

# Doing Well by Doing Good

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 Highlights

- Citizenship principles of economic prosperity, social commitments, and environmental care 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.
- Our 2022 focus areas include: Diversity, Equity, & Inclusion, activating on our strategy for greenhouse gas reductions, and enhanced corporate social responsibility (CSR) reporting.
- The 2021 One Report references the new GRI Universal Standards demonstrating continuous improvement in our reporting. Once again, we also align to the SASB Airline Standards and United Nations Sustainable Development Goals (UNSDG).

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

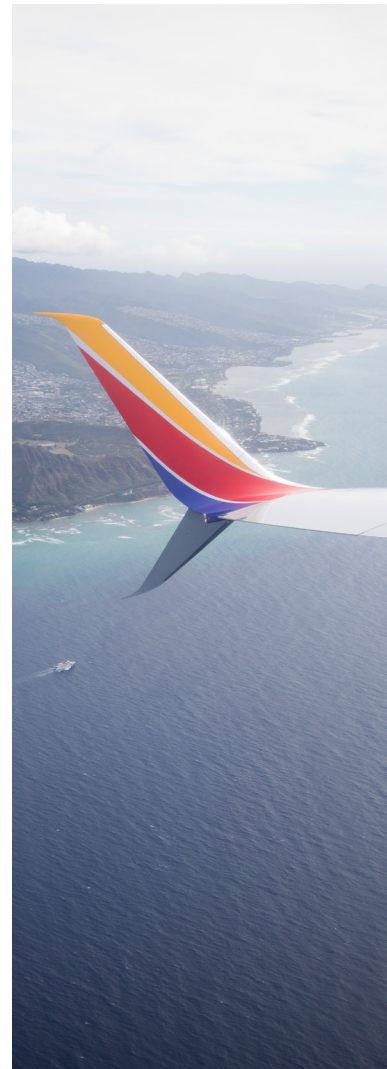
### People

- Published first annual Diversity, Equity, and Inclusion Report as a companion piece to the 2021 One Report.
- Invested in current and future Employees as we deployed innovative strategies for recruiting, training, career development, Employee recognition, and compensation.
- Enhanced our Career Mobility Program to proactively prepare for internal career opportunities, through services like individual career advising sessions, interview preparation resources, and "days in the field" to learn about other roles throughout the Company.
- Continued to evolve and assess our COVID-19 procedures and policies to protect our Employees and Customers.
- In 2021, we established our Human Rights policy and provided more than 61,000 hours of Employee training on Human Rights.
- Continued a 50-year legacy of no involuntary furloughs or layoffs.
- Invested in more than 130 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.
- Funded our charitable efforts through The Southwest Airlines Foundation, a corporate-advised fund within the Silicon Valley Community Foundation. The purpose of the foundation is to create a permanent trust where corporate charitable donations can be preserved and invested for future use, helping us continue our support of communities in good times and in bad.

### Planet

In 2021, we proudly announced our long-term goal to achieve carbon neutrality by 2050. We also shared a near-term, 10-year environmental sustainability plan to maintain carbon emissions at 2019 levels while continuing to grow our operations<sup>1</sup>.

- Reduce our carbon emissions per available seat mile (including scope 1 and scope 2 emissions) by at least 20% (as compared with 2019) by 2030 through fleet modernization, route optimization, and other initiatives, excluding use of offsets<sup>2</sup>.
- Replace 10% of our total jet fuel consumption with Sustainable Aviation Fuel (SAF) by 2030.
- Offset emissions by providing the first U.S.-based airline carbon offset offer with loyalty points, and for every dollar contributed toward offsetting Southwest's carbon emissions, Southwest matches the contribution<sup>3</sup>.
- Partner with different organizations and nonprofits whose work complements our efforts to improve environmental sustainability.



#### Endnotes

1. <https://www.swamedia.com/releases/release-6fa137b626d66e44c10f2d1ad01c46e8-southwest-airlines-announces-10-year-environmental-sustainability-plan>

2. Scope 1 and 2 emissions as compared with 2019, excludes the use of carbon offsets, includes the use of sustainable aviation fuel and other initiatives.

3. Taxes and fees will not be matched by Southwest or earn points. Rapid Rewards® Members can earn 10 Rapid Rewards bonus points per dollar contributed towards the purchase of offsets for Southwest up to a maximum of 500 Rapid Rewards bonus points per month. Points will only be awarded to the Rapid Rewards Member's Rapid Rewards account number entered at the time of the carbon offset transaction. All offsets will be retired in the name of Southwest Airlines Co. Terms and conditions apply.

## Performance

We remain focused on the basics in 2022: 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.

*Our 2021 Performance at a glance:*

- 74.5% increase in operating revenue from 2020
- \$15.5B yearend cash and short-term investments
- 728 Boeing 737 aircraft<sup>4</sup>
- \$1.3B annual net loss excluding special items<sup>5</sup>
- 78.5% load factor
- \$2.3B net cash provided by operations
- 14 new airports added
- 121 airports served
- 55,093 full-time Employees<sup>6</sup>



## 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.

- Committees and Steering Groups
  - The Executive Committee receives regular updates on ESG topics and elevates topics to the Board of Directors on a periodic basis.
  - Citizenship Executive Steering Group provides input and guidance on social, economic, and environmental topics.
  - Social Topics Committee addresses and/or develops policy regarding issues facing the Company.
  - The Diversity, Equity, & Inclusion Executive Steering Group is an executive forum that meets regularly and partners with the DEI Department in formulating and promoting DEI corporate strategy initiatives.
  - The Risk Committee meets quarterly to review enterprise risks and determines if appropriate steps are taken to mitigate and reduce risk to acceptable levels.
  - Environmental Sustainability Executive Steering Group is an executive forum for decision-making related to environmental sustainability.
- CSR/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).
- Exploring alignment to Task Force on Climate-related Financial Disclosures (TCFD) for 2022 reporting.

Southwest recognizes the importance of key topics in our environmental, social, and governance efforts, as these key topics help us strategically address ESG issues that matter most to our business and our Stakeholders. Our Management Approaches are of fundamental importance to our corporate responsibility practices and governance. We continue to focus and improve on areas including Corporate Governance, Human Rights, Freedom of Association and Collective Bargaining, Employment, Diversity, Equity, and Inclusion, Training and Development, Health and Safety, Community Outreach, Economic Performance, Fleet Management, Climate and Environment, Public Policy and Engagement, Data Privacy, Cybersecurity, and Supply Chain.



## 2021 Awards

- Ranked 14th – Fortune World's Most Admired Companies
- Named "Best Place to Work" for the 12th Consecutive Year – Glassdoor
- Best place to work for disability inclusion – Disability Equality Index®
- Ranked #1 for Most Reliable Airline and Ranked #4 for Best Airline – WalletHub
- Named #1 Domestic Airline for Customer Service – Elliott Advocacy Readers' Choice Awards
- Ranked #3 for America's Most Trusted Travel & Hospitality Brands – Morning Consult
- Named a Top 100 Company – Better Investing
- Received a 100 on Corporate Equality Index – Human Rights Campaign®
- Domestic Carrier of the Year for the 12th consecutive year – Airforwarders Association

Check out the  
One Report



Visit our  
Citizenship page



Endnotes

4. Included six Boeing 737 Next Generation aircraft in temporary storage and 60 in long-term storage as of December 31, 2021 and 2020, respectively. Also included 32 Boeing 737 MAX in long-term storage as of December 31, 2020.

5. [https://www.southwestonereport.com/assets/pdfs/communications/one-reports/2021\\_Southwest\\_One\\_Report\\_2022-04-22.pdf](https://www.southwestonereport.com/assets/pdfs/communications/one-reports/2021_Southwest_One_Report_2022-04-22.pdf) Endnote 47 (page 114-115)

6. Active, full-time equivalent Employees as of December 31, 2021.