

# Be a Good Citizen

Southwest Airlines is committed to doing the right thing by our People, through our Performance, and in service to our Planet, all with strong Corporate Governance.



## Citizenship

- Citizenship principles of social goals, environmental care, and economic prosperity are in alignment with Southwest's Vision to be the world's most loved, most efficient, and most profitable airline. Corporate Citizenship is in our DNA.
- Citizenship strives to achieve synergies between pillars of People, Performance, Planet, & Governance.
- The objectives of our 2022 Company Goals Incentive Program included: getting properly staffed, focusing on our People and Culture, getting back to our historic operational Reliability and efficiency, restoring our Customer Service advantage, and returning to consistent profitability.

## Focus areas of People, Planet, Performance, and Governance

### People

- Invested in current and future Employees as we deployed innovative strategies for recruiting, training, career development, Employee recognition, and compensation.
- Hired more than 18,000 new Employees in 2022 and ended the year with 71,496 total Employees.
- Continued a 51-year legacy of no involuntary furloughs or layoffs.
- Supported more than 154 national, state, and local membership organizations, including, but not limited to, the Chicagoland Chamber, Greater Baltimore Committee, Downtown Denver Inc., Dallas Regional Chamber, Hawaii Visitors and Convention Bureau, Los Angeles Area Chamber of Commerce, Greater Houston Partnership, and Florida Economic Development Council.
- Celebrated a milestone 15th anniversary of our Medical Transportation Grant Program (MTGP) and donated more than \$4 million in free transportation to 76 hospitals and organizations nationwide.
- In early 2023, we published the second annual Diversity, Equity, and Inclusion Report as a companion piece to the 2022 One Report.

### Planet

As discussed in our 2022 One Report, in early 2023, we refreshed our climate strategy, including replacing our carbon neutral growth goal<sup>1</sup> with two near-term carbon intensity reduction targets as stated below. Our new 2035 carbon intensity reduction target is based on scientific models<sup>2</sup> that are in alignment with the goals of the Paris Agreement to limit warming to well below 2 degrees Celsius and pursue efforts to limit it to 1.5 degrees Celsius.

We are working to make progress across our four strategic pillars to help us achieve our near and long-term sustainability goals and beyond:

- **Reduce** our carbon emissions intensity 50% by 2035 with an interim goal of 25% by 2030 as compared with 2019.<sup>3</sup>
- **Replace** 10% of our total jet fuel consumption with sustainable aviation fuel (SAF) by 2030.
- **Offset** emissions<sup>4</sup> with certified offsets.<sup>5</sup>
- **Partner** with different organizations and nonprofits whose work complements our efforts to achieve our goals and advance environmental sustainability.

Also in 2022, we published Southwest's Environmental Policy, conveying how we take steps to address our environmental impact and respect the Planet.

#### Endnotes

<sup>1</sup> Our prior goal was to maintain carbon neutral growth to 2019 levels through 2030, as per our 2021 released 10-Year Plan.

<sup>2</sup> Based on the modeling of the International Energy Agency (IEA)'s Energy Technology Perspectives report.

<sup>3</sup> Our carbon emissions intensity reduction goals are compared against a 2019 baseline on a revenue ton kilometer (RTK) basis [including Scope 1, Scope 2, and Scope 3 Category 3 emissions (upstream emissions of jet fuel)] and includes the use of SAF and excludes the use of carbon offsets.

<sup>4</sup> Detailed risk factors, including those specific to extreme weather events and climate change, are discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

<sup>5</sup> Certified offsets are defined as credits that have undergone independent third-party verification by an accredited verification body to have followed the methodologies and protocols of the applicable program in the development and execution of project activities.

<sup>6</sup> Included four and six Boeing 737 Next Generation aircraft in temporary storage and 60 in long-term storage as of December 31, 2022, 2021, and 2020, respectively. Also included 32 and 34 Boeing 737-8 aircraft in long-term storage as of December 31, 2020 and 2019, respectively.



## Performance

In 2022, we focused on initiatives to enhance the Customer Experience for a more seamless and efficient flying experience. From the curb to the jet bridge, we designed these new initiatives to enhance and simplify Customers' journeys and transform the Southwest Experience.

We also announced our more than \$2 billion plan (over a five-year period) to transform the Customer Experience, including plans to improve WiFi; add in-seat power and larger overhead bins; introduce more entertainment options and a wider selection of refreshments in the cabin; and add new Customer self-service capabilities. For additional information about how we're transforming the Customer Experience, please visit [southwestonereport.com](https://southwestonereport.com).

The investments we've made throughout 2022 represent our commitment to delivering a more efficient and seamless Customer Experience. From boardrooms to beaches and everywhere in between, no matter our Customers' reason for flying, we aim to provide a better Customer Experience.

Our 2022 Performance at a glance:

- **50.8%** increase in operating revenue since 2021
- **\$12.3B** year-end cash and short-term investments
- **770** Boeing 737 aircraft<sup>6</sup>
- **83.4%** load factor
- **\$3.8B** net cash provided by operations
- **121** airports served

## Governance

Sound governance is a fundamental principle at Southwest. We strive to maintain the highest standards of ethical conduct and are proud of Southwest's history of strong corporate governance, beginning with the Company's Board of Directors.

With respect to executive oversight of ESG matters, President & CEO Bob Jordan has ultimate responsibility for the business of Southwest, including ESG topics. Among other duties and responsibilities, the Board of Directors is responsible for overseeing the Company's corporate responsibility practices, including with respect to sustainability and other ESG matters. To help fulfill its oversight responsibilities, the Board receives regular updates on ESG from subject matter experts within the organization. Southwest's most senior Executives meet weekly through standing Executive Committee meetings.

- Environmental, social, and corporate governance (ESG) reporting utilizes the U.N. Sustainable Development Goals (UNSDGs), Universal Standards of Global Reporting Initiative (GRI), and Sustainability Accounting Standards Board (SASB).
- We further enhanced our reporting in 2022 by incorporating a qualitative scenario analysis in reference to the Task Force on Climate-related Financial Disclosures (TCFD) framework.
- We completed a formal assessment and refresh of our key topics in fall 2022 to evaluate our business's current and potential environmental, economic, and social impact. In addition to external impact, we also evaluated the internal impact of key ESG topics on our business and how they may influence financial performance and our ability to operate in the future.

### • Committees and Steering Groups

- The Citizenship Executive Steering Group collaborates on topics across all ESG areas, and it serves as a centralized space to discuss intersectional ESG topics that have enterprise-wide impact.
- The Environmental, Social, and Governance Executive Steering Group reviews and collaborates on strategic ESG issues, provides recommendations, and evaluates reporting opportunities.
- Social Topics Committee reviews, evaluates, and proposes responses to current social topics raised and considers areas to take proactive actions and alignment.
- The Diversity, Equity, & Inclusion Executive Steering Group partners with the DEI Department in formulating and promoting DEI corporate strategy initiatives.
- The Risk Committee reviews enterprise risks and determines appropriate steps to mitigate and reduce risk to acceptable levels.
- Environmental Sustainability Executive Steering Group is a forum for decision-making related to environmental sustainability and the evaluation of climate-related topics such as SAF agreements, progress toward the Company's environmental and sustainability goals, climate disclosures, climate-related risks and opportunities, and any new and/or relevant topics in the sustainability space.
- Our key topics are available in the 2022 One Report.

## 2022 Awards

- Named to FORTUNE's list of World's Most Admired Companies for 2022; ranked #28
- Named a Top 100 Company in 2022 by BetterInvesting Magazine
- Ranked #2 in the Best Airlines for 2022 list by The Points Guy
- Named to Glassdoor's Best Places to Work list in 2022 for the 13th consecutive year
- Named to the Best Employers for Diversity 2022 list by Forbes
- Designated a 2022 Military Friendly Company by Vqictory
- Named as A Best Place To Work For LGBTQ+ Equality in 2022 from the Human Rights Campaign Foundation
- Designated one of the Best Companies for Latinos to Work 2022 by Latino Leaders Magazine
- Named a Best Place to Work for Disability Inclusion after achieving a top score on Disability:IN's 2022 Disability Equality Index

Check out the  
One Report



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Citizenship page

