO₂) emissions, we are nevertheless mindful of the impact that our aircraft and flight operations have on the environment. We proactively seek opportunities to minimize the carbon footprint of our flight and ground operations.



GREENHOUSE GAS EMISSIONS

(TR-AL-110a.2)

Extending Aircraft Useful Life. We are the world's largest lessor of freighter aircraft as well as the largest owner and operator of converted Boeing 767 freighters. We are able to offer competitive lease rates for our cargo freighters by purchasing used passenger aircraft, typically 15 to 20 years old, and converting them into cargo freighters. We also convert used passenger aircraft to a freighter configuration for customers through our maintenance, repair and overhaul ("MRO") subsidiary located in Tampa, Florida. Freighter aircraft that are converted from passenger aircraft can be deployed into markets more economically in comparison to newly-built freighters and by extending their useful economic life for 20 years or more, significantly reduce or defer the tremendous consumption of resources and energy, as well as the associated carbon-emissions, required to manufacture new aircraft.

Aircraft Operations. (TR-AL-110a.1) From 2020 to 2021, we increased our revenue ton miles (RTMs) by 35%, while reducing carbon emissions per mile from our cargo operations by 11%. However, this was partially offset by a decrease in our revenue passenger miles (RPMs) of 13%, primarily attributable to reduced passenger density arising from the COVID-19 pandemic, and a resultant increase in carbon emissions per mile from our passenger operations of 4%.

During 2021, our three airline subsidiaries uplifted a total of 259,338,328 gallons of jet fuel, 96% of which was paid for by and utilized in the service of our customers. (TR-AL-110a.3) While the flight routes and operating frequency are necessarily set by our customers, we nevertheless strive to manage our carbon footprint through fuel efficiency improvement. We seek to incorporate fuel conservation best practices into our daily standard operating procedures, so conservation is the norm, not the exception. We have engaged in fuel conservation practices for many years, including in cooperation with certain of our customers. These practices include matters such as single engine taxiing, reduced thrust takeoff and optimal flap settings.

In 2020 and 2021, our airlines focused on three areas to reduce greenhouse gas emissions:

- In 2020, two of our airlines began partnering with two of our largest customers to install equipment on their aircraft to track and reduce fuel consumption and carbon emissions through predictive maintenance practices and optimizing the flight configuration of the aircraft. These systems were already in use by our third airline. As of the end of 2021, our three airlines had completed the installation of this equipment on 93% of their combined fleets.
- During 2021, two of our airlines began installing more advanced flight planning software, which utilizes real-time weather conditions and air traffic to provide our flight crews with better-data about optimal flight altitudes and speeds, which can result in significant fuel savings and reductions in carbon emissions.

	2020	2021	% CHANGE	CODE
ASMs (000)	2,678,420	2,408,580	-10%	TR-AL-000.A
RPMs (000)	1,623,532	1,411,716	-13%	TR-AL-000.C
Passenger load factor	76.73%	71.21%	-7%	TR-AL-000.B
Passenger fuel (000)	56,327,312	51,129,428	-9%	
CO2/RPM	0.31	0.33	4%	
RTMs (000)	1,231,284	1,656,695	35%	TR-AL-000.D
CO2/RTM	1.28	1.14	-11%	
Cargo fuel (000)	173,987,284	208,208,900	20%	
Total gallons of jet fuel (000)	230,315	259,338	13%	
Emissions (metric tons) (000)	2,193	2,470	13%	
Number of departures	37,664	46,952	25%	
Average age of fleet	29.3	30.3	3%	

- During 2020 and 2021, our airlines continued to adopt best practices for flight operations to improve fuel efficiency, including optimizing fuel loads, minimizing the use of reverse thrust on landing, taxiing to park using one engine, and optimizing flap settings during descent and approach.

From 2020 to 2021, these operational improvements resulted in a reduction in the amount of jet fuel burned during our flight operations of 3.24 million gallons and reduced our CO2 emission by 25,983 tons.

Fleet Modernization. We have also begun to invest in more fuel efficient Airbus A321 aircraft that promises to further reduce our relative level of CO2 emissions. The Airbus A321 is a direct replacement for the aging Boeing 757-200 series freighter and is 13% more fuel efficient than a Boeing 757-200 series freighter, constituting a substantial reduction in carbon emissions. We are experiencing strong customer interest for this aircraft type and anticipate that we will begin leasing converted Airbus A321 freighter aircraft starting in the third quarter of 2022.

Sustainable Aviation Fuel. All three of our airlines are certified to use sustainable aviation fuel ("SAF"), which has similar properties to conventional jet fuel but with a smaller carbon footprint. Depending on the type and production technique used, SAF can reduce lifecycle greenhouse gas (GHG) emissions up to 99 percent compared to conventional jet fuel. ATSG supports efforts to improve SAF production nationally and seeks to use SAF at locations where it is available, but the production and supply of SAF is currently quite limited and significantly more expensive than traditional fuel. For example, the Company's two cargo airlines have significant operations into and out of the Greater Cincinnati/Northern Kentucky

International Airport (CVG), but SAF is generally unavailable at CVG. During 2021, ATSG joined the Kentucky Air Cargo Collaborative, which seeks to attract the production and availability of SAF to the Northern Kentucky Region, where the air cargo industry uses hundreds of millions of gallons of jet fuel annually between CVG and the Louisville International Airport (SDF).

Public Policy Advocacy. We are a trustee member of the International Air Cargo Association and are actively participating in its efforts to help drive the air cargo industry's sustainability programs. As mentioned previously, we are also a member of the Kentucky Air Cargo Collaborative, which seeks to attract the production and availability of sustainable aviation fuel to the Northern Kentucky Region, where our two cargo airlines operate a large number of aircraft. Further, two of our airlines are members of the International Air Transport Association, whose member airlines passed a resolution in October 2021 committing them to achieving net-zero carbon emissions from their operations by 2050. This pledge brings air transport into line with the objectives of the Paris agreement to limit global warming to 1.5°C.

Energy Efficient Facilities. Throughout 2020 and 2021, we installed more energy efficient HVAC equipment and replaced inefficient light fixtures with new LED retrofits in the Company's hangars and offices in Wilmington, Ohio and Tampa, Florida, improving light quality and safety throughout the hangars while reducing our annual operating costs and energy consumption. The 2021 impact of these improvements to our facilities is the equivalent of taking 601 American homes off the grid (or not burning 5.1 million pounds of coal) and reducing CO2 emissions by 4,612 tons.

■ NOISE REDUCTION

The U.S. Department of Transportation (“DOT”) and the U.S. Federal Aviation Administration (“FAA”) have the authority to monitor and regulate aircraft engine noise. We believe that all of the aircraft in our fleet materially comply with current DOT, FAA and international noise standards.

We employ frequent engine washing and other ongoing, routine maintenance that helps to reduce in-flight, takeoff and landing aircraft noise. We also voluntarily adjust our flight schedules and maintenance practices from time to time to address potential concerns from community leaders in residential areas.

■ CONSERVATION & RECYCLING

In addition to our efforts to reduce CO2 emissions, we continuously seek other ways to reduce our environmental footprint, with efforts currently focused on the following resource management initiatives:

Landfill Reduction. We collect and recycle scrap metal from aircraft and equipment, paper, shipping materials, and fluorescent lighting; we have and continue to implement computer-based training programs/communications in lieu of paper materials, including electronic flight operations manuals; and we incinerate and treat generated waste through a licensed environmental facility. During 2020 and 2021, we recycled approximately 89 tons and 82 tons of scrap metal, respectively; and approximately 14 tons and 22 tons of cardboard and plastic, respectively.

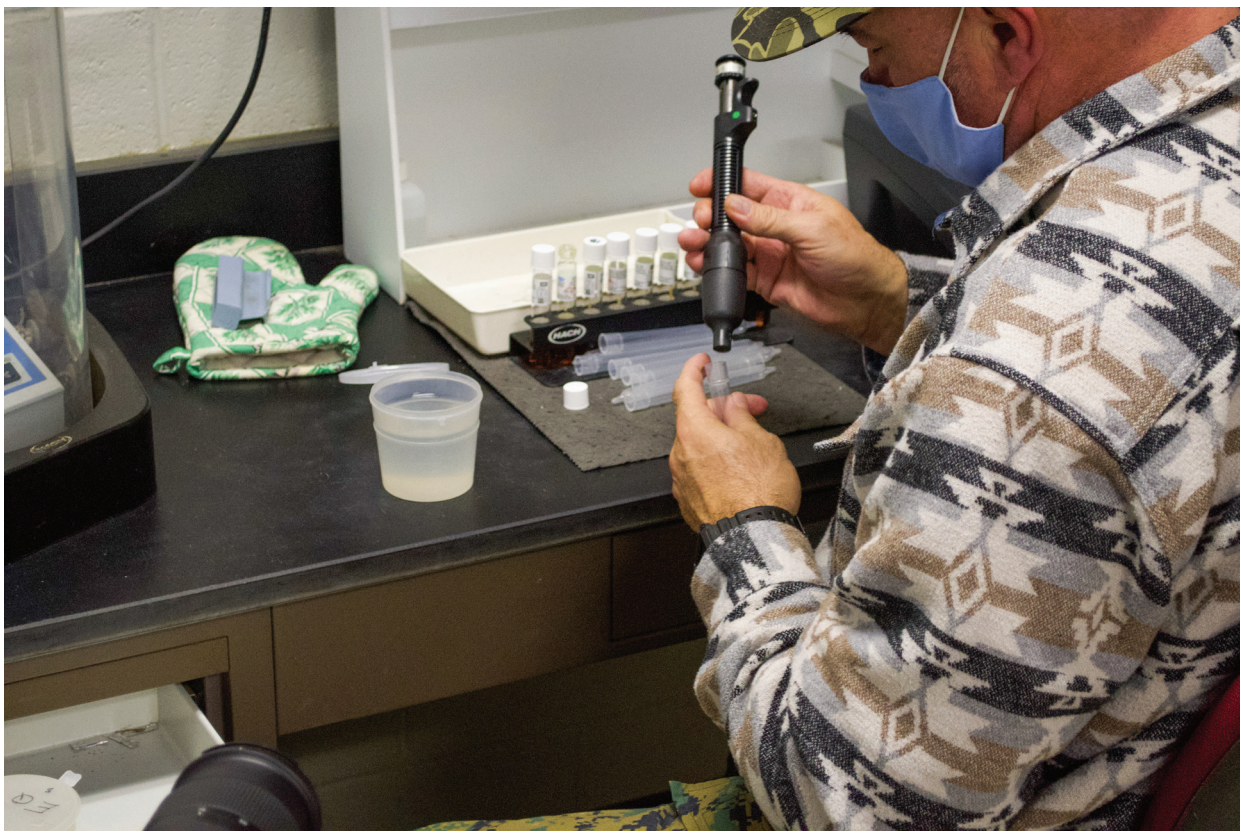
Stormwater Treatment. In 2000, we pioneered the installation of a treatment facility at the Wilmington Air Park in Wilmington, Ohio, that utilizes artificial wetlands to collect and treat stormwater runoff. The artificial wetlands contain naturally occurring bacteria that break down aircraft deicing fluid and other contaminants contained in the stormwater. We have continued to maintain and operate the stormwater treatment facility since its installation more than 20 years ago. During the winter of 2020/2021, approximately 177,078 gallons of propylene glycol was used to deice aircraft at the Wilmington Air Park and the treatment facility collected and successfully treated approximately 31.2 million gallons of stormwater.

Product Conservation. Aircraft tires are retreaded up to six times through our service providers; we evaluate the environmental impact and recycled content when purchasing office supplies; and we collect and recycle batteries used throughout our operations. During 2021, in addition to our use of retreaded tires, we collected approximately 6,500 lbs. of lithium, nickel-cadmium, and lead acid batteries for recycling; collected and recycled approximately 1,000 toner cartridges for refill; recycled approximately 3,600 lbs. of plastic sand blasting beads used in our operations; and used approximately 250 reconditioned metal drums in lieu of new drums.

Chemical Minimization. (i) We seek to use coating materials with lower chemical compounds (VOCs) that meet aircraft specifications whenever possible to reduce the impact on air quality; (ii) we use water-based paints for line painting to minimize the environmental impact on local water sheds; (iii) we seek to reduce the use of chemical applications in our aircraft/pavement deicing operations through training and operational procedures; (iv) we seek to fully utilize spill

cleanup materials per manufacturers' specifications until they are disposed of through an environmental vendor; (v) we utilize water evaporator technology to reduce the amount of rinse water waste from solvent operations; and (vi) we seek to minimize current waste streams that are generated by our operations whenever possible. For example, our MRO in Wilmington, Ohio has reduced the amount of rinse water waste that it generates from solvent operations from more than 4,000 gallons per month to less than 250 gallons per month through the use of a water evaporator.

Resource Renewal/Reuse. Among other efforts, we (i) use recycle paint thinner/solvent to wash parts and equipment; and (ii) collect and recycle used oil and jet fuel from aircraft and ground support equipment. During 2020 and 2021, we respectively collected and recycled approximately 25,300 gallons and 26,000 gallons of used oil and jet fuel.





SOCIAL

At ATSG, our people are our greatest asset. We believe every employee can have a tremendous impact on our culture and our success, so we set out to build a diverse workforce of passionate, hardworking and team-oriented individuals. Our goal is to foster a workplace where each of our employees feels they have the opportunity to contribute to and share in our company's success in a safe and healthy environment. By providing our employees with competitive compensation and benefits packages, building a diverse and inclusive workforce, emphasizing the importance of safety and contributing positively to our community, we have built a culture that proudly represents the values and standards of our company and its employees.

Our People. As of December 31, 2021, our company was composed of 5,280 full-time and part-time employees, a slight decrease from the year prior. These numbers do not include contractors and temporary employees we often employ during peak operations. The COVID-19 pandemic had a dramatic impact on many service-oriented businesses including commercial airlines, but thanks in part to grants that two of our airline subsidiaries received to protect employees' jobs by offsetting payroll expenses under the Coronavirus Aid, Relief and Economic Security Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021, we were able to maintain stable employment in all of our subsidiaries. A breakdown of our employee count by job function during 2020 and 2021 is as follows:

JOB FUNCTION	2020	2021
Flight Crewmembers	1,015	1,090
Flight Attendants	400	360
Flight Support Personnel	215	205
Aircraft Maintenance Managers and Technicians	1,940	1,915
Ground Equipment and Logistics Services	1,210	1,175
Sales and Marketing	45	50
Administrative Functions	480	485
Total	5,305	5,280

Labor Practices. (TR-AL-310a.1) Our three airline subsidiaries employ pilots and flight attendants that are represented by five separate union locals. We seek to develop and maintain collaborative relationships with our unionized employees by providing them with competitive compensation and good working conditions.

The pilots of ABX Air and Omni Air International are represented by the International Brotherhood of Teamsters while the pilots of Air Transport International are represented by the Air Line Pilots Association. The Association of Flight Attendants represents the flight attendant employees for both Air Transport International and Omni Air International. The percentage of ATSG's employees represented by unions as of December 31, 2020 and December 31, 2021 was as follows:

AIRLINE	JOB FUNCTION	2020	2021
ABX Air	Flight Crewmembers	4.4%	5.2%
Air Transport International	Flight Crewmembers	8.2%	9.3%
Air Transport International	Flight Attendants	0.7%	0.6%
Omni Air International	Flight Crewmembers	6.6%	6.1%
Omni Air International	Flight Attendants	6.9%	6.2%

Number of Work Stoppages and Total Days Idle. (TR-AL-310a.2) We did not have any work stoppages, strikes or idle days during 2020 or 2021.

COMPENSATION & BENEFITS

We know that our employees are the driving force behind everything we do and we place great importance on taking care of them. Our compensation and benefits packages consist of direct compensation (base salary, short-term cash incentives and long-term equity-based incentives) and Company-sponsored retirement and benefit plans. The components of our compensation packages are designed to contribute to a total package that is competitive, appropriately performance-based and valued by our employees.

During 2020 and 2021, a portion of the annual bonus opportunity for the President and Chief Executive Officer and certain other executive officers of ATSG was based on the accomplishment of strategic objectives concerning ESG matters.

Salaries and Wages. We strive to ensure that our employees' salaries and wages are competitive with those of similar job functions at similarly situated companies and aim to provide raises on an annual basis to maintain that competitiveness. All changes to base salaries are typically effective on July 1st for the year in which they are set. Our employees were provided with pay increases in 2020 and 2021 and additional increases are anticipated for 2022.

Long-Term Incentive Compensation. The Company's executives and senior management are eligible to participate in the Company's long-term incentive plan. The purpose of the plan is to foster and promote the long-term financial success of the Company, to reward performance and to increase stockholder value by providing participants appropriate incentives and awards,

to enable the Company to attract and retain the services of outstanding individuals, to encourage stock ownership in the Company, and to align the interests of management and directors with that of stockholders. The plan authorizes a wide range of equity awards, including stock options, restricted stock awards, restricted stock units, stock awards, stock appreciation rights and performance-based awards payable in shares or cash and other forms of equity compensation. More detail on our long-term incentive plan can be found in our [Proxy Statement](#).

Benefits. The core benefit package we provide to our employees is designed to be market-competitive and internally equitable to assist the Company in attracting and retaining individuals for key positions. The package includes:

- Medical, dental, vision, health savings account, flexible spending account, and additional health benefits
- Life Insurance and Accidental Death and Dismemberment coverage
- Long term disability coverage
- Capital Accumulation/401(k) plan with company match up to 5%
- Mental health support
- Paid time off

Health Clinic. In June 2020, we engaged a third-party provider to open a health clinic at our headquarters at the Wilmington Air Park in Wilmington, Ohio, offering services to all employees, spouses, and dependents ages three and above who are enrolled in any ATSG medical plan. The health clinic offers services such as primary care, illness and injury care, labs, medication dispensing and wellness services.

Fitness Center. In June 2021, we opened a fitness center at our headquarters at the Wilmington Air Park in Wilmington, Ohio, offering a variety of convenient health and fitness options for our employees, including state-of-the-art strength training equipment and cardio machines.

LEARNING & DEVELOPMENT

Our efforts to build a strong team doesn't end after the hiring process is completed. We place great importance on developing the skills, knowledge and expertise of our workforce. Through various internal programs and initiatives, we foster a work environment that encourages our employees to become the best versions of themselves.

Ongoing Training. We engage our employees in a continual cycle of formal learning and development training:

- All of our directors and employees undergo online training and pass an online test on our Code of Conduct for Conducting Business, Foreign Corrupt Practices Act Policy and Technology Use (Cybersecurity) Policy at the time of hire and thereafter on an annual basis.
- More than 500 members of our leadership attended inclusion training with an outside consultant as part of our ongoing company-wide diversity and inclusion campaign.

Apprenticeship Program. Our maintenance, repair and overhaul ("MRO") subsidiaries offer extensive apprenticeship programs to individuals interested in careers in aircraft maintenance. During our 18-month OJT Airframe Structures Apprenticeship Program, student employees spend time in the classroom and in the hangar

working towards their FAA licensing certification in aircraft structures. Employees are also offered the opportunity to participate in a similar 9-month program in which they can obtain a certification from the FAA for powerplant work. We apply for state education grant funding, where available, to supply study materials and instructors to aid student employee preparation for FAA exams related to their application for such certifications.

Succession Planning. To better ensure the long-term success of our company, we have implemented a succession development program for key leadership roles. The program identifies current and future key positions within ATSG and its operating subsidiaries and assesses the ability of our current talent pool to adequately fill those positions now and in the future. By identifying our current and future needs and capabilities, we can provide development opportunities to our existing employees, incorporate succession development into our employee performance appraisal process and begin to seek external talent to fill in any gaps.

Recognizing Excellence. Every year, we recognize the hard work and dedication of individuals within our company through the ATSG Pinnacle Awards. The Pinnacle Awards recognize outstanding service in all its forms, whether day-to-day excellence over the long run or one-time acts of service that go above and beyond. Every year each of our operating subsidiaries nominates one or more of their employees for a Silver Pinnacle Award, and ATSG selects one among those nominees to receive a Gold Pinnacle Award. Due to the extraordinary nature of 2020, two nominees were selected to receive a Gold Pinnacle Award for the year.

■ DIVERSITY & INCLUSION

We value the varying backgrounds, experiences and perspectives of our employees and allow everyone to participate in our Company's success, regardless of their race, age, gender, ethnicity, sexual orientation, gender identity, education, religion or physical ability. This value has recently been in the forefront of our efforts as investors, customers and our employees are looking to our company to show an even greater commitment to diversity, equity and inclusion.

Our commitment to diversity and inclusion starts with our Board of Directors and senior leadership. In January 2021, the Board elected two new directors, increasing both its female and racial minority representation to 20%. The year before, we created the position of Vice President of Human Capital at ATSG to focus in part on diversity and inclusion efforts within our company. This role is also responsible for harmonizing the human resources strategy across all of our companies, including with respect to performance management and training, succession management, recruitment, and benefits.

In addition to our efforts at the top, we continue to emphasize diversity and inclusion throughout the company and make sure to have inclusive hiring practices that support a diverse workforce. Recruiters across all of our subsidiaries participate in career fairs put on by organizations committed to diversity within our industry such as Women in Aviation and the Organization of Black Aerospace Professionals.



Continuing to Improve. In 2020 and 2021, we began to place greater emphasis on training our people on our differences and biases related to diversity, equity and inclusion. Over 500 of our employees in leadership positions attended training sessions focused on behaviors that drive connections and relationships. We believe strong relationships are at the core of an inclusive, productive work environment. The training aimed to help its participants personally develop an increased understanding of inclusion (being curious and listening), how to lead for inclusion

(building trust, coaching for growth and active recognition) and how to develop the skills needed to receive and give productive feedback.

We understand that meaningful company-wide change does not happen overnight. In order to continue to build a sustainable and more inclusive work environment throughout our company, we provide quarterly insights to our leadership to reinforce training materials and provide additional resources for personal and professional growth and we will continue to have them participate in training sessions on matters of diversity, equity and inclusion from time to time every year.

Measuring our Progress. We firmly believe that growth within our Company as it relates to our employees' sense of inclusion is directly tied to measurement. To gain a baseline understanding of how our employees experience their work environment, we launched a company-wide cultural survey in 2020. Each of our employees was provided with the opportunity to participate on an anonymous basis. The survey allowed us to measure how our team members prefer to interact with others and helped us create a common language, build better self-awareness and a better understanding of our differences. Now that we are armed with greater insight into our employees, we can improve engagement and collaboration through actionable strategies. We are conducting a follow-up employee survey in early 2022 to gauge our progress.



■ SAFETY

ATSG has an unwavering commitment to safety that starts at the top of our Company. Rich Corrado, our President and CEO, along with the presidents of each of our operating subsidiaries, seeks to ensure that every aspect of our operations maintain a focus on safety. Employees at every level – from pilots, dispatchers and maintenance technicians to ground support personnel at airports and offices – are responsible for identifying hazards, promoting safety awareness, complying with regulations, and adhering to published procedures. All employees across the organization are encouraged to report potential concerns, including through a confidential system or an anonymous third party corporate hotline.

During 2021, we improved safety across the spectrum of ATSG's operations and reduced the rate of incidents as defined by the Occupational Safety and Health Administration (OSHA).

Number of Accidents. (TR-AL-540a.2)

Our airlines experienced no aircraft accidents during 2021, as defined according to Annex 13 of the International Civil Aviation Organization (ICAO) Convention on International Civil Aviation.

Governmental Enforcement Action of Aviation Safety Regulations. (TR-AL-540a.3)

Our airlines had no material government enforcement actions in 2021 from the Federal Aviation Administration ("FAA"), International Civil Aviation Organization ("ICAO") or the European Union Aviation Safety Agency ("EASA") or equivalent national authority related 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.

SAFETY PROGRAMS

Airline Operations – Description of Implementation and Outcomes of a Safety Management System. [\(TR-AL-540a.1\)](#)

The following is an overview of the numerous safety programs that are maintained by our three airline subsidiaries:

- **Safety Risks Management (SRM):** A formal process to assess risk and develop options to mitigate those risks during operations.
- **Safety Management System (SMS):** An FAA mandated, formal, top-down, organization-wide approach to effectively manage safety risk and controls. It requires airlines to establish Safety Risk Management and Safety Assurance processes and management tools to examine data gathered from everyday operations, isolate trends that may be precursors to incidents or accidents and take steps to mitigate risk. All three of our airlines have fully implemented their SMS per FAA and/or ICAO guidance, meaning they have achieved implementation Level 4, Continuous Improvement.
- **Flight Operational Quality Assurance (FOQA):** An FAA-approved program currently in place at one of our subsidiary airlines that is designed to improve flight safety by providing more information about, and greater insight into, the total flight operations environment through selective automated recording and analysis of de-identified data generated during flight operations.
- **Flight Data Monitoring Program (FDM):** A program currently in place at two of our subsidiary airlines that monitors the action of aircraft during flight. This is normally achieved with data acquisition and storage hardware and post flight data analysis software. The data generated from the program is used to improve safety and operational reliability as well as reduce maintenance costs.
- **Aviation Safety Action Program (ASAP):** A program that provides a vehicle whereby employees, including pilots, aircraft technicians and dispatchers, can confidentially identify and report safety issues to management and the FAA for resolution. Submitters of reports accepted into ASAP are protected from FAA enforcement action.
- **Fatigue Risk Management System (FRMS):** A data-driven system, based largely upon scientific principles and operational knowledge, which allows for continuous monitoring and management of safety risks associated with fatigue-related error.
- **Maintenance Operational Quality Assurance (MOQA) Program:** A data-driven program focused on identifying aircraft systems operating outside of normal parameters.
- **Continuing Analysis and Surveillance System (CASS):** A closed-loop air carrier quality assurance system consisting of surveillance, controls, analysis, corrective action, and follow-up that assists the airline in monitoring the quality of its maintenance.
- **Continuous Improvement Program (CIP):** A systematic approach to ensure minimum performance standards are maintained and improved with mentors and continuous training improvement programs.
- **Safety Hotline:** A hotline staffed 24 hours per day, seven days a week that is available to all employees for reporting safety or operational issues and to receive assistance from the airline's safety department.
- **Quality Assurance:** An internal evaluation program that provides continuous oversight of corporate compliance, FAA regulatory compliance, best practices, and reviews hazards identified through the airline's SMS program. Quality Assurance reports to the airline's safety leadership and escalates significant safety findings to executive leadership via the airline's integrated safety review board.
- **Internal Oversight:** In addition to the systems mentioned above, several internal processes provide additional oversight of operational safety by department, including flight operations, airport operations, dispatch, maintenance, in-flight, and cargo. Each airline also maintains several internal audit programs that provide oversight of internal procedural

compliance. These include an Internal Audit and Evaluation Program (IAEP), the Continuing Analysis and Surveillance System (CASS) for Technical Operations, and a line check program for Flight Operations.

■ **External Oversight:** Our airlines and other operating companies are audited by several external organizations including the FAA, the International Air Transportation Association (IATA) Operational Safety Audit (IOSA) Program, the U.S. Department of Defense and OSHA. Additionally, our airlines participate in annual Codeshare Partner Airline Audits through the FAA's Certificate Management Office.



Maintenance, Repair and Overhaul Operations. Our MRO operations in Wilmington, Ohio and Tampa, Florida, likewise maintain safety programs for the protection of our employees and customers, including an Aviation Safety Action Program (ASAP) and an Internal Audit and Evaluation Program (IAEP) similar to those described above. Additionally, our MRO operations are AS9100 certified and are periodically audited in support of those certifications.

Ground Support Operations. For our ground support operations, each location employs a dedicated safety leader holding facility specific knowledge that is tasked with seeking to ensure the right systems, processes and structures are in place for the safety of employees working at that facility. Employees also participate in monthly safety training and have opportunities for additional training in OSHA 10-hour, 30-hour, and other relevant training. Each production facility is assessed regularly on its environmental, safety and health performance, with such assessments involving employees from other divisions. In addition to compliance, safety program and procedural reviews, this multi-day process provides an opportunity to share best practices and identify opportunities for improvement. The assessments also measure employee buy-in of safety and health best practices and include their feedback on these processes.



COVID-19 RESPONSE

The COVID-19 pandemic heightened our focus on the safety of our employees and the continuing ability of our Company to meet the needs of our customers.


Most of our employees perform hands-on functions that can only be accomplished in person. In order to continue operations and maintain a healthy and safe working environment, the Company initiated daily leadership calls during the pandemic in support of the Company's efforts to minimize the spread of the virus among employees. Similarly, the leadership of our human resources and marketing departments also met daily to focus on consistent communications concerning COVID-19 across the Company.

Where possible, remote work, dispersed locations, offset shift start times, physical barriers, masking, social distancing, disinfection routines, temperature screening and emphasis on ritual handwashing and personal workstation cleaning routines were established and regularly communicated. The Company also instituted a policy of additional paid leave to support employees impacted by the virus.

Our efforts to reduce the spread of COVID-19 extended beyond our own employees and expanded into our communities. In a partnership with the Wilmington Clinton County Chamber of Commerce in Ohio, we helped provide facemasks to every public and private school student in the county and made more than 5,000 masks available to members of the community. Once vaccinations became readily available, we aided in the opening of a mass vaccination site at the Wilmington Air Park in Wilmington, Ohio, through a collaboration with the Ohio Governor's Office, the

Ohio Department of Health and local healthcare providers. It was the only site of its kind located in rural Ohio and served the entire southwestern Ohio region.

To support the continued health and safety of our employees, we instituted processes by which employees confidentially identified their vaccination status or submitted requests for accommodation. Various incentives were offered to encourage employees to be vaccinated. We attempted to address any employee concerns surrounding the efficacy of the vaccine with a video series of informational interviews with a local physician answering common questions and refuting misinformation. As of December 31, 2021, 80% of our total workforce was either vaccinated, or where possible, had been granted a reasonable accommodation.



During 2020 and 2021, we respectively spent approximately \$6.7 million and \$5.2 million in COVID-19 prevention efforts. As the world's understanding of the virus continues to evolve, we will continue to engage in prevention efforts and keep our employees informed and alerted to best practices in the hope of keeping them and their families safe.

COMMUNITY INVOLVEMENT

We have been based in Wilmington, Ohio, since our founding in 1980. When DHL, then our largest customer, engaged in a major restructuring of its U.S.-based operations in 2008, which in turn resulted in our company undergoing a major downsizing, we made the decision to stay at the Wilmington Air Park in Wilmington, Ohio and rebuild our business operations and our community. The success we have enjoyed as a



company since then has been realized through the hard work and resilience of our employees and we are dedicated to supporting the community most responsible for helping us grow.

Employees of ATSG and its subsidiaries have organized an annual charity drive every autumn since 1984. The drive first began as a Christmas fundraising activity by the employees of ABX Air to help the local United Way support

various agencies and programs in and around Wilmington, Ohio. The charity drive has grown with the Company to what today raises hundreds of thousands of dollars through various activities during the campaign and throughout the year.

The campaign invites our more than 5,000 employees to participate in fundraising activities to benefit a range of charitable organizations, including the United Way, American Cancer Society, American Diabetes Association, American Heart Association, American Red Cross, ATSG Cares, Habitat for Humanity, and Wounded Warrior Project, among others. The majority of

the campaign's donations come from employee contributions. Over the course of 2020 and 2021, ATSG and its employees raised nearly \$1,000,000 in charitable contributions in support of these organizations.

We also support the 4H Club and Future Farmers of America in Wilmington, Ohio, both of which focus on the development of youth as individuals and as responsible, productive members of the community.

We have committed to a three-year sponsorship of the Dolly Parton

Imagination Library, a program dedicated to inspiring a love of reading by gifting books free of charge to children from birth to age five. This program has delivered books to more than 1,100 children in the Wilmington, Ohio community.

We actively partner with local workforce development agencies, high schools and colleges in the Wilmington, Ohio community to connect students and adult learners to employment opportunities in the aviation industry.

GOVERNANCE

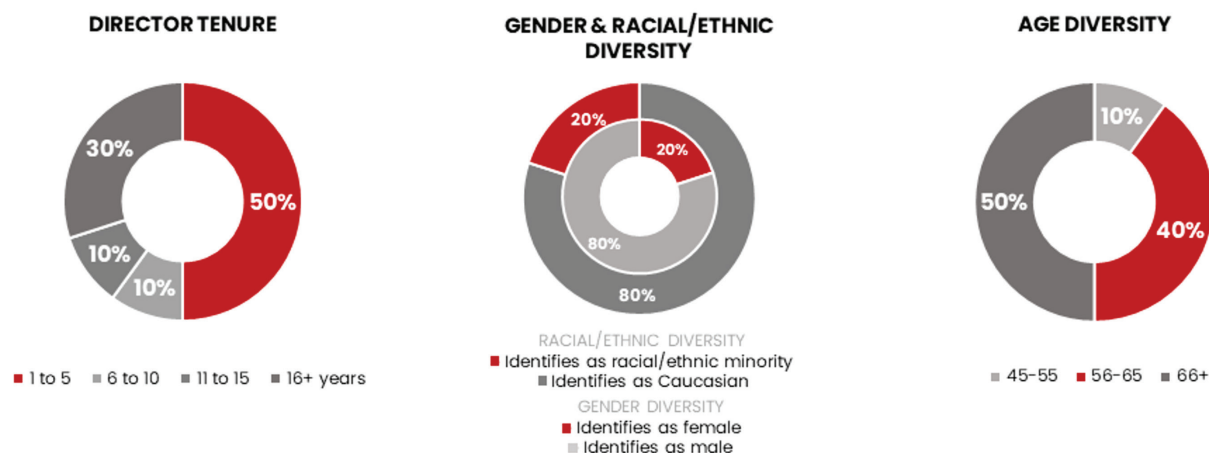


We strive to maintain practical and effective governance policies and practices in the best interests of our stockholders, customers and employees. This includes an independent and diversified Board, regular engagement with our stakeholders, professional standards of conduct for our directors and employees, and sound risk management.

BOARD OF DIRECTORS

A strong tone at the top sets the standard for our Company. Our Board of Directors currently consists of 10 directors, each of whom is independent within the meaning of the independence standards of the NASDAQ and ATSG's Restated Certificate of Incorporation, except for the Chairman of the Board and the President & CEO by virtue of their respective former and current employment with the Company. We carefully select our non-executive directors with diversity in mind, based upon their experience and expertise. In January 2021, the Board increased the size of the Board and elected Phyllis J. Campbell and Paul S. Williams to fill the resulting vacancies, respectively increasing the number of female and racial minority directors to 20% of our Board.

TENURE & DIVERSITY OF DIRECTORS



SKILLS & EXPERIENCE DIRECTORS COLLECTIVELY POSSESS



Board Committees. The Board has a standing Audit Committee, Compensation Committee and Nominating and Governance Committee, each of which consists exclusively of independent directors. The charter for each of the standing committees are available through our Internet website at www.atsginc.com.

The Nominating and Governance Committee of the Board of Directors has oversight of ESG strategy and performance, and the Audit Committee and Compensation Committee of the board also periodically engages on ESG topics within the scope of their charters.

CORPORATE GOVERNANCE & BOARD BEST PRACTICES

The Board, in consultation with the Nominating and Governance Committee, regularly reviews our corporate governance and adjusts as necessary to maintain leading governance practices. The following corporate governance and Board practices ensure accountability and enhance effectiveness in the boardroom:

- All directors are elected annually
- Majority stockholder voting standard for directors in uncontested elections
- Roles of Chairman and Chief Executive Officer are separated
- If the Chairperson is not an independent director the Board will appoint a lead independent director
- Eight of our ten directors are independent
- All standing committees consist solely of independent directors
- Independent directors regularly meet in executive session
- Board is diverse in experience, perspective, gender and ethnicity
- Annual review of Board and committee composition
- Initial list of director candidates must include qualified underrepresented candidates, taking into account factors such as gender, race and ethnicity
- Board and each committee have express authority to retain outside advisors
- Stock ownership guidelines for directors and executive officers
- Annual Board and committee self-evaluation process
- Ongoing Board refreshment and succession planning
- No stockholder rights plan or poison pill
- No supermajority voting thresholds in Certificate of Incorporation or Bylaws
- Stockholders who hold voting stock representing 20% or more of voting power have the right to call special meetings
- Comprehensive Code of Conduct and Corporate Governance Guidelines
- No hedging against decreases in market value of our stock or pledging of our stock as collateral for a loan by the named executive officers, designated employees or members of the Board



Corporate Governance Guidelines.

The Company adopted a set of Corporate Governance Guidelines to help the Board fulfill its responsibility to stockholders to oversee the work of management in the conduct of the Company's business and to seek to serve the long-term interests of stockholders. The Guidelines are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate the Company's business operations as needed and to make decisions that are independent of the Company's management. The Guidelines address such topics as the composition of the Board, the selection of Board members, Board independence, the procedures relating to, and the conduct of, Board and committee meetings, the compensation of directors and the Chief Executive Officer, risk oversight, director orientation and continuing education, periodic self-evaluations of the Board and committees, and other practices. The Corporate Governance Guidelines are available through our Internet website at www.atsginc.com.

Executive Sessions. The independent directors of the Company meet in executive session (with no management directors, non-independent directors or management present) on a regular basis and upon the request of one or more independent directors, usually in conjunction with Board and committee meetings. The sessions are scheduled and chaired by the Lead Independent Director or the Chair of the pertinent committee, who is in each case an independent director. The executive sessions include those topics the independent directors deem appropriate.

STAKEHOLDER ENGAGEMENT

Investors. We welcome and have long-standing, active engagement with our stockholders, and we regularly share our stockholders' perspectives with the Board. ATSG's senior management holds quarterly conference calls with investors and analysts to present and discuss our financial and operating performance each year. While the COVID-19 pandemic continued to curtail investor-related travel during 2021, we nevertheless participated in numerous investor conferences and spoke with dozens of investors in one-on-one and group meetings, primarily via video or telephone conference. We also regularly engage with stockholders and analysts through our website, other virtual meetings and calls, and the use of various media to convey key investment messages. During 2020 and 2021, we learned through engagement with investors that an increasing number of them wanted for the Company to continue providing enhanced disclosure concerning ESG matters. Among these efforts, we engaged an investor relations firm to conduct a survey of our investors and covering analysts during 2021 that included ESG matters, the results of which were presented to the Board.

Customers. ATSG is the largest lessor of freighter aircraft as well as the largest owner and operator of converted Boeing 767 freighter aircraft in the world. We are able to offer competitive lease rates for our cargo freighters by purchasing used passenger aircraft, typically 15 to 20 years old, and converting them into cargo freighters, after which we anticipate an economic useful life of 20 years or more. We also offer a wide array of complementary aviation services which enable us to provide a customized solution to our

customers, including leased aircraft, air cargo and passenger lift through our airlines, aircraft maintenance and conversion services, facility and material handling equipment maintenance services, and ground handling services. As of December 31, 2021, we had 107 aircraft placed with 15 customers in eight countries. Our marketing and sales teams regularly engage with airline and other customers concerning existing and potential new leases and related aviation services, although many conversations are being conducted virtually given the COVID-19 pandemic. The nature of our passenger and cargo airline operations are tightly woven into the operations of our customers and thus daily interface occurs with our customers at the operating level to ensure excellent service. During 2020 and 2021, we collaborated with our customers to find ways to assist them with the impacts of the pandemic.

Employees. ATSG and its subsidiaries provide our employees with quarterly business updates throughout the year and regularly communicate important information to our employees via email. We also periodically conduct employee surveys to gain their feedback. We encourage all employees to speak with supervisors and senior management on topics important to them and to report potential concerns, including through a confidential system or an anonymous third-party corporate hotline. We provide comprehensive benefits and programs to all employees and supplemental on-going health and wellness initiatives throughout the year.

Service Providers, Manufacturers and Suppliers. Our procurement teams have a long track record of successfully working with service providers, manufacturers and suppliers. We regularly interact with our service providers, manufacturers and suppliers to accommodate the needs of our business and customer requests.



During 2020 and 2021, we also collaborated with our service providers, manufacturers and suppliers to mitigate the impact of the COVID-19 pandemic on aircraft delivery schedules and respectively delivered 12 and 15 converted freighter aircraft to our customers.

Lenders. We maintain strong relationships with the financial institutions that lend to us and support our business. We periodically meet with our lenders at their respective offices, at our headquarters or virtually, and hold quarterly conference calls after issuing our earnings to brief them and answer questions concerning our financial results and business.

Communities. We sponsor and support several charitable organizations within our local communities on an annual basis. During 2020 and 2021, we respectively raised more than \$400,000 and \$560,000 for various charitable causes. During 2021, we worked with the Ohio Governor's Office, the Ohio Department of Health and local healthcare providers to secure the location for a mass COVID-19 vaccination site at the Wilmington Air Park in Wilmington, Ohio. The site, which began operations in April 2021, served as one of 15 large-scale vaccination sites across Ohio.

BUSINESS ETHICS & INTEGRITY

We recognize that the reputation of any company is solely dependent on the ethical conduct of its leadership and workforce. Every person associated with the business of the Company is responsible for ensuring that the reputation and integrity of the Company is protected at all times. We have robust codes and policies in place to help ensure compliance and safeguard against unethical behavior.

Code of Conduct for Conducting Business. Our Board has adopted a Code of Conduct for Conducting Business that applies to all of our directors and employees. The Code of Conduct addresses such topics as compliance with laws; moral and ethical conduct; equal employment opportunity; promoting a work environment free from harassment and discrimination; and the protection of intellectual property and proprietary information. The Company maintains a zero tolerance policy regarding retribution or retaliation towards any person for reporting in good faith a violation of company policy or the misconduct or suspected misconduct of any employee or person doing business with the Company. The Code of Conduct for Conducting Business is available through our Internet website at www.atsginc.com.

Code of Ethics for the CEO and CFO. The Company has adopted a Code of Ethics that sets forth the policies and business practices that apply to the Company's Chief Executive Officer and Chief Financial Officer. The Code of Ethics is in compliance with SEC rules and addresses such topics as compliance with laws; full, fair, accurate and timely disclosure of financial results; professional, honest and ethical conduct;

conflicts of interest; and reporting procedures and accountability. The Code of Ethics is available through our Internet website at www.atsginc.com.

Foreign Corrupt Practices Act (FCPA) Policy. The Company maintains an FCPA Policy that requires all of our directors, employees and other persons conducting business on behalf of the Company in foreign markets and with foreign government officials to do so in accordance with the highest degree of integrity, honesty and professionalism and in compliance with all applicable laws, including the Foreign Corrupt Practices Act.

Insider Trading Policy. The Company has adopted an Insider Trading Policy for the directors, executive officers and employees of the Company and its subsidiaries, their family members, and specially designated outsiders who have access to the Company's material nonpublic information. The policy seeks to ensure compliance with federal and state securities laws governing (i) trading in securities of the Company while in position of material nonpublic information concerning the Company, and (ii) tipping or disclosing material nonpublic information to outsiders. The policy provides for the Company to designate from time to time the directors and executive officers, including the named executive officers, that are subject to the reporting provisions and trading restrictions of Section 16 of the Exchange Act, and the underlying rules and regulations promulgated by the SEC ("Section 16 Individuals"), and well as certain key employees ("Key Employees") who, because of their position with the Company, are likely to have access to material nonpublic information. The policy imposes blackout periods and trading windows on the Section 16 Individuals and Key Employees, including all of the directors and named executive officers, restricting their ability to trade in the Company's securities during specified periods.

The policy also prohibits Section 16 Individuals and Key Employees from entering into financial transactions designed to hedge or offset any decrease in the market value of the Company's securities, holding Company securities in a margin account or pledging (or hypothecating) Company securities as collateral for a loan. The Insider Trading Policy is available through our Internet website at www.atsginc.com.

Competitive Behavior. (TR-AL-520a.1)

We were not the subject of any anticompetitive behavior claims or lawsuits during 2020 or 2021.

RISK MANAGEMENT & COMPLIANCE

Board Role in Risk Oversight. The Board recognizes that it has the primary responsibility for risk oversight, with the Board's standing committees supporting the Board by addressing the risks inherent in their respective areas of oversight. In meeting its responsibilities, the Board seeks to (i) concentrate on the broader risk implications of a strategic direction, while allowing the committees to focus on specific areas of risk, (ii) ensure that management has implemented appropriate systems to manage risk, and (iii) ensure that it is providing effective risk oversight through its committee structure and oversight processes.

Compensation and Risk. The Board of Directors, in consultation with the Compensation Committee and management, believes that the Company's compensation policies and practices, including the Company's executive compensation program, do not create risks that are reasonably likely to have a material adverse effect on the Company. The Board believes that the following

characteristics of the Company's compensation policies and practices are effective in reducing the possibility of the executive officers, individually or as a group, making excessively risky business decisions that could maximize short-term results at the expense of long-term value:

- The base salaries the Company pays to its executive officers are generally consistent with salaries paid for comparable positions in the Company's industry, and provide the Company's executive officers with a steady income while reducing the incentive to take risks in pursuit of short-term benefits.
- The Company's short-term and long-term incentive compensation plans are well-defined and based on stated formulas that respectively cap the maximum bonus and shares that may be earned, thereby reducing the incentive for excessive risk taking.
- The Company's executive compensation program is designed to include a significant level of long-term incentive compensation, which discourages short-term risk taking.
- The performance period and vesting schedule for long-term incentives overlap, which reduces the motivation to maximize performance in any one period.
- The Compensation Committee retains an external executive compensation consultant at least once every two years to advise it on market practices and the suitability of its compensation actions and decisions.
- The Company's (i) Code of Ethics for the Chief Executive Officer and Chief Financial Officer; (ii) Insider Trading Policy; (iii) Code of Conduct for Conducting Business; and (iv) Corporate Compliance Plan, are all designed to reinforce the balanced compensation objectives established by the Compensation Committee. Each is available through our Internet website at www.atsginc.com.
- The Company has adopted stock ownership guidelines for the named executive officers, which the Board believes helps to align the interests of the named executive officers with the interests of stockholders, thereby discouraging excessive risk taking.



WHAT WE DO

Pay-for-Performance. A significant portion of the compensation of our executive officers is closely tied to the performance of the Company, thus aligning our officers' interests with those of our stockholders.

Stock Ownership Requirements that align our executive officers' long-term interests with those of our stockholders.

Independent Compensation Consultant that is directly engaged by the Compensation Committee to advise on executive and director compensation matters.

Equity Award Grant Policy that establishes objective, standardized criteria for the timing of equity awards granted to our team members.

At-Will Employment. None of our named executive officers has an employment agreement.

WHAT WE DO NOT DO

No Excessive Perquisites. Perquisites and other personal benefits are not a significant portion of any executive officer's compensation and are in line with industry standards.

No Guaranteed Bonuses. Our executive officers' bonuses are 100% performance-based and at risk.

No Hedging Against Decreases in Market Value of Our Stock or Pledging of Our Stock as Collateral for a Loan by the named executive officers, designated employees or members of the Board.

No Excise Tax Gross-Ups to cover excise taxes in connection with a change in control.

Related Person Transactions. The Charter of the Audit Committee requires the Audit Committee to review and consider whether to approve all related party transactions, as that term is defined in the applicable regulations of the SEC. The Charter of the Audit Committee is available through our website at www.atsginc.com.

Internal Audit and Compliance Department. ATSG maintains an Internal Audit and Compliance Department whose mission is to provide independent, objective assurance and consulting services. The Department was established by the Audit Committee and reports functionally to the Audit Committee and administratively to the Chief Legal Officer. The Department has free and unrestricted access to all relevant records, physical properties and personnel of ATSG and its subsidiaries. The Department's scope of work is to determine whether the Company's network of risk

management, internal controls and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Significant financial, managerial and operating information is accurate, reliable and timely, including by ensuring annual compliance with the Sarbanes-Oxley Act (SOX);
- Employees' actions are in compliance with policies, standards, procedures and applicable law and regulations; and
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

The Internal Audit and Compliance Department is governed by the International Professional Practices Framework of the Institute of Internal Auditors ("IIA").

Employee Handbook. All employees of ATSG and its subsidiaries are required during the onboarding process to review and certify their understanding of the employment policies of ATSG and the corporate subsidiary that employs them, which detail our values, employee conduct and performance policies and benefits information.

Code of Conduct/FCPA Policy and Technology Use (Cybersecurity) Policy.

All directors and employees of ATSG and its subsidiaries are required to undergo online training and pass an online test on the Code of Conduct for Conducting Business, Foreign Corrupt Practices Act Policy and Technology Use (Cybersecurity) Policy at the time of hire and thereafter on an annual basis. As part of the training process, directors and employees are also required to certify that they have read, understand and agree to comply with the Code of Conduct, FCPA Policy and Technology Use (Cybersecurity) Policy.

Corporate Compliance Plan. The Board has adopted a Corporate Compliance Plan further, and in addition, to the Code of Conduct for Conducting Business. The Plan is designed to prevent, detect and correct instances of unethical conduct and conduct that violates applicable laws and regulations. Under the Plan, a dedicated compliance committee and compliance officer has been appointed for each of ATSG's principal subsidiaries, consisting of the compliance officer for that subsidiary and a member of management for each department or function of the subsidiary. There are currently six compliance committees among ATSG's operating subsidiaries, each of which is responsible for developing, implementing, overseeing and monitoring the corporate compliance program for their subsidiary, and providing a company-wide focus on compliance issues that impact all aspects of the subsidiary. Each compliance

committee is expected to meet no less than quarterly. The head of the ATSG Internal Audit and Compliance Department has overall responsibility for the Plan and is tasked with keeping the Chief Legal Officer apprised of, and reporting no less than quarterly to the Audit Committee of the Board, on the activities and effectiveness of the Plan. The Corporate Compliance Plan is available through our Internet website at www.atsginc.com.

Communicating Concerns/Corporate Hotline.

We encourage and expect for our employees to report concerns of wrongdoing and suspected violations of any law, regulation or company policy. The Company maintains a zero tolerance policy regarding retribution or retaliation towards any person for reporting in good faith a violation of company policy or the misconduct or suspected misconduct of any employee or person doing business with the Company. We offer a confidential mechanism for reporting concerns via our Corporate Hotline, which is an independent, third-party anonymous hotline, available 24 hours per day, seven days per week.

Annual Management Survey. We require for all employees of ATSG and its subsidiaries that serve in a supervisory role or above to participate in an annual survey in an effort to measure how our employees perceive the tone-at-the-top of the Company, both at ATSG and the corporate subsidiary that employs them. The survey is anonymous and seeks employee feedback and comments with respect to matters such as the effectiveness of the companies' and their senior leaderships' compliance efforts, the companies' and their senior leaderships' commitment to ethics and integrity, and the extent to which employees are kept abreast of corporate strategy and performance. The head of the ATSG Internal Audit and Compliance Department is responsible for conducting the annual survey and reporting the results thereof to the Audit Committee of the

Board, the President and CEO of ATSG and the President of each subsidiary. The President and CEO of ATSG and the President of each subsidiary is tasked with reviewing and seeking to address employee concerns, where appropriate.

Diversity and Inclusion Survey and Training. During 2020, ATSG, in consultation with an outside consultant, launched a diversity and inclusion campaign throughout the organization. The campaign began with a company-wide cultural survey to gain a baseline understanding of how our employees experience their work environment, providing our more than 5,000 employees with an opportunity to participate on an anonymous basis. We subsequently provided our employees with an overview of the results of the baseline survey, including areas of strength as well as those areas in which the Company can improve. The leadership teams at each of our operating subsidiaries were tasked with developing action plans to be implemented in response to the survey results. We are conducting another employee survey in early 2022 to gauge our progress.

During the latter part of 2020 and first part of 2021, we required for all of our more than 500 personnel in leadership positions to attend inclusion training and each operating subsidiary has been tasked with ensuring that all newly hired or promoted leaders receive such training. We also require our leadership personnel to participate in ongoing diversity training programs from time to time during the year.

Data Privacy and Cybersecurity. ATSG has a strong commitment to providing world class service to our customers. A key part of that service is ensuring all company, employee and customer data is secure and highly available. ATSG is very focused on business continuity by utilizing advanced technologies, cybersecurity protection, developing effective procedures, and training to avoid business disruption.

Information Security and Privacy are a Top Priority. As a leading provider of aircraft leasing and air cargo transportation, our Company collects, stores, and transmits large amounts of data related to flight operations, aircraft maintenance, ground operations, employees, and customers. From our pilots utilizing tablet computers enrolled in mobile device management, to our fault-tolerant and highly available infrastructure which allows an increasingly mobile workforce utilizing a secure VPN and modern multi-factor authentication method, every system at ATSG is designed with confidentiality, integrity, and availability in mind. Cybersecurity governance is at the forefront of each of our technology projects and our IT operations.

Investing in Technology. ATSG recognizes that the cybersecurity threat landscape is rapidly evolving, and we have invested in a secure infrastructure, including:

- Modern data centers in multiple locations with a robust infrastructure, hardened by frequent security audits, monitoring, and security software protecting against network threats
- Threat detection and response utilizing a next generation Security Information and Event Management platform
- Email security with targeted threat protection, archiving and continuity
- Next generation firewalls utilizing SSL inspection, web filtering and intrusion prevention system
- Adaptive multifactor authentication
- Increased application security and high availability
- Modern software applications such as aviation, maintenance software and integrated operations control center platform

Investing in the Process. Cybersecurity governance and ongoing information security management activities ensure compliance with customer standards including Department of Defense contracts. Cybersecurity governance at ATSG includes:

- Utilizing the National Institute of Standards and Technology ("NIST") framework for managing cybersecurity
- Completion of an annual NIST 800-171 Self-Assessment
- Ongoing vulnerability scanning and threat remediation
- Annual penetration testing
- Change control focusing on risk assessment and cybersecurity impact analysis
- A defined incident response plan
- Annual Code of Conduct training for all employees guided by a robust Technology Use (Cybersecurity) Policy
- Cybersecurity insurance

Building Resiliency Amidst the COVID-19 Pandemic. Like many companies, ATSG has had to adjust its workforce to work remotely during the COVID-19 pandemic. Our investment in telework began even before the pandemic. ATSG was able to swiftly transition employees to work from home by leveraging existing infrastructure with added layers of security, allowing the continued delivery of services to our customers. Remote access leverages secure VPN tunnels and utilizes collaboration tools such as web meetings protected by central identity providers with strong multi-factor protection.





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