

Southwest Airlines®

One Report 2023



Southwest® 

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Citizenship

At Southwest Airlines®, we put our Hearts into doing the right thing by our People and with respect to our planet—all supported by an unwavering focus on driving performance which is enabled by strong corporate governance. Our Citizenship efforts begin with our Purpose to connect People to what's important in their lives through friendly, reliable, and low-cost air travel, and our Vision of being the world's most loved, most efficient, and most profitable airline. Since 2009, we've highlighted our corporate Citizenship initiatives in the Southwest Airlines One Report, integrating financial, corporate social responsibility (CSR), and environmental, social, and corporate governance (ESG) reporting into one comprehensive document.



From our President & CEO

Since we first took flight in 1971, Southwest Airlines has been a Company driven by a commitment to be a good global citizen. Our dedication to do the right thing by our People, through our performance, and with respect for our planet, consistently guides our corporate Citizenship efforts. Through it all, we've always been passionate about making a difference in our communities and respecting our resources—and 2023 was no exception.

Our transparent approach to ESG reporting provides us an opportunity to highlight our success and identify areas of improvement as we look to the future. With that, it's an honor to welcome you to the Southwest Airlines One Report and provide a look back at our progress and accomplishments in 2023.

Southwest made incredible strides last year, even amidst some serious challenges. We were able to get—and stay—fully staffed, fly our full fleet, and restore our network. Yes, we faced some big challenges at the end of 2022, but we refused to let one bad week in December 2022 define us, and we improved our operational performance across nearly all operational and Customer metrics in 2023. While we still have work to do, especially in the area of hitting our financial targets, we ended 2023 a better Company than in 2022.

Throughout the One Report, you'll see firsthand how the success of Southwest is built on our unwavering dedication to our Employees, Customers, Shareholders, suppliers, and communities. This includes our enhanced sustainability

strategy, Nonstop to Net Zero; the launch of various Customer Experience improvements, like upgraded WiFi fleet-wide, digital bag tracking, larger bins, in-seat power, and free same day standby; making it easier for Customers to achieve Tier Status; and how we continued to create an environment of Belonging while investing in our People—through increased salaries, tools, and resources, and through improved development and retention-focused programs.

The 2023 One Report celebrates our Purpose to connect People to what's important in their lives through friendly, reliable, and low-cost air travel, and our Vision of being the world's most loved, most efficient, and most profitable airline.

I'm extremely proud of the work we accomplished last year and how we advanced our corporate Citizenship efforts—continuing our commitment to be a good global citizen. Welcome to the 2023 Southwest Airlines One Report!



Bob Jordan
President & Chief Executive Officer



2023: A Year in Review



Recycled more than

880,000 lbs

of material from retired aircraft

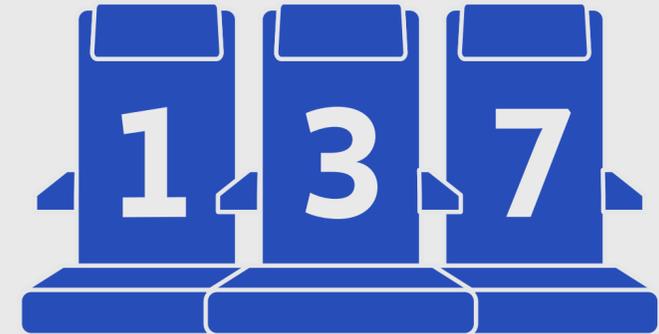


Signed a 20-year agreement to purchase up to

680 million gallons

of neat sustainable aviation fuel (SAF) from USA BioEnergy, LLC

New record of



Million+

revenue
Passengers carried



Record operating revenues of

\$26.1B

3 new operational environmental sustainability goals

Launched Nonstop to NET ZERO

by 2050¹



7

Employee Resource Groups (ERGs) launched



79,519

total Employees

44,905

external Customer commendations



99%

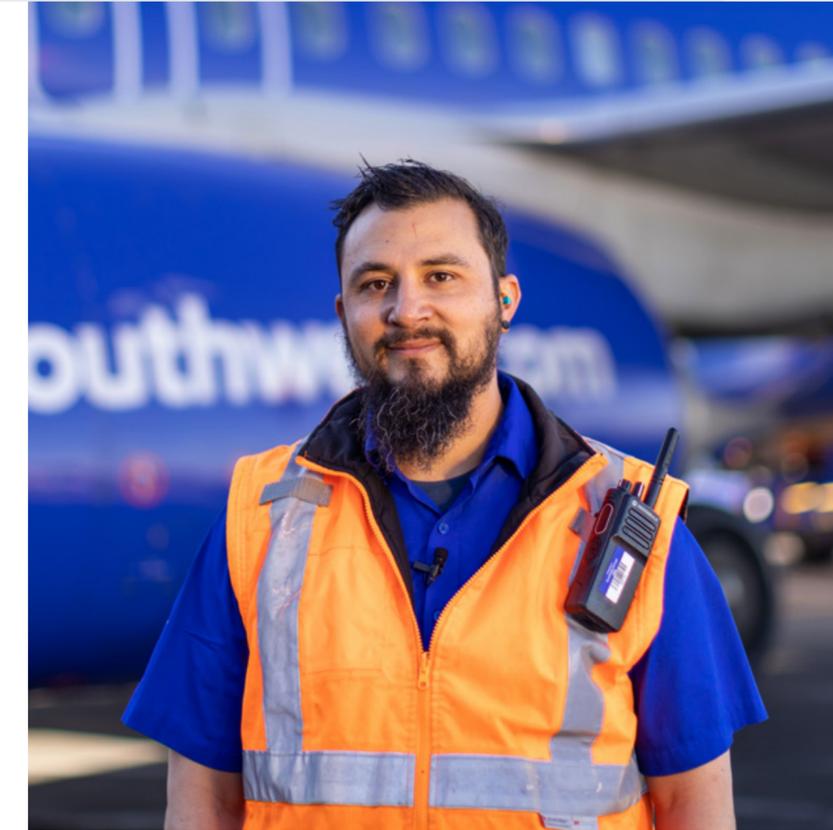
completion factor





Purpose, Vision, & The Southwest Way

At Southwest Airlines, our Purpose, Vision, and The Southwest Way (Company Promise, Employee Promise, and Values) guide our everyday actions and long-term business decisions. They come to life through our legendary Hospitality, Customer Service, and Employee Experience, which supports our world-famous Culture promoted and preserved by our Employees. Living The Southwest Way unites us, giving us a Purpose for today and a Vision for tomorrow. We're a Company that takes care of our People, our communities, and respects our planet. Living out our Values helps us make progress every day.



The Southwest[®] Way

Our Purpose

Connect People to what's important in their lives through friendly, reliable, and low-cost air travel.

Our Vision

To be the world's most loved, most efficient, and most profitable airline.

Company Promise

Southwest will provide a stable work environment with equal opportunity for learning and personal growth. Employees will be provided the same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer.

Employee Promise

*I will demonstrate my Warrior Spirit by striving to be my best and never giving up.
I will show my Servant's Heart by delivering Legendary Customer Service and treating others with respect.
I will express my Fun-LUVing Attitude by not taking myself too seriously and embracing my Southwest Family.*

Values

Me

How I Show Up

Pride

Have a strong work ethic
Take initiative
Be accountable

Integrity

Act like an owner
Choose to do right
Be courageous

Humility

Don't take yourself too seriously
Keep perspective
Don't be a jerk

We

How We Treat Each Other

Teamwork

Practice civility
Embrace Team over self
Be inclusive

Honesty

Speak up
Be transparent
Tell the truth

Service with LUV

Practice Hospitality
Live by The Golden Rule
Don't be rude

Southwest

How Southwest Succeeds

Efficiency

Don't make the easy hard
Keep costs low
Stay agile

Discipline

Be safe
Be focused
Be reliable

Excellence

Get results
Win the right way
Kick tail

2023 Awards



2023
Military Friendly Company

J.D. POWER

Highest Customer Satisfaction
among Economy/Basic Economy Carriers
in North America – 2023



Corporate Equality Index
2023-2024
Equality 100 Award:
Leaders in LGBTQ+ Workplace
Inclusion Recipient



Ranked #23
on the 2023 *Fortune* World's
Most Admired Companies™ list

Newsweek

America's Most
**Responsible
Companies list**



**Money Magazine
Best Places to Travel**



2023
**Customer Experience
All-Stars list**

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**Best Places
to Work**
list in 2023 for the 14th
consecutive year



2023
**Sustainability,
Environmental Achievement,
and Leadership ("SEAL")**
Business Awards winner



America's Most
Innovative Companies

Newsweek

as one of
**America's Greatest
Workplaces**
for Diversity 2023

Reporting Scope

The 2023 Southwest Airlines One Report is a snapshot of our Company's ESG efforts that fall under our People, Planet, Performance, and Governance initiatives. To evaluate the most relevant items for inclusion throughout the report, we conducted a key topics assessment in 2022. Our key topics assessment is similar to what other companies may describe as a "materiality assessment," which is not to be confused with materiality for financial reporting purposes. Our key topic assessment helped us to identify and prioritize the areas Stakeholders consider most significant for Southwest. The results of this assessment can be found in the [Key Topics Assessment section](#).

The One Report includes our management approach to key topics, highlights for the past calendar year, relevant data tables, and disclosures in reference to the Global Reporting Initiative (GRI), informed by the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB), and aligned to the United Nations Sustainable Development Goals (SDGs). The One Report reflects the period of January 1 to December 31, 2023 (unless otherwise noted).

The One Report covers only those business activities for which Southwest generally has complete control or ownership. This report doesn't include facilities primarily controlled by others, such as airport terminal space, or outsourced or subcontracted facilities.

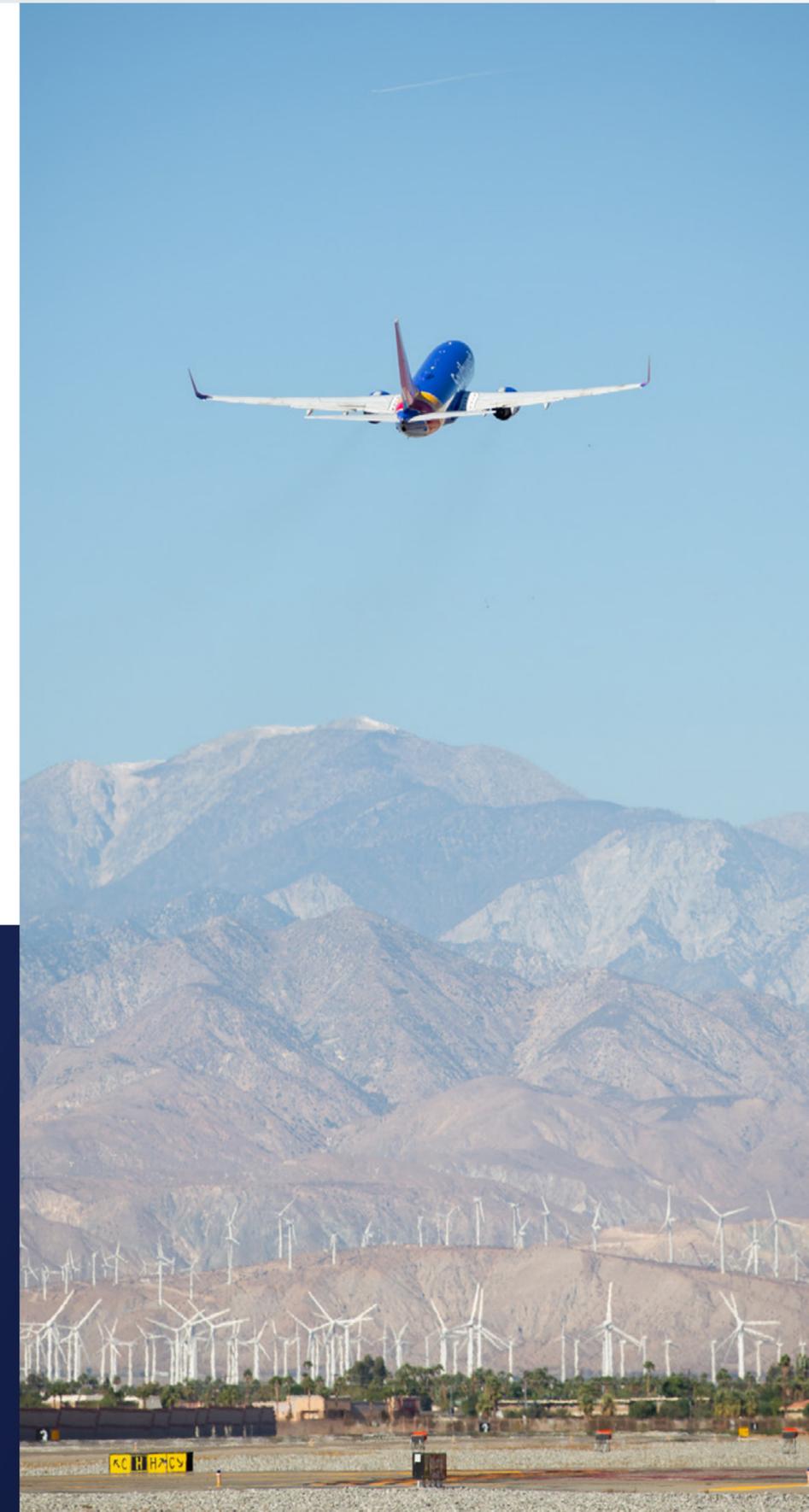
A [glossary](#) of key terms is included as a guide for frequently used words and terminology with specialized meanings (e.g., circularity). [Endnotes](#) are also provided in specific cases where additional context is warranted.

We invite you to read more about our 2023 Citizenship activities and how we're aligning our efforts with our Heart for People, respect for the planet, and dedication to exceptional performance on the following pages.

"At Southwest, we seek to lead with Heart as we support our People, care for the planet, deliver strong performance, and demonstrate sound governance. Our work toward being a good global citizen is driven by our desire to have a positive impact on the topics that are most relevant to our Employees, Investors, Customers, Communities, and Stakeholders. We are proud of our progress and are excited about continuing our journey of advanced reporting."

Katie Coldwell

Managing Director, Corporate Citizenship



Corporate Citizenship Goals

Southwest's corporate Citizenship efforts align with our Vision to be **the world's most loved, most efficient, and most profitable airline**. We seek to care for People, extend our Heart for the planet, and deliver strong operational and financial performance.

Specific Company goals for all Employees help Southwest achieve our Company objectives and advance our corporate Citizenship work. Additionally, we set strategic goals in the areas of Diversity, Equity, and Inclusion (DEI) and Environmental Sustainability to advance our corporate Citizenship efforts in the specific areas of People and Planet.

Company Goals

The 2023 Company Goals Incentive Program is designed to recognize our Employees throughout the year for their continuous efforts toward achieving our Company goals. Leveraging the five focus areas for 2023 from Bob's Blueprint for Success, we set goals to support these objectives.

- **Live our Southwest Way Values:** Measured by day-to-day recognition sent
- **Build on our legendary Hospitality:** Measured by Ontime Trip Net Promoter Score (TNPS)
- **Be consistently reliable and operate with excellence:** Measured by ontime performance (OTP)
- **Restore our network and fly the full fleet:** Measured by available seat miles (ASMs) flown
- **Produce strong financial results and improve our low-cost advantage:** Measured by return on invested capital (ROIC)

2023 Management Short-Term Incentive Scorecard for Executive Officers

In addition to our Company goals for all Employees, in 2023, a portion of the compensation for Executive Officers, as well as noncontract Leaders and professional level positions, was tied to the Company's performance with respect to select metrics and targets. For these Employees, our 2023 Management Short-Term Incentive Scorecard took into account, among other things, the Company's major initiatives, which included increasing operational resiliency and a focus on ESG initiatives such as DEI training and Environmental Sustainability. Please see Southwest's [Proxy Statement](#) for the Company's 2024 Annual Meeting of Shareholders for additional information on the details of this scorecard and other compensation information.

People Goals

In 2020, Southwest Leadership established specific DEI goals to foster a spirit of Belonging and inclusion and help our Leadership Teams better reflect the communities we serve. These goals are intended to create more diverse, equitable, and inclusive job opportunities and Candidate

pipelines, while maintaining our hiring standards and fostering an inclusive environment for all Employees to grow and develop.

Our DEI goals include:

- **Hiring and development practices:** Evolving hiring and development practices to support broadening our talent pipelines, including posting all new, open Leadership positions (Vice Presidents (VPs) and below)
- **Senior Leadership diversity:** Measuring progress toward increasing diversity in Senior Leadership (as compared to July 2020)
- **Senior Management Committee (SMC) diversity:** Doubling the percentage of racial diversity and increasing gender diversity within our SMC by 2025 (as compared to July 2020)
- **Community partners:** Engaging a breadth of community partners to leverage the Company's relationships as we source diverse talent

The Southwest Board of Directors committed to increasing its diverse representation by 2025 (as compared to 2020).

Additional information on our progress toward these goals can be found in the [Diversity, Equity, & Inclusion section](#).

Planet Goals

We launched our updated sustainability strategy, Nonstop to Net Zero, as we work toward our goal of net zero carbon emissions by 2050.¹ The launch included the introduction of our strategic pillars of carbon, circularity, and collaboration to guide our ongoing strategy and help us achieve our near- and long-term goals. In addition to our existing goals, we introduced new goals to complement our work.

Our new goals include:

- Electrifying 50% of eligible ground support equipment (GSE) systemwide by 2030²
- Saving 50 million incremental gallons of jet fuel by 2025, with a goal of saving 1.1 billion cumulative gallons of jet fuel by 2035³
- Reducing single-use plastics from inflight service by 50% by weight by 2025 and eliminate single-use plastics from inflight service where feasible by 2030⁴

Our existing goals include:

- Achieving net zero carbon emissions by 2050¹
- Reducing carbon emissions intensity by 50% by 2035 in alignment with the goals of the Paris Agreement, with an interim target of 25% reduction by 2030¹
- Replacing 10% of total jet fuel consumption with SAF by 2030
- Reducing energy utilization index at the Company's Dallas corporate Headquarters by 50% by 2035⁵

Additional information about Nonstop to Net Zero, our strategic pillars, and progress toward our sustainability goals can be found in the [Planet section](#).

Performance Goals

Our Leadership Team sets specific long-term annual financial goals to generate consistent profitability and enhance Shareholder value, with a particular focus on generating returns on invested capital in excess of our weighted average cost of capital.

Management Approach to Key Topics

Key Topics Assessment

We recognize the importance of identifying ESG impacts that are significant to our business and the environments we operate in. Through regular key topics assessments, we continue to build on our understanding of how our business efforts within the areas of People, Planet, Performance, and Governance impact Southwest as a Company, as well as the world around us.

We completed our most recent key topic assessment with a third-party consultant in the fall of 2022. We used the GRI Universal Standards (2021) to evaluate our business's

current and potential environmental, economic, and social impacts. In addition to external impacts, we also evaluated the internal impacts of key ESG topics on our business and how they may influence financial performance and how we effectively operate in the future.

Throughout the assessment, we engaged key Stakeholders and conducted peer benchmarking. Insights gathered through Stakeholder interviews and desktop research enabled Southwest to assess each topic based on the significance of its internal and external impacts.

Our approach to identifying and assessing key topics is informed by the GRI guidelines, which call for a systematic process for engaging Stakeholders and prioritizing feedback, including:

1. Evaluating relevant CSR and ESG topics
2. Identifying internal and external Stakeholders
3. Assessing the organization's impacts
4. Evaluating the influence on the Stakeholder groups
5. Prioritizing topics

Stakeholder Engagement

We engage our various stakeholder groups on ESG matters in a number of ways

Employees	Customers	Suppliers	Non-Governmental Organizations (NGOs)	Airports & Government	Investors	Regulators	Communities	ESG Rating Organizations
<ul style="list-style-type: none"> Employee surveys Our Company intranet, SWALife Other internal communication channels Weekly messages from our CEO Network of Culture Ambassadors Cross-functional Employee Working Groups Culture & Communications Department Diversity, Equity, & Inclusion Department People, Learning, & Development Department 	<ul style="list-style-type: none"> Customer surveys Social media listening Customer focus groups Customer call centers Customer emails 	<ul style="list-style-type: none"> Supplier Diversity Commitment Online supplier portal Engagement with internal participants in the procurement process ESG-focused questions in supplier Request for Proposals (RFPs) Supplier Code of Conduct Engagement with external participants in the procurement process (suppliers) 	<p>Research and publications from the following NGOs help inform our citizenship approach:</p> <ul style="list-style-type: none"> Commercial Aviation Alternative Fuels Initiative (CAAFI) Rocky Mountain Institute (RMI) Aviation Climate Taskforce Airlines for America (AAA) Boston College Center for Corporate Citizenship World Economic Forum's Clean Skies for Tomorrow Coalition Airport Cooperative Research Program (ACRP) 	<ul style="list-style-type: none"> Employees and Leaders from Governmental Affairs, Airport Affairs, and Network Planning Departments have regular conversations with airport authorities and elected officials We develop public policy positions intended to benefit our Employees, Customers, and communities 	<ul style="list-style-type: none"> Engagement with internal participants in Investor Relations Department who have regular conversations with Investors Investor-focused standards such as SASB 	<p>We take regulatory compliance seriously, including with respect to standards and requirements established by:</p> <ul style="list-style-type: none"> Department of Defense (DOD) Department of Transportation (DOT) Environmental Protection Agency (EPA) Federal Aviation Administration (FAA) Securities and Exchange Commission (SEC) Transportation Security Administration (TSA) 	<ul style="list-style-type: none"> Employee volunteerism Charitable contributions and donations Nonprofit partnerships Corporate Responsibility Team Hiring events, Historically Black Colleges and Universities (HBCUs), ¡Lánzate!/Take Off! Travel Award Program, disaster relief organizations, Medical Transportation Grant Program (MTGP), Adopt-A-Pilot, and Repurpose with Purpose 	<p>Additionally, we reviewed multiple sustainability reporting standards, frameworks, and results from independent ESG research firms to inform our reporting efforts, including:</p> <ul style="list-style-type: none"> CDP (formerly Carbon Disclosure Project) S&P Global Corporate Sustainability Assessment Human Rights Campaign Institutional Shareholder Services (ISS) JUST Capital Sustainalytics EcoVadis Fair360 World Benchmarking Alliance Morgan Stanley Capital International (MSCI) ESG Ratings Transition Pathway Initiative (TPI)

ESG Key Topics

The key topics matrix prioritizes our key topics for ESG reporting and management. Topics which rank “high” or “substantial” on each axis are considered high priority for our business. Topics ranking “moderate” or “low” are not considered high priority, but remain a focus for our business as we think about our approach to management of ESG and our larger business strategy.

Our 2022 key topics assessment was critical in helping Southwest identify focus areas for our ESG strategy and reporting. For Southwest, Safety, ethics, and financial performance are foundational to our business and necessitate management at the highest level and transparent reporting regardless of internal or external factors.

In this report, we share how our key topics are managed, who is responsible for the highest level of oversight, and the actions we take to mitigate potential negative impacts and promote the continuation of our positive impacts.

ESG Key Topics Matrix

The matrix reflects the results of our key topics assessment as we evaluated actual and potential impact, both internally to Southwest’s business and externally on society, the environment, & the economy

		Foundational Topics: Safety, Ethics, Financial Performance			
Impact on society, environment, & economy	Substantial			<ul style="list-style-type: none"> Climate Risks & Impacts 	<ul style="list-style-type: none"> Fuel, Energy, & GHG Emissions Diversity, Equity, & Inclusion Risk & Crisis Management Cybersecurity Data Privacy
	High		<ul style="list-style-type: none"> Waste Supply Chain Responsibility Human Rights & Anti-Trafficking Community Outreach 	<ul style="list-style-type: none"> Indirect Economic Impact Supply Chain Disruption Environmental Compliance Public Policy, Regulation, & Transparency Board Composition 	<ul style="list-style-type: none"> Employee Retention & Recruitment Fleet Management Network & Growth
	Moderate	<ul style="list-style-type: none"> Facilities Energy Use Water Management 		<ul style="list-style-type: none"> Employee Training, Education, & Career Development Board Oversight of ESG Freedom of Association & Collective Bargaining 	<ul style="list-style-type: none"> Operational Performance Customer Satisfaction Employee Compensation, Benefits, & Health Employee Experience, Culture, & Engagement
	Low	<ul style="list-style-type: none"> Marketing & Ethical Branding 	<ul style="list-style-type: none"> Political Contributions 		
		Low	Moderate	High	Substantial
Impact on Southwest					

People

Looking back on 2023, we're inspired by all the great things we can achieve when we lead with Heart and put People first. Throughout the year, we continued our focus on Employee wellbeing, introducing new enhancements to our comprehensive Total Rewards package. We supported Employees on their journey to achieve their full potential through expanded learning and professional development programs, and strengthened our Culture of Belonging through progress on our DEI goals. And in support of our communities, we continued to invest in partnerships and programs that drive economic, social, and environmental impact.

2023 Highlights

- Launched seven ERGs to deliver value to our Employees by organizing programs and events that align with what is important to them, including their identity, Culture, personal Values, and career growth
- Introduced Southwest Learning Summit, an all-virtual development opportunity featuring Employees, Leaders, and external experts sharing career and development insights and best practices
- Expanded our work with Repurpose with Purpose partners: Unshattered, Magpies & Peacocks, EcoRise, Scraplanta, and Wearsos

Company contributed
\$941M
to 401(k) and ProfitSharing Plans

11
new ratified agreements for
workgroups with collective bargaining
agreements (CBAs) since October 2022

15,283
New Hires

19%
unique Employees volunteering



People Section Framework Disclosures

SDGs



GRI

201-3	401-1	403-5	404-2	405-2	409-1
203-1	401-2	403-6	404-3	407-1	413-1
203-2	401-3	404-1	405-1	408-1	

Key Topics

Employee Retention & Recruitment

Employee Compensation, Benefits, & Health

Employee Training, Education, & Career Development

Employee Experience, Culture, & Engagement

Freedom of Association & Collective Bargaining

Diversity, Equity, & Inclusion

Human Rights & Anti-Trafficking

Community Outreach

Employee Retention & Recruitment

Attracting and retaining top talent is critical to our continued success. We focus on growing the Southwest Family with individuals who share our Company Values—offering them a competitive Total Rewards package, comprehensive on-the-job training, and the resources they need to succeed.

Broadening our outreach in 2023, we launched virtual quarterly job sessions. Aimed at high school students, parents, and educators, these sessions bring insights about Southwest career opportunities to classrooms nationwide. We also celebrated our first cadets being hired as First Officers from the Southwest Airlines Destination 225° Program (D225), which guides aspiring professional aviators to Southwest via defined training and flight experience pathways.

Supporting our continued commitment to DEI, many of our recruitment initiatives focus on reaching underrepresented groups. In 2023, we hired the first student from our work-study partnership with Paul Quinn College, a Historically Black College and University (HBCU) in Dallas, Texas. We also hosted eight summer Interns in our Campus Reach Neurodiversity Program, a college internship program designed for neurodivergent individuals with autism spectrum disorder. Of the eight Interns, four accepted full-time Associate-level roles in our Technology Department through our Direct College Hire Program, which is open to individuals of all educational backgrounds, and three accepted return internships for 2024.

Employee Referral Program: Southwest Employees are an invaluable resource for recruiting individuals who share our Company Values and enrich our Culture. We continue to invest in our Employee Referral Incentive Program, rewarding Employees for quality referrals that lead to successful hires who remain with Southwest for at least six months.

Southwest Summer Camp: This program offers high-school-aged dependents of Southwest Employees insight into the diverse careers at Southwest Airlines through hands-on activities, departmental interactions, and tours of facilities like the Leadership Education Aircrew Development (LEAD) Center and maintenance hangar.

Since its inception, Southwest Summer Camp has attracted participants throughout our network, with many former campers becoming proud Employees of Southwest.

The Southwest Hiring Experience: We strive to provide all Southwest Candidates with an exceptional hiring experience. All Southwest job postings below the VP level now display starting pay ranges, wage rates, and benefits information. Pay transparency includes specific wage scale steps for positions under CBAs and salary ranges for Noncontract positions. This initiative, which exceeds legal requirements in most of our hiring locations, aims to foster a transparent and equitable hiring process.

We're constantly refining our hiring and employment screening processes to facilitate the swift and efficient onboarding of New Hires. These refinements include automating portions of our hiring process, conducting informational sessions and webinars for potential Candidates, and offering virtual interview options.

In 2022, we updated our processes to require diverse Candidate slates for all new open Leadership positions, ranging from Supervisor to VP. We perform quarterly audits on our Candidate slates to evaluate adherence to this commitment.

Retention

Southwest's compensation strategy rewards hard-working Employees and boosts our market competitiveness. By increasing our starting hourly rates, all hourly Employees covered by CBAs earn at least \$17 per hour, a change that reflects our commitment to current and prospective members of the Southwest Family. As part of our comprehensive Total Rewards package, we also cover parking costs for Employees at Stations or Bases. We're continuously working to improve our offerings to reward Employees and positively impact recruitment and retention efforts.

At Southwest, we believe in **empowering Employees** to create their own careers that fit the goals and lifestyle they want.

Our Career Mobility Team helps Southwest Employees proactively prepare for internal career opportunities through services like individual career advising sessions, interview preparation resources, and virtual information sessions. Career Mobility has grown consistently since its inception in 2020. In 2023, nearly 6,000 appointments were booked, with interview preparation being the most popular service. We also expanded our virtual event presence to raise Employee awareness about various career opportunities within Southwest. Most internal opportunities are posted for seven days, allowing Employees to explore and apply for roles that interest them, further supporting their career goals.

To enhance the Candidate Experience, we provide clear and detailed information about open roles. We've created "Day in the Life" videos, added specific landing pages to our [Southwest Careers website](#), and hosted virtual pre-hire information sessions to provide a holistic overview of various job responsibilities. These efforts are designed to give Candidates and pre-hires a comprehensive understanding of potential roles and align expectations from the outset.

We closely monitor metrics like applicant-to-hire ratios, time to hire, Candidate pipeline strength, New Hire turnover, retention rates, and progress toward our DEI goals. Starting in 2023, we began tracking Candidate sentiment during the hiring process. We provide regular Stakeholder engagement across the organization, involving both our People Department and internal Hiring Leaders in the decision-making process for future recruitment and retention initiatives.

Recruitment

Our Talent Acquisition Teams dedicate themselves to building strong talent pipelines that inspire individuals from all backgrounds to pursue meaningful careers at Southwest Airlines. Several recruitment initiatives contribute to our robust talent pipeline, including outreach and hiring events, an Employee referral program, and working toward a more efficient and transparent hiring experience.

Events, Outreach, & Pipelines: Throughout 2023, Southwest Employees attended or sponsored more than 500 hiring and outreach events across 66 cities. Events ranged from career fairs to elementary school visits and focused on current talent pools and building future pipelines. Key 2023 events and outreach included Experimental Aircraft Association (EAA) AirVenture, Women in Aviation International (WAI), and the Organization of Black Aerospace Professionals (OBAP).

Employee Compensation, Benefits, & Health

2023 Spotlight

- Invested more than \$1.7 billion in Employee benefits, excluding Company contributions to 401(k) and ProfitSharing Plans
- Invested \$10 million to realign Noncontract Employee wages with changing market rates
- Starting in 2024, we began providing immediate medical, prescription drug, and dental coverage for New Hires, along with expanded fertility benefits to better support our Employees' families

We believe in supporting our Employees' wellbeing in all aspects of their lives. That's why we offer a comprehensive compensation and benefits package, enhanced by a wide variety of programs and resources targeted at our Employees' physical, mental, and financial health. An effective total rewards package is essential to attracting and retaining great People who can deliver Southwest's unique brand promise to our Customers.

Benefits

Our substantial investment of more than \$1.7 billion in Employee benefits in 2023 (excluding Company contributions to the 401(k) and ProfitSharing Plans) underscores our commitment to the welfare of our People.

We offer comprehensive health benefits, including medical, prescription drug, dental, vision, and various

voluntary insurance benefits and health support services, to safeguard our Employees and their families. In 2023, we enhanced our health care offerings to include high-quality orthopedic care and surgery, hypertension management, and access to top experts for rare and complex cancer treatments, with minimal or no cost for our Employees and their covered family members. Starting in 2024, we also began providing immediate medical, prescription drug, and dental coverage for New Hires, along with expanded fertility benefits to better support our Employees' families.

Southwest provides a comprehensive retirement program to support our Employees' long-term financial wellbeing. This includes a 401(k) plan with a generous Company contribution of up to 9.3% of eligible earnings (Pilots received a 15% non-elective contribution in 2023), complemented by a ProfitSharing Plan. In 2024, the nature of Southwest's 9.3% contribution will vary based on Employee role. It could either be a dollar-for-dollar match up to the IRS limit or a mix of a contribution match along with a non-elective contribution. Company match contributions are subject to limits specified by the Board of Directors, the Internal Revenue Code, and applicable U.S. Treasury regulations.

In addition, Southwest may contribute a percentage of its eligible pre-tax profits, as defined in the ProfitSharing Plan, on an annual basis to the Southwest Airlines Co. ProfitSharing Plan—a defined contribution plan. No Employee contributions to the ProfitSharing Plan are allowed. The amount associated with Southwest's defined contribution plans expensed in 2023, reflected as a component of salaries, wages, and benefits, was \$941 million.

For qualified Retirees, we also provide post-retirement benefits in the form of medical and dental coverage. Employees must meet service and age requirements as

set forth by the Company, or as specified in CBAs with specific workgroups. Employees meeting these requirements, as defined, may use accrued unused sick time to pay for medical and dental premiums (or pay them in cash) from the age of retirement until age 65. All post-retirement medical and dental benefits are unfunded, and Southwest pays benefits as they become due. Estimated future post-retirement benefit payments expected to be paid are \$15 million in 2024, \$18 million in 2025, \$19 million in 2026, \$20 million in 2027, \$21 million in 2028, and \$127 million for the next five years thereafter.

Regular communications are provided to our Employees to make them aware of and give them access to these resources throughout the year. From healthy living and financial education sessions with retirement plan advisors to mental health webinars, we offer a diverse range of tools and resources to help our Employees thrive.

Employee Benefits

 <p>Health coverage</p> <p>Including medical, mental, prescription drug, dental, and vision as well as an Employee Assistance Program.</p>	 <p>Company-provided insurance</p> <p>Life insurance and accidental death and dismemberment insurance as well as optional life and other voluntary benefits.</p>	 <p>Disability coverage</p> <p>Short-term disability for Noncontract Employees and Employees whose CBA provides, loss of license disability for Pilots, and conventional long-term disability for all other Employees.</p>
 <p>Financial benefits</p> <p>Including retirement savings through a 401(k) plan that includes generous Company contribution, an Employee Stock Purchase Plan, and a ProfitSharing Plan.</p>	 <p>Paid time off</p> <p>Including vacations, personal time, sick time, disability, holidays, and for Noncontract Employees and other Employees whose CBA provides, paid parental leave.</p>	 <p>Post-retirement medical and dental coverage</p> <p>Employees meeting service and age requirements (or the requirements specified in CBAs for specific workgroups) from the age of retirement until age 65.</p>

Compensation

Our Compensation Philosophy states that, **“Our People are our single greatest strength and most enduring long-term competitive advantage.”**

To that end, Southwest strives to offer fair and market-competitive pay for all Employees. Our compensation strategy recognizes and rewards performance, and positions Southwest to successfully retain our People. We put processes in place to routinely evaluate all compensation decisions for Noncontract Employees using five basic principles:

- Market data sourced from reputable third-party surveys
- Internal equity, which evaluates pay relative to the pay of other Employees performing similar work
- Position history of the individual Employee
- Performance of the Employee in their role
- Budget availability

Applying these basic principles reduces the risk of compensation decision bias for our Employees not already covered by CBAs.

As of December 31, 2023, approximately 83% of our total Employee population is covered under CBAs that prescribe compensation for all qualified Employees based generally on seniority, which helps to eliminate any potential gender (or other protected class) bias in compensation. For Employees not covered by a CBA, the Average Salary by Paygrade and Gender chart indicates a very close salary parity between males and females within the organization.

By reviewing our Noncontract male and female salaries by grade level, we can closely approximate a pay equity comparison at the job level and determine the correlation of similar pay for similar work. The Average Salary by Paygrade and Gender chart represents salaries for all Noncontract Employees, with the exception of our Named Executive Officers, whose salaries are disclosed in the [Proxy Statement](#) and determined by the Board of Directors. Certain paygrades may have very few or only one Employee within the grade level. We regularly review gender salary equity as part of our annual compensation evaluation.

In addition to internal comparisons, we regularly review Noncontract Employee compensation through quarterly reports, an annual merit cycle, and independent surveys. These efforts help our pay rates remain competitive with the external market. In 2023, we invested a total of \$10 million to realign Noncontract Employee wages with changing market rates, while also reaching agreement on competitive wages for Employees in five different workgroups represented by CBAs.

When comparing our Noncontract average Employee salaries by gender to the external market salary midpoints by gender, the results are similar, with variations between the male and female ratios of less than 0.2% to the market average. For both male and female Employees, average salaries are slightly higher than the external market midpoints.

Our benchmarking approach is thoughtfully tailored for each workgroup, focusing on the total rewards offered by competing employers. For Employees covered by a CBA, we primarily compare rewards with those in the airline industry. However, we also consider comparisons with employers in warehousing, hospitality, call center operations, and other sectors. In contrast, rewards for Noncontract Employees are benchmarked against a diverse group of employers, typically within the Fortune 500. This includes companies in technology, finance, professional services, and the airline industry.

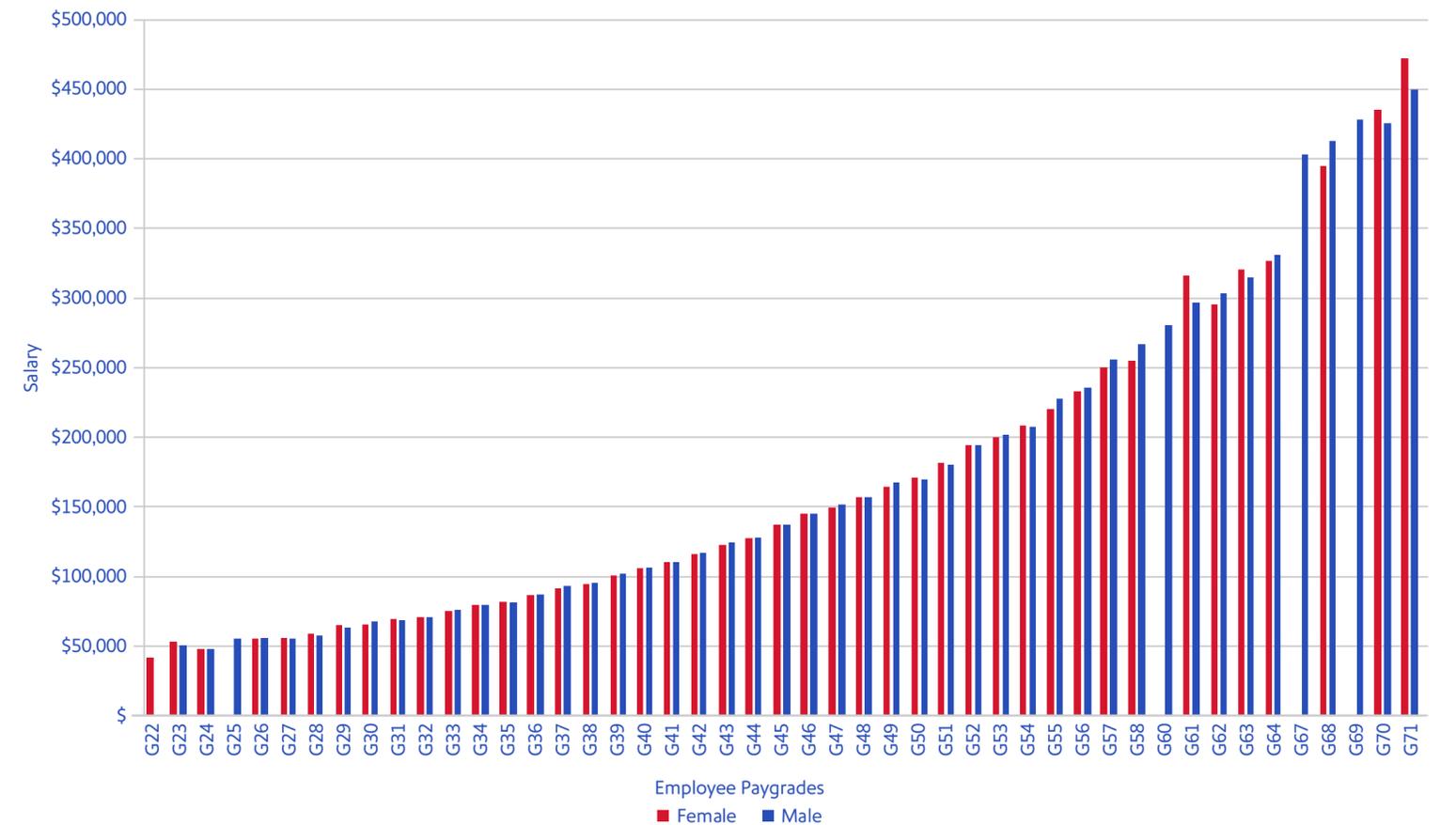
To maintain competitive Noncontract salaries in line with the external market, we engage in multiple external compensation surveys. Survey insights help guide the refinement of our compensation structure. Additionally, we regularly assess our Employees' salaries by calculating a Salary Competitiveness Ratio every quarter. These valuable insights help us keep our compensation practices aligned with market trends.

Employee compensation and benefits have a direct impact on Southwest's current and future Employees and can also impact external factors such as economic participation.

A stable and well-paid workforce can positively impact local economies in the communities where our Employees live and work. Famous for our Employee-first corporate Culture, Southwest maintains an unprecedented record of no involuntary furloughs or layoffs in its history. Additionally, Southwest acknowledges the impact and importance of Employee wellbeing and is taking steps to enhance our Employee benefits in order to improve the health and wellbeing of our workforce.

Average Salary by Paygrade and Gender

Salary assessment by gender indicates very close parity within the organization between male and female salaries by grade level



Employee Training, Education, & Career Development

2023 Spotlight

- Launched the Southwest Learning Summit, an all-virtual development event to inspire lifelong learning for any Southwest Employee
- Expanded development opportunities for Employees to continue their growth and prepare Southwest for the future
- Received the Don Clifton Strengths-Based Culture Award from Gallup

At Southwest, we're dedicated to inspiring our Employees to realize their full potential. From New Hires to seasoned Leaders, we want our People to achieve their professional goals through comprehensive and continuous learning and personal growth. Our many development-focused teams, including Southwest Airlines University (SWAU), Talent & Leadership Development (T&LD), Flight Operations Training, Technical Operations Training, and other departments are all passionate about cultivating talent.

Recognizing the evolving needs of our workforce and responding to Employee feedback for more learning and development opportunities, we continually update, enhance, and introduce meaningful training and programs. Some of the 2023 highlights include:

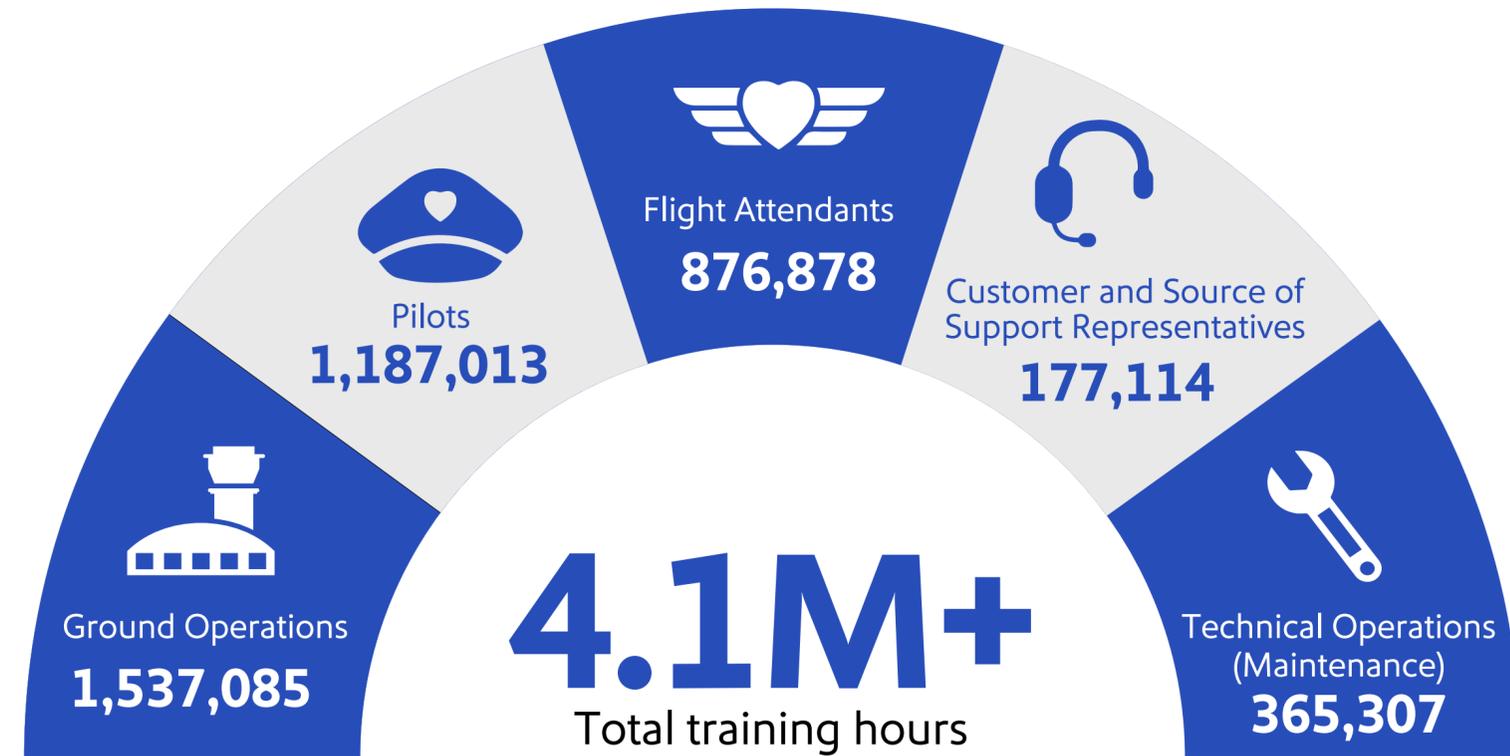
- **Southwest Learning Summit:** Our new all-virtual development event features Employees, Leaders, and external experts sharing career and development insights

and best practices. Each session focuses on a different Company Value designed for Employees to understand the importance of their roles at Southwest and how they can bring their best selves to their Teams. This new development opportunity provides accessible education moments and inspires lifelong learning for Southwest Employees. Throughout 2023, nearly 4,000 Southwest Employees attended a Learning Summit event.

- **Creating a Workplace of Belonging & Wellbeing Training:** In 2023, we launched the "Creating a Workplace of Belonging & Wellbeing" training program to deepen Employees' understanding of Belonging and equip them with effective stress management techniques. The program comprises mandatory courses for Noncontract Employees that promote an inclusive and respectful work environment and guide Employees on how to help create a welcoming Culture for all. Several courses provide practical tools for managing stress and fostering wellbeing, as well as tips on excelling in high-pressure scenarios. We assess participation and engagement levels to gauge the program's effectiveness. We've also introduced more development opportunities for Leaders, including programming focused on inclusive Leadership.

2023 brought more highlights, including our Don Clifton Strengths-Based Culture Award, which celebrates our continued commitment to becoming the first Strengths-based airline. As of December 2023, all Noncontract Employees received access to the Strengths assessment and associated learning. We're introducing Strengths to all Operational Leaders and Employees in some operational workgroups in 2024, with access available for all Employees planned for the end of 2025.

Operational Employee Training Hours



Continuous Development

Our training and development approach evolves with Southwest Employees throughout their careers. The journey begins on day one during onboarding. Southwest New Hires undergo a thorough training program at our Corporate Campus in Dallas, Texas which includes a celebratory welcome, an all-day onboarding class, and extensive information on our Company Culture and benefits. Operational Employees receive additional training focused on Safety and operational proficiency before progressing to training aimed at upskilling.

Beyond onboarding, we're proud to offer various optional learning opportunities for Employees to further their personal development throughout their careers. With different modalities, including classroom instruction, distance learning, on-the-job training, mentoring, and blended learning, Employees can shape their careers to fit their individual goals and lifestyles.

- **Southwest Learning Center:** Created in 2020, this resource aims to meet the growing demand for development tools. We encourage both new and tenured Employees to take charge of their professional and personal development by exploring the Center's offerings. These offerings are quick learning opportunities, including documents, videos, podcasts, and computer-based training. We updated the Southwest Learning Center to provide Employees with a clean, simple catalog of virtual training opportunities for required training and optional curriculum.
- **Google Career Certificates Program:** We launched the Google Career Certificates program in 2023 for our operational Employees. Google Career Certificates are flexible, online training programs that enable participants to upskill around high-demand, job-ready skills. Courses range from data analytics and cybersecurity to project

management, UX design, digital marketing, and more. In 2023, we issued licenses to nearly 500 users, with 489 learners logging more than 3,832 total learning hours and an average of 8.4 hours per learner. Based on this early momentum, we expect even stronger participation in 2024.

- **Southwest Mentorship Program:** In 2022, we introduced a Companywide mentorship program, which offers a connection with another Employee and an opportunity to work toward shared goals. The program emphasizes the value of mutual learning and relationship building. Any Southwest Employee with at least six months of Southwest service can participate in the six-month formal mentorship to learn new skills and explore different areas of the business. Each pairing receives a comprehensive mentorship guidebook, access to a wealth of internal and external resources, and dedicated support from the Mentorship Program Team to foster meaningful connections. Since 2022, the program successfully paired 1,668 Employees.
- **Performance Management:** Noncontract Employees at Southwest engage in regular one-on-one meetings (1:1s) with their Leader to support their professional development. These meetings are essential for Employees to receive feedback and discuss their performance, development, and career aspirations. Leaders are equipped with resources and monthly topics to keep 1:1s productive and focused on the Employee's growth. Performance check-ins for eligible Employees take place mid-year to review progress and year-end to celebrate achievements and set priorities for the following year. Check-ins evaluate the Employee's behavior, performance, and development in alignment with our Company Values, competencies, and specific role priorities.



Leadership Development

We're committed to cultivating the next generation of Southwest Leaders through various training programs. These programs are tailored to new and seasoned Leaders, equipping them with the tools and skills needed to lead effective Teams. Each training initiative focuses on enhancing Leadership competencies, including DEI, business acumen, and other critical Leadership skills.

- **Leadership Conference:** The Leadership Conference aims to inspire and develop Southwest Leaders through dynamic, engaging content. This annual two-day hybrid event includes Leadership Summit and Operations Assembly sessions for Supervisors and above. The 2023 Leadership Conference brought together hundreds of Southwest Leaders from more than 40 departments, furthering our commitment to shaping a Culture of learning and development.

- **360° Leadership Development Feedback Program:** In 2023, Managing Directors and Directors participated in the Southwest 360° Leadership Development Feedback Program. This program assists Leaders in identifying and enhancing their strengths, recognizing areas for improvement, increasing self-awareness, and establishing specific development goals. Leaders in the program completed a Leader 360° survey, received a personalized feedback report analyzing Southwest Competencies for Leaders, and participated in a one-on-one coaching session with a certified Gallup coach.
- **High Impact Development Portfolio:** The High Impact Development programs—High Impact Leader I and High Impact Leader II—accelerate the development of our high-performing Leaders by combining educational, experiential, and reflective learning experiences with virtual, in-person, and self-paced learning. These programs are exclusively for Leaders with direct reports. The 2023 inaugural cohort of the High Impact Leader I Program for Supervisors, Team Leaders, Assistant Managers, and Managers included 45 Leaders who represented a range of backgrounds and departments within Southwest. Each participant contributed unique perspectives and essential skills for leading Southwest Airlines into the future. Since the programs began in 2022, 116 Leaders graduated from High Impact I and II.

**Since 2022,
116 Leaders
have graduated
from High
Impact programs.**

New initiatives like the Southwest Learning Summit reflect our dedication to fostering a Culture of continuous learning and growth. As we continue to expand our career development efforts, we empower our Employees to achieve their full potential and better position Southwest for long-term success.



“Our investment in Leadership and Employee development programs continues to be a game-changer for engagement and retention efforts. I’m proud of our work delivering on our Company Promise to provide a stable work environment with equal opportunity for learning and personal growth by democratizing learning, nurturing individual talent, and preparing Southwest for future growth.”

Kristi Owens

Vice President, Talent
& Leadership Development

Employee Experience, Culture, & Engagement

We believe our Culture sets us apart from the competition. Our nine Company Values, which describe how we show up as individuals, how we treat each other, and how we work together for the success of Southwest, are cornerstones of Southwest's Culture. As a Company, we make a promise to our Employees to provide a stable work environment with equal opportunity for learning and personal growth. Employees are provided the same concern, respect, and caring attitude within the organization that they are expected to share with every Southwest Customer. Our Values, combined with our Company Promise and Employee Promise, define The Southwest Way.

Our award-winning Culture is about much more than making Southwest a great place to work. It's a big part of what drives our success as a Company. And because Culture is that important, we make it a strategic priority. Reinvigorating our winning Culture is the first of our [Foundational Five](#), a set of strategic priorities designed to help guide all the great work we'll do through 2026. Additionally, we designated Live our Southwest Way Values as one of five focus areas for 2023. Living our Southwest Way Values means focusing on the "we" before "me." We win when we support each other, serve others, and work together as a Team.

Culture & Employee Engagement

Culture Ambassadors are one of the many ways we invest in and strengthen Culture across the organization. Culture Ambassadors are Southwest Employees in every location that lead and champion Culture efforts at the local level. They're supported with dedicated training, supplies, and internal digital platforms for idea and resource sharing. We also provide each workgroup with their own annual appreciation and meal budgets to recognize Employees for their hard work during times like peak seasons and holidays.

We drive participation through a consistent, year-round program cadence.

Southwest Leadership takes an active role in supporting our Company Culture. Clear goals and guidelines are set for our SMC around conducting location visits, keeping Leadership focused on engaging with and listening to Frontline Employees. Each year, SMC members who don't lead Frontline workgroups, including all VP-level Leaders and above, are assigned to specific Southwest Stations. They're expected to make a designated number of annual visits or touchpoints with these Stations and provide feedback on Employee morale and any follow-up actions needed. The completion of these visits and the feedback gathered are reported monthly to the CEO, serving as a measure of accountability for this engagement program.

Southwest has a rich history of investing in Employee programs and events that create opportunities for

Employees to hear from Leadership, connect with each other, and celebrate accomplishments. And throughout 2023, we continued to make the most of these opportunities. Events included Southwest Rallies (our version of town halls, which have in-person and virtual options), annual Spirit Parties, recognition events such as our Heroes of the Heart and President's Award recipient celebrations, and our Service Anniversary party—a yearly celebration for Employees celebrating milestone anniversaries. We also continued long-standing traditions such as our Halloween festivities and our annual Chili Cookoff.

We continuously strive to improve our event experiences and make them accessible and enjoyable for all. In 2023, we began adding an engagement dimension to our post-event satisfaction surveys. New questions seek to understand how Employees feel celebrated or appreciated after attending a Company event.



Recognition

Recognition is a long-standing part of the Southwest Culture and we continue to invest in our recognition platform and programs. The Southwest Airlines Gratitude (SWAG) platform gives Employees the opportunity to recognize and thank one another and earn SWAG Points that they can redeem for merchandise, gift cards, experiences, charitable contributions, and even Rapid Rewards® Points. These points can be earned through various Company programs, including:

- **Company Goals Incentive:** At a Company level, we designed a new 2023 Company Goals Incentive program, establishing a metric and target for each of our five Company goals for the year. Each quarter, we rewarded Employees with SWAG Points for progress toward these goals.
- **Peer-to-Peer Programs:** We have a strong peer-to-peer recognition program that enables Employees to send a Kick Tail™ (thank you) to their Cohearts as well as various nomination programs for special SWAG Point-based awards, including our Spotlight Awards, Winning Spirit Award, and President's Award.
- **Leader-driven Program:** To reinforce the importance of Leader-to-Employee recognition, in 2023, we reintroduced physical On the Spot cards to complement our electronic On the Spot awards. All People Leaders can give On the Spot awards of SWAG Points to Employees who are going above and beyond expectations.

Within most of these recognition programs, the sender selects the Value the recipient demonstrated, further reinforcing our Company Values outlined in The Southwest Way.

Improving the Moments that Matter

The Employee Experience Team at Southwest manages a dynamic and comprehensive strategy to actively engage with Employees and better understand their Southwest journey. This includes conducting biannual Companywide surveys that cover a range of topics such as Teamwork, Belonging, resilience, career development, and even the impact of current events. These insights are used to generate an Employee Engagement score, derived from five key engagement factors, and an Employee Wellbeing score that assesses six aspects of wellbeing. Together with focus groups that provide deeper qualitative insights, these scores offer a comprehensive view of Employee sentiment and progress.

At the end of each year, these insights are used to develop department-level action plans, which are shared with Employees. Additionally, we leverage different attributes of our Employees to review results, which allows for a more personalized representation of how our Employees are doing. Examples of these attributes are generation, tenure, department, and location.



Discover the Different Ways Feedback is Heard at Southwest

At Southwest, every voice matters. Feedback is vital to help Southwest Leadership better understand and improve the Employee experience at Southwest Airlines.

- **Companywide Employee Survey:** In the spring and fall, Southwest opens the Companywide Employee Survey to understand Employee engagement, overall sentiment, and improvement opportunities
- **Voice of Employee Panel:** Open to all Employees, the Voice of Employee Panel uses short surveys to gather feedback, input, and suggestions on a variety of topics for the Company and working Teams
- **Employee Focus Groups:** Employee focus groups obtain feedback directly from Frontline Employees via in-person or virtual guided discussions to more deeply understand moments that matter, identify key pain points, and gain frontline expertise on projects in progress
- **Operational Department Channels:** Driven through each department's specified channel, Employees can voice concerns about day-to-day operational issues, submit reports, and provide feedback to help identify and resolve issues as they arise
- **SMC Cares:** All members of our SMC adopt Southwest locations over a two-year term to connect with Employees and Leadership
- **Frontline Forums:** Operational workgroups run forums to enable their Frontline Employees to share expertise, discuss concerns, and develop potential solutions [e.g. President's Council, Flight Attendant Strategic Team (FAST), Customer Support & Services (CS&S) Advisory Board, Tech Ops Council, Ground Operations Advisory Team]
- **Company Sponsored Events:** Company events such as Rally, Spirit Party, Chili Cookoff, and Halloween provide opportunities for Employees to connect to our unique Culture and share feedback directly with Leaders
- **Employee Town Halls:** Led by department and Company Leaders, these forums allow Employees to hear directly from Leaders and participate in question and answer sessions
- **Company Social Networks:** Social networks such as All Company Viva Engage and SWA Culture Facebook enable Employees to share their voice and engage with Cohearts
- **Journey Moment Survey:** Launched in 2023, these surveys offer Employees real-time feedback opportunities at significant points in their journey with Southwest, such as onboarding and offboarding

We're dedicated to improving the Employee experience by investing in the moments that matter along the Employee journey. In 2023, we expanded our data collection efforts to include Journey Moment surveys. The effectiveness of each moment is assessed using Employee Journey scorecards. Scorecards draw on many data sources, including Employee surveys and focus groups as well as other People data, relevant operational metrics, and benchmarking studies. To further this effort, we identified specific Executives as Journey Moment "owners," responsible for turning this enhanced data and visibility into actionable Employee experience improvements.

We also launched another important channel in 2023 to capture Employee feedback called the Voice of Employee Panel. Open to any Employee regardless of role or tenure, ad hoc surveys pulse Employees on hot topics and capture their input on focus areas. We follow each survey with an email update about the results and what the responsible Teams are doing with the feedback. We also actively engage with Employee forums, such as our President's

Council, Diversity Council, and Culture Ambassadors, which are primarily composed of Frontline Employees. When possible, we involve them early in the design of new Employee-focused programs to help meet the needs of our diverse and widespread Employee population.

Our focus on key moments continues to yield results. Recent improvements to New Hire Onboarding are a great example for 2023. Building on our work in 2022, the Onboarding Experience Team mapped the New Hire experience from offer accepted through the end of the first year of employment. This helped guide improvement initiatives for 2023, including the continuation of our WingMate program that pairs New Hires with a more tenured Southwest Employee, as well as the launch of a New Hire email campaign that provides more information relevant at specific times throughout their first year of employment.

Similarly, in 2023, we partnered with our Ground Operations Department and People, Learning, &

Development organization to improve the Employee Experience locally. We conducted a listening tour that included observation, job shadowing, and focus groups to understand the opportunities to make the experience better at specific locations. From there, we partnered with Teams to identify a series of projects aimed at making the day-to-day Employee experience stronger.

More informally, we maintain and monitor an internal-only Facebook group called SWACulture. The group started as a way to help connect Employees and promote the Southwest Culture. As this channel has grown, it's become a meaningful source of real-time sentiment and hot topics raised by our Employees. We incorporate SWACulture page metrics and posts with the highest engagement (both positive and negative sentiment) into our internal communications measurement scorecard on a weekly basis for our executives. At the end of 2023, we had 22,679 Employees and Retirees on the site, with more than half of those members active at any given time.



Southwest



"Since Southwest's first flights more than 52 years ago, our People have been our competitive advantage. Part of caring for our Employees is listening to their feedback, and we conduct two Companywide surveys annually. Employees also share feedback via department channels, participating in focus groups and panels, and through other forums. We believe strongly that if we listen, and take great care of our Employees, they will deliver outstanding Southwest Hospitality to our Customers."

Whitney Eichinger

Senior Vice President & Chief Communications Officer

Southwest Employee Snapshot 2023



79,519

Total Employees at Year-end

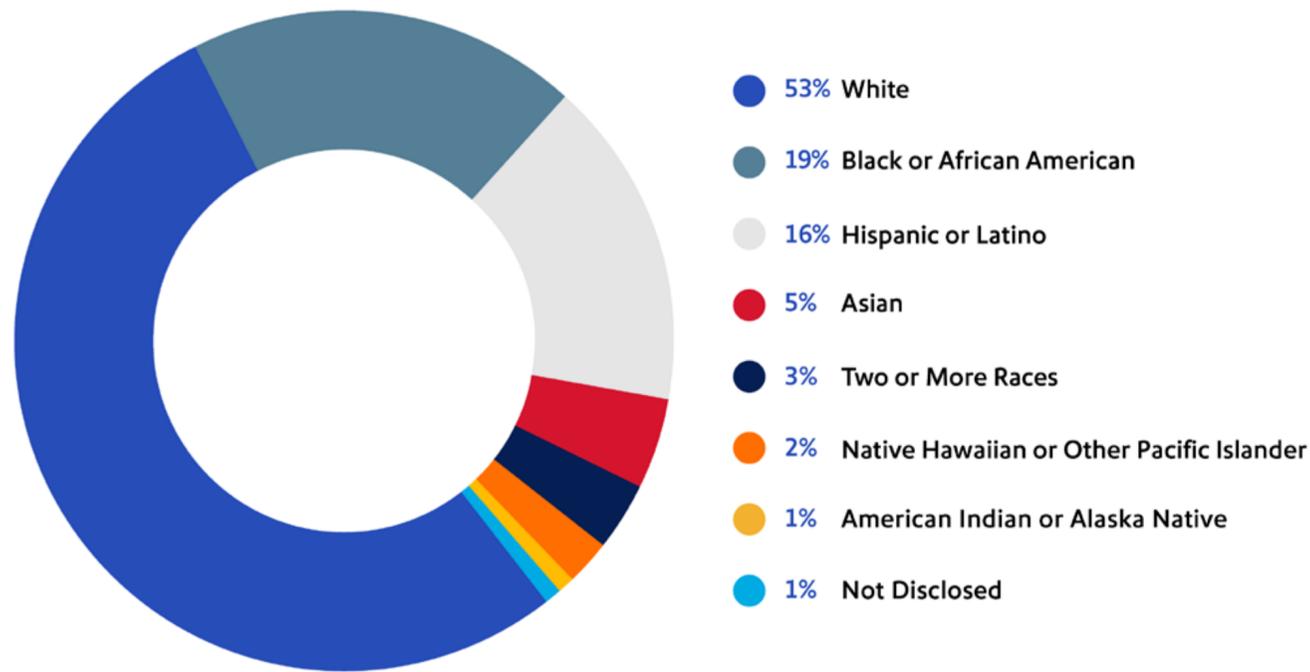
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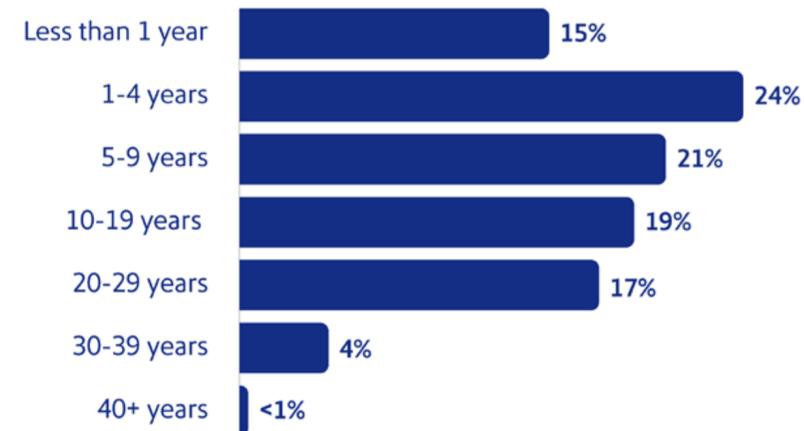
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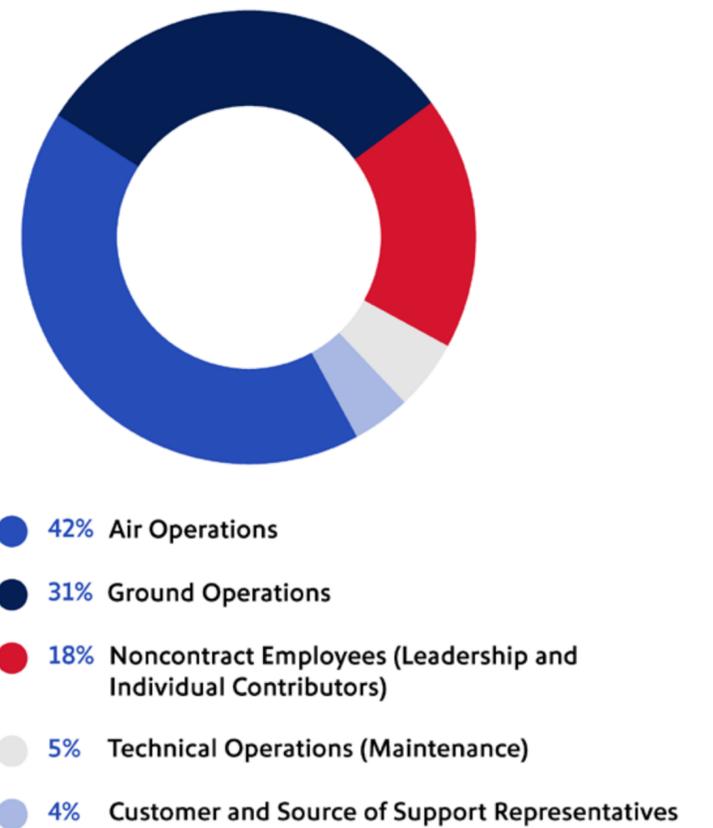
By Ethnicity/Race:



By Tenure:



By Workgroup:



9.1% Turnover Rate

15,283 Total Number of New Hires

Freedom of Association & Collective Bargaining

2023 Spotlight

- Ratified new agreements with five workgroups in 2023—our Facilities Maintenance Technicians, Dispatchers, Meteorologists, Mechanics and Related Employees, and Material Specialists
- Since October 2022, Southwest ratified agreements with 11 of 12 workgroups

In 2023, we ratified new agreements with five workgroups—our Facilities Maintenance Technicians, Dispatchers, Meteorologists, Mechanics and Related Employees, and Material Specialists. Additionally, in 2024, we ratified new agreements with our Pilots, our Flight Attendants, and our Ramp, Ops, Provisioning, and Cargo Employees.

At Southwest, we respect the legal rights of our Employees, including the right to free association and collective bargaining. Approximately 83% of our workforce is represented by labor unions (as of December 31, 2023). The Railway Labor Act (RLA) establishes the right of our Employees to organize and bargain collectively. Our approach to collective bargaining focuses on negotiating agreements that achieve positive outcomes for our People and Southwest.

The RLA governs Airlines' CBAs. Under the RLA, a CBA does not expire, but instead becomes amendable on a certain date. In 2023, we continued traditional negotiations and remain committed to reaching agreements with our union partners in a timely manner. Senior Leadership, including our Chief Operating Officer, regularly receive updates on progress made in negotiations by our Labor Relations Department and Legal Team, and implementation schedules are put in place for changes when a new agreement is reached.

The RLA requires an airline and the union to negotiate and to “exert every reasonable effort” to reach an agreement. In the event the parties are unable to reach an agreement, either one or both parties may request the National Mediation Board’s (NMB’s) mediation services. During this time, there is a long process that must be followed before the parties could be released from mediation and consider “self-help,” which could include strikes by labor or implementation of management’s proposals. Historically, Southwest has always reached an agreement with its unions after going through mediation with the NMB, and 99% of all mediation cases brought before the NMB since 1980 have resulted in an agreement.

Our Annual Report on [Form 10-K](#) contains more information on the various unions representing our Employees. Southwest reviews its approach to collective bargaining on an ongoing basis, and as outlined in the Annual Report on Form 10-K, CBAs are reviewed and renegotiated periodically.

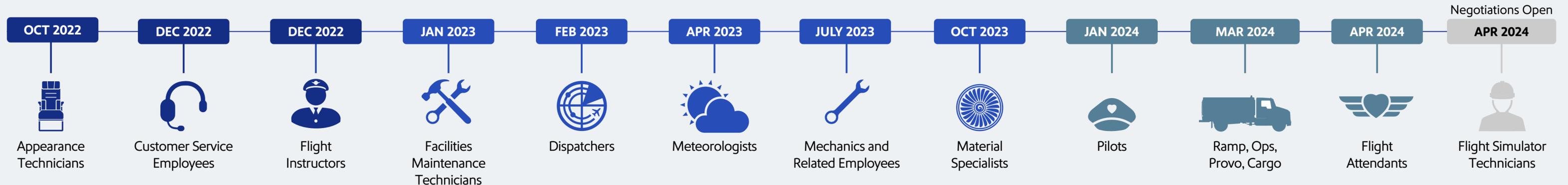
“Our Labor Relations Team at Southwest Airlines is committed to negotiating in good faith with our Union partners to reward Employees and support our business.”

Adam Carlisle

Vice President, Labor Relations

Collective Bargaining Agreements Timeline

Since October 2022, 11 union-represented workgroups have ratified new agreements, covering more than 41,000 Southwest Employees



Diversity, Equity, & Inclusion

2023 Spotlight

- Launched Employee Resource Groups (ERGs) to spark engagement among our Employees within dimensions of diversity or identity, focusing on connection, community, and career
- Introduced “Creating a Workplace of Belonging” training to equip Employees with the necessary tools to create a workplace Culture that is welcoming to all
- Encouraged participation in our Self-ID initiative by inviting Employees to voluntarily validate or share personal information, giving us a more detailed view of our workforce

The DEI Department helps foster a Culture of Belonging based upon the principles of equity and inclusivity for all Employees. We are committed to a workplace where all Employees are valued for their individuality, respected for their unique backgrounds and skills, and appreciated for their contributions to our overall success.

We reflect our commitment to DEI in the practices and Teams that turn that commitment into innovation and positive change, including evolving our recruitment and development practices, creating robust community partnerships, and increasing diversity among Leadership.

The People Goals table outlines the DEI goals we set in 2020 and the actions we’ve taken toward achieving them. Our DEI goals are aimed at strengthening our Culture and continuing to represent the diverse communities we serve.

The Board of Directors committed to increasing diverse representation on the Board by 2025 (as compared to 2020). For additional information on this commitment, please refer to [Board Composition](#) in the Governance section.

People Goals

Goal	Actions Taken
Hiring & Development	
 Evolving hiring and development practices to support broadening our talent pipelines, including posting all new open Leadership positions (VPs and below) and requiring diverse Candidate slates for each role	Created Inclusive Hiring training for all Hiring Managers Created a Pipeline and Programs Team within Talent Acquisition to focus on partnerships across the country to aid in diversifying our talent pipeline
SMC (Executive) Diversity	
 Doubling the percentage of racial diversity and increasing gender diversity in our SMC by 2025 as compared to July 2020	Our requirements for posting all new, open VP positions and requiring a diverse Candidate slate is part of our overall Talent and succession planning activities, which includes a focus on building a diverse bench for our SMC Since 2020, we increased the racial diversity of our SMC Members by four percentage points
Senior Leadership Diversity	
 Measuring progress in increasing diversity in Senior Leadership as compared to July 2020	Published our second annual DEI Report in May 2023 highlighting our efforts in People, Culture, community, and supply chain and shared diverse demographics at each level of the organization Among Senior Leadership, racial diversity increased from 15% to 18% and gender diversity increased from 33% to 39% Required a diverse Candidate slate for all open and new Senior Leadership positions
Community Partners	
 Engaging a breadth of community partners to leverage the Company’s relationships in sourcing diverse talent	With more than 400 community partners, we’re working to grow these relationships across the country and we work with our partners to help grow our Candidate pipelines In 2023, we participated in over 250 DEI-focused hiring and outreach events, engaging with over 50,000 individuals throughout the country

The DEI Department focuses on four strategic areas to help us identify opportunities, move our DEI efforts forward, and meet our goals. These focus areas include:

- **Culture and Values**
- **Talent**
- **Brand, Reputation, and Social Topics**
- **Communication and Reporting**

Culture and Values

Our approach to DEI is deeply rooted in who we are and what we stand for as a Company. We're a Company of People from diverse Cultures, backgrounds, experiences, and viewpoints. And we recognize, respect, and value those differences. We firmly believe that a Culture that embraces and leverages diversity fosters competitive advantages in Teamwork and innovation that drive our success. Each Employee contributes their unique talents, creativity, and individuality, making Southwest the incredible Company it is today.

We invest in a number of important initiatives that bring our inclusive Culture and Values to life. In recent years, we launched our "Every. Single. One. Of. Us." Campaign, a narrative that underlines our commitment to DEI and every Employee's importance in our Company. We also reinstated our Diversity Council and published our first DEI Report in 2022, which provides a transparent account of our DEI journey. The 2023 DEI Report is available for download at SouthwestOneReport.com.

Through resources, events, recognition, and celebrations of Culture, heritage, and pride, we continue to provide our Employees with educational tools and opportunities to celebrate their unique identities.

2023 marked the official launch of our ERGs. ERGs are Company-sponsored and are organized around specific dimensions of diversity or identity. Aligned with our Southwest Values, each ERG has two Executive Sponsors

and is led by Employees. They are open to all Employees who support their missions. Corresponding with our cultural, heritage, and pride months, our seven ERGs include Able@SWA, Black Excellence Advancing Together@SWA (B.E.A.T.), Corazón@SWA, Military@SWA, Out & Proud@SWA, Resilient Asian & Pacific Islander Descendants@SWA (R.A.P.I.D.), and Women@SWA. These groups embody our commitment to diversity and inclusion, helping us realize our full potential by supporting our Employees.

We also launched our ERG Community Grants program, which further bolsters the impact of our ERGs in the communities we serve, fosters teamwork and collaboration within the ERG membership, and allows ERGs to allocate funds for investment in the nonprofit organizations who are addressing the pressing issues that impact our diverse communities. Each ERG was provided a grant budget of \$2,500 to award to one to two nonprofits of their choice. In total, eight deserving nonprofit organizations received ERG Community Grants totaling \$17,500.



“Serving as the Executive Sponsor of B.E.A.T., I am honored to champion the professional development of Black Employees through dedicated career education, impactful mentorship, and community-focused initiatives. I take pride in supporting this transformative program to positively impact not only Black Employees, but also contributing to the growth of Southwest Airlines.”

Tony Roach

Senior Vice President &
Chief Customer Officer Executive
Sponsor of B.E.A.T.@SWA

In addition to our ERGs, our Employee-led Groups (ELGs) began in 2021 to create communities based on similar interests amongst Employees. ELGs are an Employee-driven, inclusive, and organic way to build connectedness and enhance a sense of Belonging. We have more than 19 ELGs based on topics that are important to our Employees.

ERG Mission Statements



Ensuring an equitable and inclusive Culture where Employees with disabilities can participate fully and meaningfully



Creating an inclusive environment by celebrating Black Culture and experiences, ensuring Members feel appreciated, seen and cared for



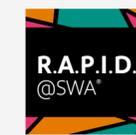
Fostering our Hispanic/Latino/a/x community and promoting diversity through professional development and community service



Providing a community of support and camaraderie by connecting military veterans and their Cohearts with knowledgeable resources



Advancing our Culture of inclusivity for the LGBTQ+ community and their allies by empowering Cohearts to be their authentic selves



Building a community where Employees can identify with and celebrate Asian & Pacific Islanders' Culture and develop professionally



Creating a space for women to express their diverse perspectives, encourage professional development, build leadership skills, and mentor Cohearts

Throughout 2023, we took great pride in celebrating various cultural, heritage, and pride months. These commemorations honor the diversity of our Employees and the communities we serve. We celebrated occasions such as Black History Month, Women's History Month, Asian American & Pacific Islander Heritage Month, LGBTQ+ Pride Month, Hispanic Heritage Month, National Disability Employment Awareness Month, and Veterans Day.

Our annual Inclusion Summit is focused on making authentic connections and fostering inclusion in the workplace. The theme for 2023 was "Authentic Conversations," focused on having meaningful, inclusive dialogue that Employees can leverage in both their personal and professional lives. Our Inclusion Summit encourages Employees to step outside of their comfort zone and get to know someone whose background, experiences, and story may differ from their own—recognizing this is the best path to fostering a Culture of inclusivity.

Our commitment to DEI supports our Company Values. We offer resources for Employees to report instances where others may not align with these Values. Discrimination, bullying, retaliation, or harassment contradicts our DEI mission and Vision, violates our policies, and is not tolerated.

We have more than 19 ELGs based on topics that are important to our Employees.

Talent

Southwest is committed to cultivating an inclusive environment and a Culture of Belonging throughout the talent lifecycle. This includes inclusive recruiting and hiring efforts and supporting current Employees with the right resources and training, all the way to Leadership development and succession planning.

The DEI Department formed an Executive Steering Group to support, among other things, the strategic direction of our DEI-focused talent initiatives. Recent strides include evolving Southwest's talent acquisition processes by requiring diverse Candidate slates for new, open Leadership positions (VPs and below), as well as inclusion hiring training for all hiring Leaders. We continue to work with our community partners in developing diverse and inclusive talent pipelines and expanding recruiting efforts.

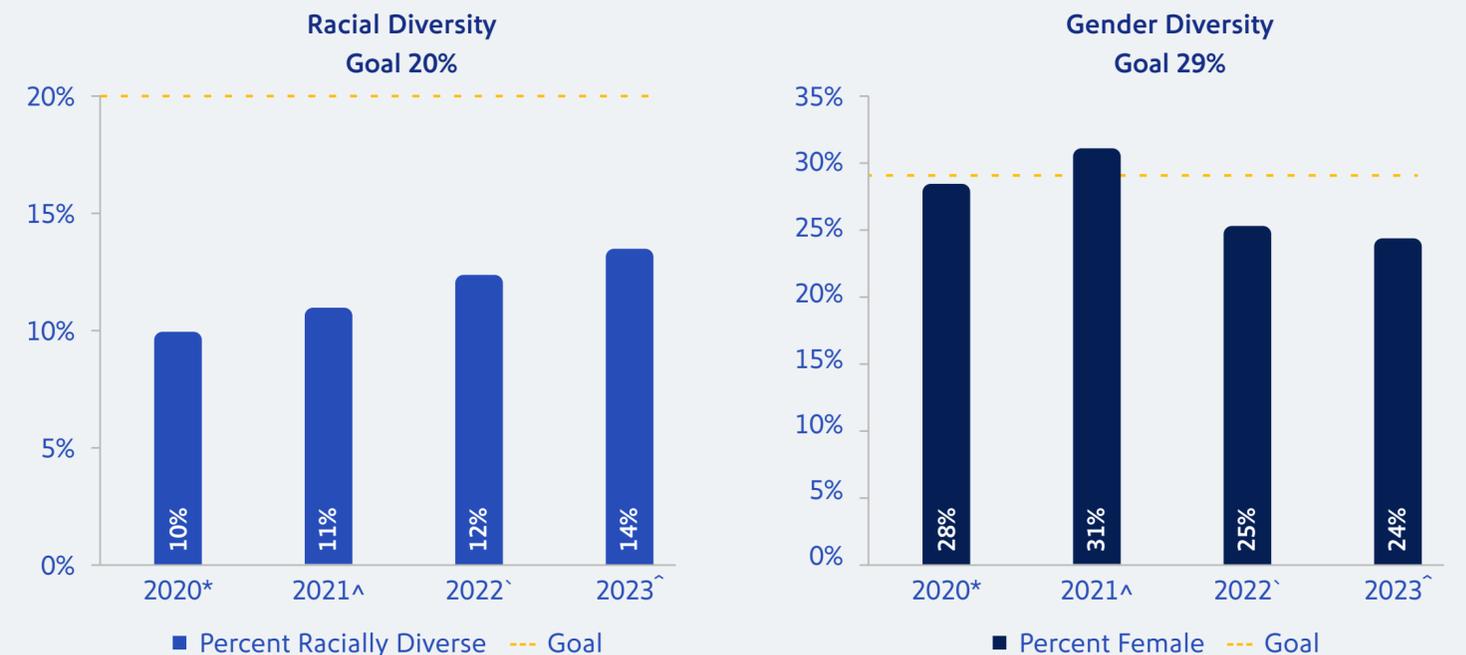
We provide DEI training and educational resources to all Employees, with a strong emphasis on training for those in Leadership roles. In 2022, we introduced mandatory Inclusive Leadership training for all Leaders. More than 6,000 Leaders and Employees completed our 'Building a Diverse and Inclusive Workforce' training, focused on recognizing and addressing unconscious bias in the workplace and promoting an inclusive recruiting process. A key focus for 2023 was fostering an environment of Belonging. We launched a comprehensive training program for all Employees titled "Creating a Workplace of Belonging." This training, consisting of several courses and a resource guide, defines Belonging and its role in driving our shared success.

In 2023, we built on our momentum by introducing quarterly resources, including learning guides, conversation guides, activities, and fireside chats. These tools not only increase DEI acumen across the organization but also offer foundational knowledge for Employees seeking to understand the significance of DEI at Southwest. Topics covered include dimensions of diversity, personal bias, and authentic conversations.



Senior Management Committee Executive Diversity

Since 2020, we've seen an increase in the racial diversity of our SMC from 10% to 14%



*as of 7/31/2020 ^as of 12/31/2021 `as of 12/31/2022 ^as of 12/31/2023

*as of 7/31/2020 ^as of 12/31/2021 `as of 12/31/2022 ^as of 12/31/2023

Brand, Reputation, and Social Topics

Over the years, our many efforts to foster a Culture of Belonging have helped weave DEI into the fabric of Southwest's brand and reputation. Through a variety of initiatives—from crafting our DEI narrative, "Every. Single. One. Of. Us.", to the formation of our Social Topics Committee, our commitment to supplier diversity, and our community partnerships—we not only enhance ESG ratings, rankings, and awards but also strengthen our DEI brand internally with our Employees and externally with our Customers, communities, and partners.

By partnering with nonprofit organizations that focus on DEI in historically underrepresented groups, including HBCUs and Hispanic-serving institutions, we strive to attract outstanding Candidates and demonstrate our commitment to inclusivity. Hiring events such as the WIA and the Organization of OBAP, along with hosting tour days for programs like the OBAP Aerospace Career Education (ACE) Academy, exemplify our proactive approach. These efforts are not just about recruitment; they're about building bridges and fostering an environment where everyone, regardless of their background, feels they belong and can thrive.

Our "Celebrate with Service" initiative further exemplifies our dedication to social and economic progress by spotlighting community partners and encouraging our Employees to support causes that resonate with them. Through these and other initiatives, we aim to champion DEI within Southwest Airlines, while setting a standard for corporate responsibility and community engagement that reflects our Core Values and enhances our brand and reputation in the eyes of all our Stakeholders.

Established in 2015, Southwest's Social Topics Committee is a cross-functional executive forum that reviews and proposes responses to current social topics and evaluates areas to take proactive actions.

Like many other companies, we're on a journey. We recognize there's always more we can do to make our work environment even better and even more accepting. In order to reach our goals and aspirations, we must allow for vulnerability, engage in courageous conversations, and listen to our Employees, Customers, and communities.

Communication and Reporting

Effective communication and reporting are important parts of our DEI journey. These elements not only foster transparency but also help guide our strategic decisions and actions.

Our DEI Department, with oversight from our Executive Steering Group, drives communication efforts to build a shared language and understanding around DEI. This involves championing both informal and formal conversations to deepen perspectives on our DEI Vision. Regular updates and open dialogues help us lead strong communication efforts, where all voices within Southwest are heard and valued. This approach enables us to track and assess our progress while maintaining consistent reporting to our Board of Directors and Executive Leaders.

Understanding and monitoring our progress toward our DEI goals is crucial. We prioritize listening to our Stakeholders—Employees, Customers, communities, and Shareholders. Their feedback is instrumental in identifying our strengths and opportunities for growth.

To this end, we employ various methods to track our effectiveness:

- **Employee Surveys:** Conducted biannually, these surveys provide insight into the overall Employee experience and perceptions of DEI at Southwest
- **Voice of Employee Panel:** This panel, open to all Employees who opt in, offers a platform for frequent feedback through brief monthly surveys. The insights gained here inform initiatives like the Self-ID campaign and allow us to fine-tune our approach to DEI
- **Completion of DEI Training and Education:** Tracking the completion rates of our DEI training programs helps us know that our Employees are equipped with the knowledge and skills to contribute to an inclusive workplace
- **Evaluation of DEI Events:** We regularly assess the impact of our DEI events, such as quarterly Town Halls and the Inclusion Summit, to gauge their effectiveness and gather Employee feedback
- **Retention, Recruiting, and Promotion Metrics:** These metrics provide a clear picture of our progress in creating a diverse and inclusive workplace



Self-Identification

Recognizing that having more robust information about our workforce helps us to better facilitate dialogue around initiatives that create a sense of Belonging, in 2023, we launched a voluntary Self-ID campaign for Employees to validate or share their personal information. Encouraging Employees to voluntarily share dimensions of diversity including disability status, military status, military spouse status, and sexual orientation can help us:

- Learn more about our People
- Support Southwest Employees with more effective programs
- Measure the success of our DEI initiatives
- Make data-driven decisions that help create a sense of Belonging
- Inform the types of nonprofit organizations we partner with around volunteer initiatives and other programs

All members of our SMC, along with more than 30% of Southwest Employees hired since the program's inception, participated in the Self-ID campaign. We're committed to exploring further strategies to drive additional Employee participation.

Stakeholder Engagement

Engaging with our Stakeholders is a key component of our DEI strategy. Our Diversity Council and DEI Executive Steering Group play a crucial role in this process. Additionally, our Customer Accessibility Advisory Committee works closely with the disability community to shape policies and procedures to strengthen inclusivity in all aspects of our service.

Our Stations actively participate in acknowledging cultural, heritage, and pride months, allowing our Customers to engage with our DEI efforts. This engagement extends to our ERGs and includes public events like the Inclusion Summit, fostering a sense of community and shared commitment to DEI.

As we advance in our DEI journey, we continually use Key Performance Indicators (KPIs) to measure the success of our efforts. These KPIs include Employee surveys, Self-ID data, completion rates of DEI training, and metrics related to retention, recruiting, and promotion. This data-driven approach keeps us aligned with our DEI objectives and enables us to make informed decisions for the future.



“Inclusion has always been at the Heart of Southwest. We recognize that all backgrounds, experiences, and perspectives can make an incredible impact on our Company. An inclusive work Culture is all about fostering a sense of Belonging. That is done by building relationships and engaging with one another. It’s the stories we share, the perspectives we provide, and the encouragement we offer. We are committed to being a place where Employees feel welcomed and encouraged to bring their best selves to work.”

Juan Suarez

Vice President, Diversity, Equity, & Inclusion

Human Rights & Anti-Trafficking

2023 Spotlights

- Collaborated with the Southwest Network Operations Control (NOC) Ground Operations Team to provide extra support for more than 44 trafficking victims on their journey to restoration
- Added Rescue America as a partner in our Points for a Purpose program
- Supported Human Trafficking Prevention Month in January with the creation of a dedicated Human Trafficking awareness channel to our inflight entertainment programming

Southwest is committed to doing the right thing to protect and promote human rights in every aspect of our business as outlined in the Company's [Human Rights Policy](#). We implement policies and procedures that support and respect the protection of human rights within our sphere of influence. By complying with applicable laws and establishing and upholding appropriate policies, we seek to help guard against any potential human rights abuse.

Our approach to human rights is consistent with international standards, and we support and align with U.N. Guiding Principles for Business and Human Rights, the International Bill of Human Rights (Universal Declaration of Human Rights and the International Covenants on Economic, Social and Cultural Rights and International Covenants on Civil & Political Rights), and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

In 2023, 71% of Southwest Employees completed human rights training. Classes included "Combating Human Trafficking Through Awareness and Action," "It's a Matter of Respect," and "A Safety Story: Teaming up Against Human Trafficking." We encourage all Employees to bring any questions or concerns regarding harassment, sexual harassment, discrimination, or retaliation to their Leaders or to the Employee Relations Team. Inquiries are reviewed and addressed by the Employee Relations Team promptly, impartially, and discreetly under Southwest Airlines Policy Concerning Harassment, Sexual Harassment, Discrimination, & Retaliation.

Anti-Trafficking

As part of our commitment to human rights, we put a strong organizational emphasis on combating human trafficking. Our combating trafficking and victim recovery efforts are multifaceted, involving both internal and external strategies to help address this global issue. Southwest takes steps to recognize and respond to human trafficking activities that may occur within our Company, in our supply chain, on our aircraft, and in the airports we serve.

Internally, our Employees are deeply passionate about supporting our combating trafficking and victim recovery efforts. We integrate trafficking awareness into our learning curriculum, with mandatory training for certain workgroups and optional training for others. Our Ops Strategy & Delivery Team leads our efforts to help our training keep pace as human trafficking evolves around the world.

Our Human Rights Policy Statement outlines our stance on labor issues, including human trafficking and forced labor, and we expect suppliers to comply with applicable laws, including those regarding child and/or forced labor.

The Southwest Airlines [Combating Trafficking in Persons Compliance Plan](#) describes (1) prohibited trafficking activities, (2) the Company's programs, policies, and partnerships aimed at combating human trafficking, (3) the Company's mechanisms for reporting suspected human trafficking, (4) recruitment and housing requirements, and (5) requirements applicable to subcontractors and agents. Through annual communication and special events like January's Human Trafficking Prevention Month, we work to keep all Employees informed about our role in anti-trafficking throughout the year.

Externally, we actively partner with a number of organizations dedicated to combating human trafficking including New Friends New Life, Polaris, Rescue America, and United Against Human Trafficking. We support these organizations in a variety of ways including donations, participation in programs and events, and our [Points for a Purpose Program](#). We collaborated with the NOC Ground Operations Team to provide extra support for trafficking victims, including special assistance for those traveling without identification. Throughout 2023, we aided more than 44 victims in their travel journey.

Through our Repurpose with Purpose program, we also support Rethreaded, an organization dedicated to providing a safe, supportive work environment where human trafficking survivors earn money while learning skills and experiencing healing through community.

During the January 2023 Human Trafficking Prevention month, we added a dedicated channel to our inflight entertainment portal with content focused on raising trafficking awareness.

Southwest supports human rights as an employer, a business partner, and a global citizen. We seek to serve the interests of our Employees, Customers, Shareholders, and other Stakeholders, all while fostering a creative and innovative workforce, and giving back to the communities we serve.

Changing Lives Through Business: Empowering Human Trafficking Survivors

Every survivor of human trafficking should have the tools and community to rebuild their lives. Since 2012, Jacksonville, Florida nonprofit [Rethreaded](#) has been providing a safe, supportive work environment where human trafficking survivors earn money while learning new skills and experiencing healing through community. Women begin to rethread their lives with this critical support, and according to Rethreaded, 85% of women who come to Rethreaded never return to trafficking.

Rethreaded joined Southwest Airlines' Repurpose with Purpose program in 2017. Through capacity building grants, Rethreaded developed, designed, and produced a line of leather accessories made from upcycled Southwest aircraft seat leather. Support from Southwest has also allowed Rethreaded to scale its operations and create a new revenue stream through its Corporate Gifts of Hope Program. Rethreaded is also a community leader, raising awareness of the impact of human trafficking by hosting groups to participate in the "Reclaim the Light Volunteer Experience," educating people on the availability of resources and trauma-informed care. In 2023, Southwest Employees from our Jacksonville Station participated in the training and spent their volunteer time deconstructing Southwest seats, which went into the production process to make new Rethreaded products.

Community Outreach

2023 Spotlight

- Contributed more than \$18 million in total corporate giving to nonprofits and civic organizations
- Donated more than \$500,000 in in-kind and monetary donations to support Maui wildfire relief efforts
- Pledged \$290,000 over four years to the 17 awardees of The Southwest Airlines® Founders and The Southwest Airlines® Community Scholarships
- Provided transportation to 80 nonprofit hospitals and medical organizations through the MTGP

We focus on three principles to advance our Corporate Responsibility efforts: **loving People, building resilience, and living responsibly**. We bring these principles to life by supporting partnerships and programs that drive economic, social, and environmental impact. Southwest cultivates relationships with more than 400 national, state, and local organizations across the country. Whether it's doing our part in disaster response, providing access to education and career development, or promoting environmental sustainability, we help the communities where our Customers and Employees live and work thrive.

Many of our community outreach initiatives are funded by The Southwest Airlines Foundation. This corporate-advised fund serves as an extension of our commitment to social

impact and community resilience. The Foundation's mission is to effect meaningful change by investing in transformational programs and initiatives that promote equity, prosperity, and sustainability. The Foundation creates a permanent trust where corporate charitable donations can be preserved and invested for future use.

Southwest employs a strategic approach to manage and measure the effectiveness of our community outreach efforts. The Local Outreach Coordination Executive Steering Committee meets monthly to review and align our initiatives and resources with our Company objectives and the needs of local communities. A dedicated Social Topics Committee also meets regularly to discuss pressing social issues like DEI, human trafficking awareness, and mental health and wellbeing. These proactive discussions help guide our engagement strategies and maximize our impact in the communities we serve.

We review our partnerships and contributions quarterly and evaluate their effectiveness through impact reports and ongoing dialogues with key partners and Stakeholders. Impact metrics, ranging from program outcomes and impact stories, to fundraising amounts and event sponsorships help us track the tangible difference we make in each community. Budgets and partnerships are adjusted as needed to keep our community engagement efforts aligned with evolving community needs and Southwest's goals.

Loving People: Taking Care of People because We're More than an Airline

We want to be there when our communities need us most. As the second-largest air carrier in Hawaii, operating more than 90 daily flights that touch the Hawaiian Islands, we put our Hearts in Action after the Maui wildfires. We rapidly increased our service across the Pacific and within the state to transport People, pets, and critical supplies. This involved introducing a \$19 inter-island fare and reducing our pet fare to \$1 to facilitate evacuations.

Recognizing the urgent need for flexible travel, we offered additional accommodations for our Customers traveling to, from, or through Kahului (Maui), allowing them to rebook with no fare differences. With the help of our strong presence in the Hawaiian Islands and relationships with local organizations, we donated more than \$500,000 in cash and air travel toward emergency response efforts, transporting more than \$8,000 worth of goods using Southwest Cargo.

Our collaboration with Hawaii law enforcement and local firefighting agencies included cycling in volunteer firefighters to support continuous relief efforts. We provided flights to volunteers from University of Hawaii athletics, nonprofit organizations, and 150 different vendors bringing in critical supplies. In total, we provided more than 500 complimentary round trip flights to support relief efforts. Additionally, we operated an emergency airlift to relocate more than 130 cats and dogs in Maui animal shelters to Portland, Oregon.

Our Hearts remain with the Maui communities affected by the wildfires and we continue to engage in the island's long-term recovery.

Alongside focused outreach efforts like disaster relief, Southwest invests in flagship annual programs to help make sure we're taking care of our communities year round.

- **Employees Catastrophic Assistance Charity:** Since its founding in 1990, this independent 501(c)(3) organization offers a beacon of hope to Southwest Employees facing catastrophic events in their lives. Funded through Employee payroll deductions, private donations, honorariums, and fundraisers, the Charity distributed more than \$16 million to assist and support our Southwest Family since its inception.
- **Medical Transportation Grant Program:** MTGP has been a cornerstone of our community outreach efforts since 2007. The program provides vital transportation assistance to patients requiring specialized medical care, along with their families. We've provided more than \$42 million in free transportation to 117 nonprofit hospitals and medical organizations across 28 states, supporting more than 100,000 patients and caregivers over the past 16 years.



Building Resilience: Empowering Communities to Thrive

Our scholarship programs, workforce development initiatives, and other outreach programs are designed to build resilient communities by supporting individuals seeking personal and professional growth. Southwest's scholarship programs provide opportunities for students across the United States to pursue their educational dreams, particularly in the aviation industry. In 2023, Southwest pledged \$290,000 over four years to 17 awardees, who also received two round trip tickets to stay connected with their loved ones during their educational journey.

- **The Southwest Airlines® Founders Scholarship** (previously the Herbert D. Kelleher and Rollin W. King Scholarship): This scholarship, now in its 41st year, is a tribute to our founders. It provides financial assistance

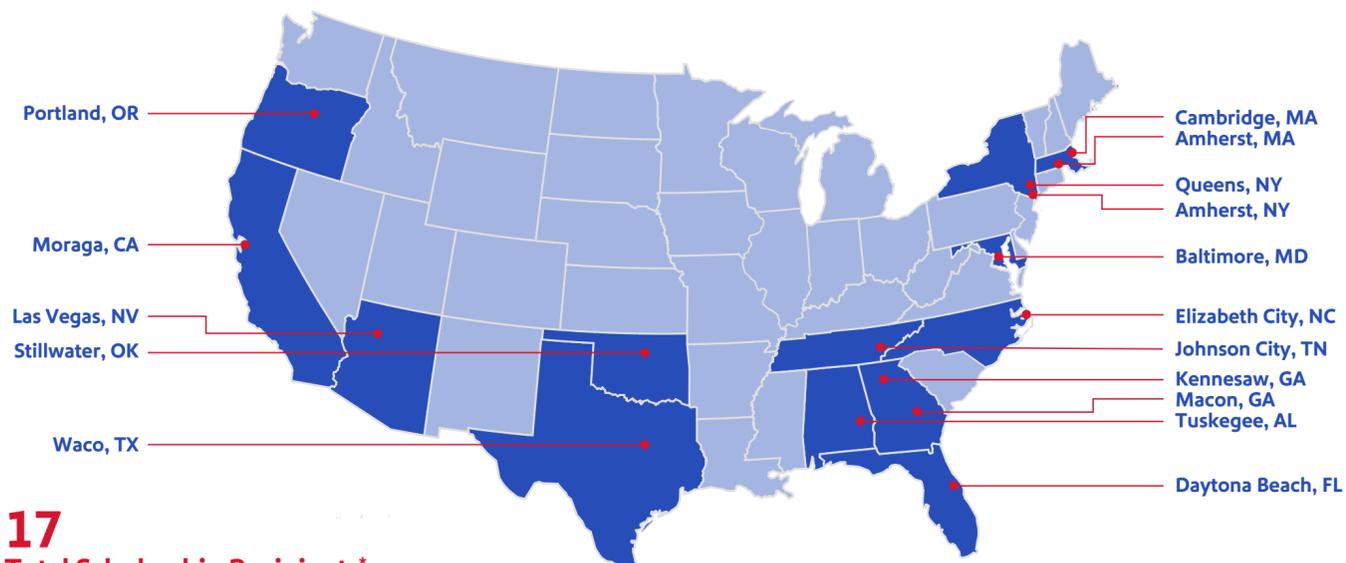
to eligible dependents of Southwest Airlines Employees, supporting their pursuit of higher education.

- **The Southwest Airlines® Community Scholarship** (previously the Southwest Airlines Scholarship): Introduced in 2021, this scholarship is geared toward building a diverse talent pipeline and inspiring future generations to consider careers within the airline industry. It offers financial support to students nationwide, encouraging exploration of various roles in aviation.

Our 2023 scholarship recipients represent a diverse group of ambitious students from universities nationwide, including the University of Tennessee, Tuskegee University, and Harvard College. Most awardees are just beginning their college adventures and have their eyes on an aviation career, working toward degrees ranging from aerospace engineering to aviation business administration.

Educating Students from Coast to Coast

Recipients of the Southwest Airlines Founders Scholarship and the Southwest Airlines Community Scholarship are pursuing educational opportunities throughout the country



17
Total Scholarship Recipients*
*One recipient remains undecided.



Beyond scholarships, we collaborate with nonprofits and educational institutions on several workforce development initiatives designed to introduce students to the wide array of career opportunities in the aviation industry.

- **Adopt-A-Pilot® Program (AAP):** Celebrating its 25th Anniversary in 2023, this program inspired thousands of fifth-grade students nationwide to explore careers in aviation. Southwest Pilots connect with classrooms, providing mentorship and engaging students in STEM-focused activities and experiments. This program not only educates but also ignites a passion for aviation in young minds.
- **D225° Pilot Pathways Program:** Launched in 2019, this program trains aspiring Pilots for potential careers at

Southwest. It trains and empowers future Pilots through four different pathways to gain aviation experience, including Cadet, Military, University, and Employee routes, and has more than 450 participants.

- **Southwest Internship Opportunities:** Through paid internships in various departments, students gain valuable experience and exposure to Southwest's unique Culture, further supporting their educational and professional development.
- **¡Láncate!/Take Off! Travel Award Program:** In partnership with the Hispanic Association of Colleges and Universities, this program supports students pursuing higher education far from home by providing airline tickets, reducing the financial burden of travel.



Destination 225° Pilot Pathways

Training future Pilots to fly The Southwest Way through four pathways



Cadet Pathway

Trains new or private Pilots with the skills needed to become a Southwest First Officer in as little as four years. There's no typical Candidate or background for the pathway, and all are welcome to apply.



University Pathway

For individuals interested in pursuing a four-year degree that will lead them toward a career as a Southwest Pilot. Students at our partner universities work on their degree and flight time while receiving guidance and a direct path to becoming a Southwest First Officer in as little as two years after graduation.



Military Pathway

Allows experienced, passionate, and well-trained aviators to learn how to fly The Southwest Way. This pathway bridges the gap for Pilots with fixed-wing turbine experience interested in launching their civilian flying career.



Employee Pathway

Designed for Southwest Employees who have some flight experience (private Pilot's license or higher) and provide them the training needed to achieve their goal of flying for Southwest.

439

Active Participants

205

New Participants

7

New First Officers

259

Active Participants

163

New Participants

5

New First Officers

8

Active Participants

7

New Participants

4

New First Officers

22

Active Participants

7

New Participants

2

New First Officers

Additional community initiatives include:

- **Human Trafficking Awareness:** We support organizations combating human trafficking, contributing to the rescue, recovery, and restoration of survivors.
- **DEI:** Southwest has supported diverse nonprofit organizations for more than two decades, accelerating social and economic advancement in diverse communities across the country.

Through these efforts, Southwest Airlines aims to build community resilience by empowering individuals through education, career development, and supportive community initiatives. We look to create lasting, positive change that helps communities thrive.

Living Responsibly: Building Sustainable Communities

Repurpose with Purpose embodies our commitment to living responsibly. This award-winning initiative upcycles items such as aircraft seat leather and transforms them into new products. Through Repurpose with Purpose, Southwest partners with organizations worldwide to reimagine thousands of pounds of materials annually, helping keep them out of landfills. Repurpose with Purpose is more than just an environmental sustainability program; it represents our dedication to positively impacting the communities we serve.

In 2023, we continued to expand the reach of Repurpose with Purpose by enhancing our work with our partners, including:

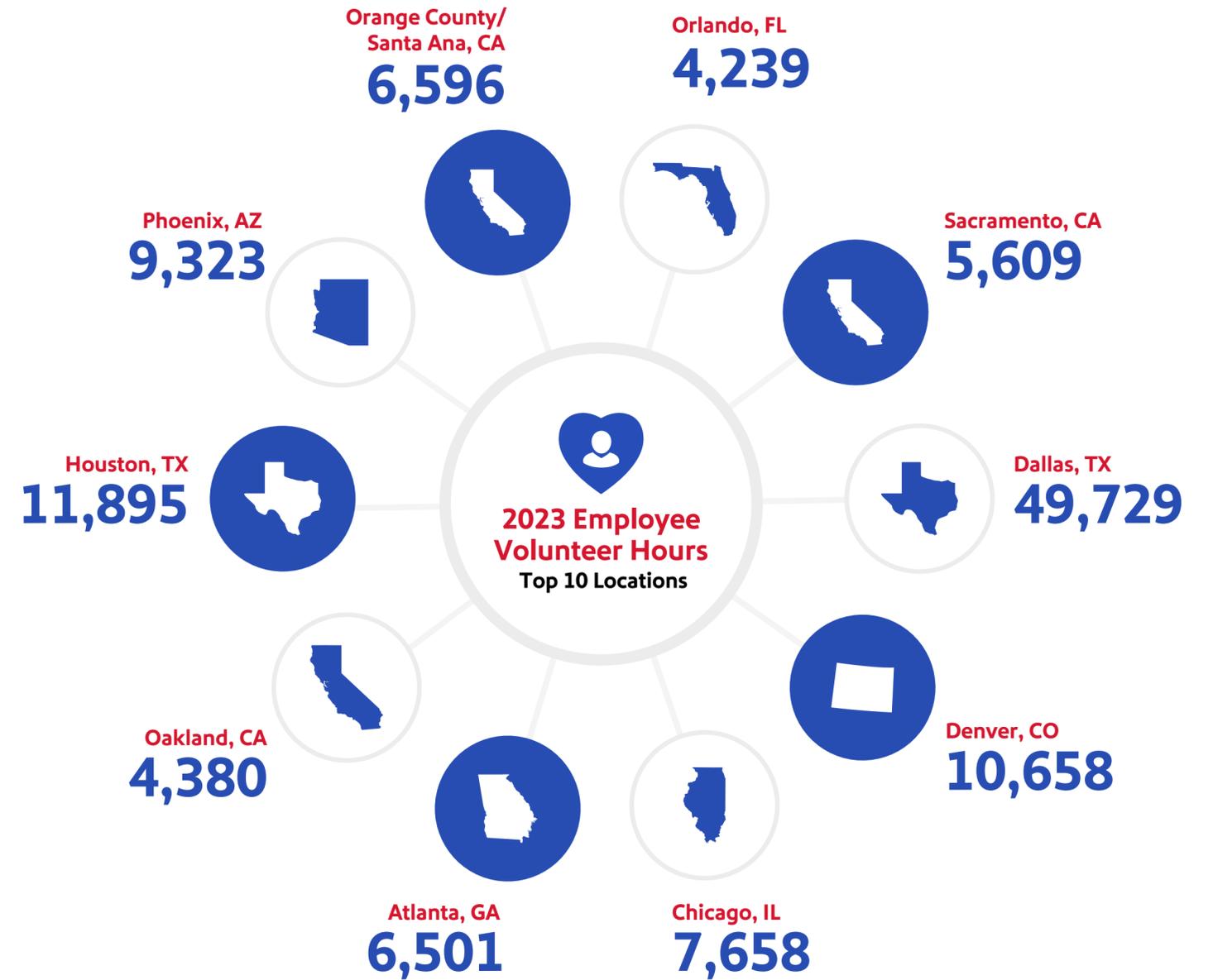
- **Unshattered:** Our collaboration with Unshattered, a 501(c)(3) nonprofit social enterprise, aligns with our sustainability goals and social impact Vision. In 2023, we supported Unshattered's mission to end the addiction relapse cycle through economic independence and sustained sobriety by donating used leather from Southwest aircraft. Unshattered's *Possibilities Take Flight* collection features upcycled travel bags handcrafted by women in recovery, with all proceeds supporting their journey toward healing and growth beyond addiction.
- **Magpies & Peacocks:** Our partnership with this Houston-based nonprofit design house that plays a crucial role in disrupting the fashion industry's waste cycle transformed leather from our aircraft seats into their Take Flight Collection—a chic, wearable fashion line. This collaboration reimagines post-consumer textiles and fosters creativity and sustainability education within the community.
- **EcoRise and Scraplanta:** EcoRise is a nonprofit organization that mobilizes a new generation of leaders to design healthy, just, and thriving communities for all. Our collaboration supports their National Student Innovation Fund, which provides grants for student designed sustainability projects and expands our Repurpose with Purpose Goes to School program to Atlanta, GA and Austin, TX. This initiative connects used aircraft seat leather to classrooms, providing students with hands-on experiences in sustainability and creative reuse, nurturing environmental literacy and sustainable practices at a young age.
- **Wearsos:** Wearsos—where fashion meets purpose—is a social enterprise on a mission to inspire change and create a better future. Wearsos is dedicated to transforming lives through upcycling and providing employment opportunities for marginalized individuals. Championing women's empowerment and education, Wearsos is creating impact within communities in Costa Rica. Using donated aircraft seat leather from Southwest, the Wearsos Collection of bags and accessories is handcrafted by artisans in the heart of Turrialba, Costa Rica.



Impact of Southwest Volunteers

Southwest Employees create community wherever they are by putting their Hearts in action through volunteerism and giving back. Southwest offers incentives to encourage Employees to log their volunteer hours, as well as a matching program where nonprofits earn tickets in-kind for Employee volunteer efforts.

- **Volunteer Ambassadors:** Every year, hundreds of Southwest Employees go beyond their normal roles and responsibilities to serve as Volunteer Ambassadors. Through volunteer engagements such as supporting traveling Make-A-Wish® families, serving dinner at Ronald McDonald Houses® across the country, or supporting Earth Month, our Volunteer Ambassadors play a key role in championing the causes that matter most to our communities, Employees, and Company.
- **Heart In Action Month:** We run a dedicated campaign in November to elevate awareness of our impact programs, motivate Employees to volunteer, and recognize Employee volunteers. In 2023, our Heart in Action Month included a Meals on Wheels Blitz day where more than 300 Southwest volunteers covered 140 meal delivery routes around the Dallas community.
- **Tickets for Time:** To honor and appreciate our Employee volunteers who give their time and talents to 501(c)(3) nonprofits and schools, Southwest donates one round trip ticket (up to six tickets per calendar year) for every 40 hours that Employees volunteer with that organization.
- **Mile High United Way's 135th Anniversary:** Over the holidays in Denver, Southwest volunteers assembled 135 bikes as gifts for Mile High United Way's Children's Holiday Party. More than 170 Southwest Employees and friends from 31 Southwest locations and 19 workgroups put their Heart in Action on this project to support the Colorado community.



People Data Table

Total Employees by Category and Race/Ethnicity as of December 31, 2023

	Not Disclosed		American Indian or Alaska Native		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		Two or More Races		White		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Pilots	146	1.3%	65	0.6%	204	1.8%	164	1.4%	488	4.3%	20	0.2%	200	1.7%	10,142	88.7%	11,429	100%
Flight Attendants	126	0.5%	157	0.7%	620	3.0%	3,558	17.0%	2,923	13.9%	143	0.7%	689	3.3%	12,770	60.9%	20,986	100%
Dispatchers, Meteorologists, Simulator Technicians, and Flight Training Instructors	9	1.0%	4	0.5%	38	4.5%	37	4.4%	71	8.4%	1	0.1%	9	1.0%	679	80.1%	848	100%
Ground Operations	226	1.0%	162	0.6%	1,171	4.7%	7,536	30.2%	5,576	22.3%	1,355	5.4%	1,014	4.1%	7,923	31.7%	24,963	100%
Technical Operations (Maintenance)	26	0.6%	29	0.8%	186	4.9%	428	11.2%	707	18.6%	29	0.8%	76	2.0%	2,329	61.1%	3,810	100%
Customer and Source of Support Representatives	23	0.6%	28	0.8%	60	1.7%	1,157	33.4%	1,004	29.0%	53	1.5%	131	3.8%	1,012	29.2%	3,468	100%
Total Employees Under Collective Bargaining Agreement	556	0.9%	445	0.7%	2,279	3.5%	12,880	19.7%	10,769	16.4%	1,601	2.4%	2,119	3.2%	34,855	53.2%	65,504	100%
Noncontract Employees⁶																		
Executives	2	2.8%	0	—%	0	—%	3	4.3%	7	10.0%	0	—%	0	—%	58	82.9%	70	100%
Other Leaders	51	0.9%	31	0.5%	278	4.4%	1,241	19.8%	961	15.3%	166	2.6%	235	3.7%	3,313	52.8%	6,276	100%
Individual Contributors	105	1.3%	42	0.5%	1,025	13.4%	1,064	13.9%	1,013	13.2%	24	0.3%	242	3.2%	4,154	54.2%	7,669	100%
Total Noncontract Employees	158	1.1%	73	0.5%	1,303	9.3%	2,308	16.5%	1,981	14.1%	190	1.4%	477	3.4%	7,525	53.7%	14,015	100%
Total Employees	714	0.8%	518	0.7%	3,582	4.5%	15,188	19.1%	12,750	16.0%	1,791	2.3%	2,596	3.3%	42,380	53.3%	79,519	100%

Total Employees by Category and Gender as of December 31, 2023

	Female		Male		Total	
	#	%	#	%	#	%
Pilots	522	4.6%	10,907	95.4%	11,429	100%
Flight Attendants	16,261	77.5%	4,725	22.5%	20,986	100%
Dispatchers, Meteorologists, Simulator Technicians, and Flight Training Instructors	119	14.0%	729	86.0%	848	100%
Ground Operations	8,828	35.4%	16,135	64.6%	24,963	100%
Technical Operations (Maintenance)	182	4.8%	3,628	95.2%	3,810	100%
Customer and Source of Support Representatives	2,994	86.3%	474	13.7%	3,468	100%
Total Employees Under Collective Bargaining Agreement	28,906	44.1%	36,598	55.9%	65,504	100%
Noncontract Employees⁶						
Executives	17	24.3%	53	75.7%	70	100%
Other Leaders	2,233	35.6%	4,043	64.4%	6,276	100%
Individual Contributors	3,809	49.7%	3,860	50.3%	7,669	100%
Total Noncontract Employees	6,059	43.2%	7,956	56.8%	14,015	100%
Total Employees	34,965	44.0%	44,554	56.0%	79,519	100%



Workforce	2023	2022	2021	2020	2019
Total Employees	79,519	71,496	59,643	59,720	64,853
Non-Employee Workers	317	316	346	Not Reported	Not Reported
Active, Full-Time Equivalent	74,806	66,656	55,093	56,537	60,767

Total Employees by Workgroup and Percent of Company	2023	2022	2021	2020	2019
Air Operations	33,263	30,017	25,624	25,606	27,295
	42%	42%	43%	43%	42%
Ground Operations	24,963	21,945	18,174	18,562	20,110
	31%	31%	30%	31%	31%
Technical Operations (Maintenance)	3,810	3,544	3,185	3,074	3,297
	5%	5%	5%	5%	5%
Customer and Source of Support Representatives	3,468	3,502	2,754	2,828	3,260
	4%	5%	5%	5%	5%
Noncontract Employees (Leadership and Individual Contributors) ⁶	14,015	12,488	9,906	9,650	10,891
	18%	17%	17%	16%	17%

Total Employee Demographic Information	2023	2022	2021	2020	2019
Percent of Employees by Gender	56% Male	56% Male	57% Male	58% Male	57% Male
	44% Female	44% Female	43% Female	42% Female	43% Female
Percent of Employees Segmented by Full-time/Part-time and Gender					
Full-time	55% Male	55% Male	56% Male	Not Reported	Not Reported
	43% Female	43% Female	42% Female	Not Reported	Not Reported
Part-time	1% Male	1% Male	1% Male	Not Reported	Not Reported
	1% Female	1% Female	1% Female	Not Reported	Not Reported
Percent of Employees Segmented by Age and Gender					
Under 30 Years Old	8% Male	7% Male	5% Male	Not Reported	Not Reported
	6% Female	6% Female	4% Female	Not Reported	Not Reported
30-50 Years Old	27% Male	27% Male	28% Male	Not Reported	Not Reported
	20% Female	22% Female	20% Female	Not Reported	Not Reported
Over 50 Years Old	22% Male	21% Male	24% Male	Not Reported	Not Reported
	17% Female	17% Female	19% Female	Not Reported	Not Reported

Percent of Employees by Gender Within Each Category		2023	2022	2021	2020	2019
Executives	76% Male	75% Male	69% Male	Not Reported	Not Reported	
	24% Female	25% Female	31% Female	Not Reported	Not Reported	
Other Leaders	64% Male	66% Male	66% Male	Not Reported	Not Reported	
	36% Female	34% Female	34% Female	Not Reported	Not Reported	
All Other Employees	55% Male	55% Male	57% Male	Not Reported	Not Reported	
	45% Female	45% Female	43% Female	Not Reported	Not Reported	

Percent of Employees by Age Within Each Category						
Executives	<30	0%	0%	0%	Not Reported	Not Reported
	30 - 50	41%	45%	31%	Not Reported	Not Reported
	>50	59%	55%	69%	Not Reported	Not Reported
Other Leaders	<30	7%	7%	6%	Not Reported	Not Reported
	30 - 50	55%	58%	54%	Not Reported	Not Reported
	>50	38%	35%	40%	Not Reported	Not Reported
All Other Employees	<30	15%	13%	9%	Not Reported	Not Reported
	30 - 50	46%	49%	48%	Not Reported	Not Reported
	>50	39%	38%	43%	Not Reported	Not Reported

Percent of Employees Segmented by Generation		2023	2022	2021	2020	2019
Silent	0.1%	0.1%	Not Reported	Not Reported	Not Reported	
Baby Boomers	15.1%	17.2%	Not Reported	Not Reported	Not Reported	
Generation X	40.3%	42.8%	Not Reported	Not Reported	Not Reported	
Millennial	36.6%	34.6%	Not Reported	Not Reported	Not Reported	
Generation Z	7.9%	5.3%	Not Reported	Not Reported	Not Reported	

Percent of Total Employees Segmented by Race/Ethnicity		2023	2022	2021	2020	2019
American Indian or Alaska Native	0.7%	0.6%	0.7%	0.7%	Not Reported	
Asian	4.5%	4.3%	4.1%	3.9%	Not Reported	
Black or African American	19.1%	18.3%	16.4%	16.3%	Not Reported	
Hispanic or Latino	16.0%	16.0%	15.1%	14.8%	Not Reported	
Native Hawaiian or Other Pacific Islander	2.3%	2.0%	1.6%	1.5%	Not Reported	
Two or More Races	3.3%	3.1%	2.7%	2.6%	Not Reported	
White	53.3%	55.1%	59.4%	60.2%	Not Reported	
Not Disclosed	0.8%	0.6%	Less than 0.1%	Less than 0.1%	Not Reported	

Percent of Employees by Category Who Are Racially/Ethnically Diverse	2023	2022	2021	2020	2019
Executives	14.3%	11.9%	11.3%	Not Reported	Not Reported
Other Leaders	46.4%	44.1%	40.1%	Not Reported	Not Reported
All Other Employees	45.8%	44.4%	40.7%	Not Reported	Not Reported

Benefits	2023	2022	2021	2020	2019
Active and Inactive Employees Who Participate in Benefits Programs Excluding 401(k) and ProfitSharing Plans and Share-based Compensation ⁷	More than 79,500	More than 71,400	More than 59,600	More than 59,700	More than 64,800
Company Contributions to Employee Benefit Programs Excluding 401(k) and ProfitSharing Plans and Share-based Compensation (Accrued) ⁷	More than \$1.7 billion	More than \$1.5 billion	More than \$1.1 billion	More than \$1.3 billion	More than \$1.3 billion
401(k) Savings Plan Participation	94%	92%	92%	92%	91%
ProfitSharing Plan Participation	All eligible Employees				
Company Contributions to 401(k) and ProfitSharing Plans	\$941 million	\$793 million	\$749 million	\$561 million	\$1.2 billion

Benefits	2023	2022	2021	2020	2019
Total Number of Noncontract Employees That Were Eligible for Paid Parental Leave ⁸	6,994 Male	5,606 Male	5,511 Male	Not Reported	Not Reported
	5,385 Female	4,242 Female	4,089 Female	Not Reported	Not Reported
Total Number of Noncontract Employees That Took Paid Parental Leave, by Gender ⁸	181 Male	169 Male	185 Male	Not Reported	Not Reported
	136 Female	99 Female	105 Female	Not Reported	Not Reported
Total Number of Noncontract Employees That Returned to Work After Parental Leave Ended, by Gender ⁸	179 Male	166 Male	182 Male	Not Reported	Not Reported
	132 Female	94 Female	105 Female	Not Reported	Not Reported
Total Number of Noncontract Employees That Returned to Work After Parental Leave Ended and Are Still Employed 12 Months After Their Return to Work, by Gender ⁸	165 Male	150 Male	167 Male	Not Reported	Not Reported
	126 Female	83 Female	91 Female	Not Reported	Not Reported
Return to Work Rate of Noncontract Employees That Took Parental Leave, by Gender ⁹	98.9% Male	98.2% Male	98.4% Male	Not Reported	Not Reported
	97.1% Female	94.9% Female	100% Female	Not Reported	Not Reported
Return to Work Retention Rate of Noncontract Employees That Took Parental Leave, by Gender ¹⁰	91.2% Male	88.8% Male	90.3% Male	Not Reported	Not Reported
	92.6% Female	83.8% Female	86.7% Female	Not Reported	Not Reported

Hiring and Turnover	2023	2022	2021	2020	2019
New Hires During the Reporting Period, by Age and Gender: Under 30 Years Old	3,844 Male	3,608 Male	663 Male	215 Male	1,093 Male
	2,572 Female	3,439 Female	529 Female	133 Female	787 Female
New Hires During the Reporting Period, by Age and Gender: 30-50 Years Old	3,982 Male	4,395 Male	918 Male	254 Male	1,530 Male
	2,841 Female	4,351 Female	794 Female	235 Female	1,014 Female
New Hires During the Reporting Period, by Age and Gender: Over 50 Years Old	1,019 Male	1,210 Male	325 Male	67 Male	379 Male
	1,025 Female	1,610 Female	385 Female	73 Female	422 Female
Turnover During the Reporting Period, by Age and Gender: Under 30 Years Old	1,533 Male	1,169 Male	489 Male	Not Reported	Not Reported
	1,039 Female	839 Female	322 Female	Not Reported	Not Reported
Turnover During the Reporting Period, by Age and Gender: 30-50 Years Old	1,652 Male	1,547 Male	829 Male	Not Reported	Not Reported
	1,362 Female	1,381 Female	660 Female	Not Reported	Not Reported
Turnover During the Reporting Period, by Age and Gender: Over 50 Years Old	979 Male	926 Male	683 Male	Not Reported	Not Reported
	695 Female	898 Female	708 Female	Not Reported	Not Reported
Turnover Rate	9.1%	9.5%	6.2%	Not Reported	Not Reported

Workgroup Training Hours	2023	2022	2021	2020	2019
Flight Operations (Primarily Pilots)	1,187,013	849,145	378,722	252,030	482,473
Inflight Operations (Primarily Flight Attendants)	876,878	954,154	347,283	263,811	427,705
Ground Operations	1,537,085	1,478,013	775,770	507,164	887,627
Technical Operations (Maintenance)	365,307	363,375	276,937	185,148	165,630
Customer and Source of Support Representatives	177,114	342,462	117,382	63,841	134,783
Training Hours by Topic (All Employees)					
Safety and Security	More than 1,230,000	More than 1,290,000	More than 650,000	More than 460,000	More than 1,000,000
Cybersecurity	29,366	16,684	Not Reported	Not Reported	Not Reported
Data Privacy	2,694	2,848	Not Reported	Not Reported	Not Reported
Human Rights	More than 125,000	More than 136,200	More than 61,000	More than 61,000	More than 53,500
Percent of Total Employees Trained on Human Rights	71%	70%	50%	53%	46%

Average Training Hours by Employee Classification	2023	2022	2021	2020	2019
Executives	15	17	12	Not Reported	Not Reported
Other Leaders	74	72	47	Not Reported	Not Reported
Individual Contributors (Contract & Noncontract)	53	57	32	Not Reported	Not Reported

Average Training Hours by Gender	2023	2022	2021	2020	2019
Male	62	59	45	Not Reported	Not Reported
Female	44	57	26	Not Reported	Not Reported

Community Outreach	2023	2022	2021	2020	2019
Total Corporate Giving	\$18,034,290	\$13,737,023	\$21,805,603	\$10,190,071	\$24,306,076
Total Corporate Monetary Giving	\$4,633,470	\$3,792,088	\$11,627,907	\$707,672	\$5,843,946
Tickets Donated	33,369	24,774	28,632	20,008	45,301
Total Scholarship Funds Granted	\$117,500	\$95,000	\$110,000	Not Reported	Not Reported
Funds Raised Through Official Southwest Fundraising Efforts	\$330,000	\$180,000	\$110,000	\$1,300,000	\$800,000
Total Percent of Executive Leaders Serving on Nonprofit Boards	40%	42%	Not Reported	Not Reported	Not Reported
Employee Volunteer Hours	More than 207,000	More than 140,000	More than 75,000	Nearly 75,000	More than 200,000
Value of Employee Volunteer Hours	Nearly \$6,600,000	More than \$4,200,000	More than \$2,200,000	More than \$2,200,000	More than \$5,800,000
Percent of Unique Employees Volunteering	19%	Not Reported	Not Reported	Not Reported	Not Reported

Employee Engagement	2023	2022	2021	2020	2019
Employees Represented by Unions	Approximately 83%	Approximately 83%	Approximately 82%	Approximately 83%	Approximately 83%
Noncontract Employee Check-in Completion	98.5%	Not Reported	Not Reported	Not Reported	Not Reported

2023 Companywide Employee Survey	Participation Rate	Engagement Score	Wellbeing Score
Spring Employee Survey	45%	66%	68%
Fall Employee Survey	41%	67%	68%

Planet

In 2023, we launched our updated sustainability strategy, Nonstop to Net Zero. This strategy outlines our path to achieve net zero carbon emissions by 2050,¹ supporting a more sustainable future for air travel. To help guide our more holistic approach toward sustainability, we established carbon, circularity, and collaboration as strategic pillars. As we embark on the next phase of our Nonstop to Net Zero journey, we also take pride in what we achieved over the past year.

2023 Highlights:

- Launched Nonstop to Net Zero: Southwest’s path toward net zero carbon emissions by 2050,¹ including three new operational environmental sustainability goals
- Established Southwest Airlines Renewable Ventures LLC (SARV), a subsidiary focused on making SAF investments to help us achieve our sustainability goals
- Set a goal to reduce single-use plastics onboard with the goal of eliminating them by 2030 where feasible⁴

37%

GSE electrified systemwide, including baggage tugs, beltloaders, and pushbacks

2%

SAF by 2030 – secured through offtake agreements, making progress toward our goal of 10%¹¹

\$2.3B

spent on new MAX8 aircraft to modernize our fleet and improve fuel efficiency

880,000 lbs

retired aircraft materials recycled through our aircraft end-of-service program

Planet Section Framework Disclosures

SDGs



GRI

201-2 302-3 305-1 305-4 306-3 413-1
302-1 302-4 305-2 305-5 306-4
302-2 302-5 305-3 305-7 306-5

SASB

TR-AL-110a.1
TR-AL-110a.2

TCFD

Strategy
Risk Management
Metrics & Targets

Key Topics

Climate Risks & Impacts

Fuel, Energy, & GHG Emissions

Environmental Compliance

Waste

Facilities Energy Use

Water Management



Planet Goals

Nonstop to NET ZERO

Our Path toward net zero carbon emissions by 2050 and a more sustainable future



Carbon

Addressing our carbon emissions through fuel and operational efficiency initiatives, SAF, electrification of ground support equipment, and energy conservation.



Circularity

Working towards improving sustainability in our operations through sourcing, recycling, and upcycling.



Collaboration

Partnering with organizations whose work complements our efforts to achieve our goals and engaging with our suppliers on sustainability.

Learn more at southwest.com/planet

Our net zero by 2050 goal includes Scope 1, Scope 2, and Scope 3 Category 3 emissions only and excludes any emissions associated with non-fuel products and services, such as inflight service items.

Planet Goals

In 2023, we developed a set of operational goals, adding to our existing carbon goals

Goal	Progress ¹¹
Carbon	
Achieve net zero carbon emissions by 2050. ¹	24,873,759 MT CO₂e Including Scope 1, 2, and 3, Category 3 emissions
Reduce our carbon emissions intensity 50% by 2035, and 25% by 2030. ¹ Compared with a 2019 baseline	0.5% reduction in emissions intensity from our 2019 baseline
Replace 10% of our total jet fuel consumption with SAF by 2030.	Secured SAF gallons through offtake agreements projected to replace 2% of our fuel in 2030
Operational Initiatives	
Save 50M incremental gallons of jet fuel by 2025, and 1.1B cumulative gallons by 2035. ³ 2025 goal is compared to a 2019 baseline	Saved 42M incremental gallons and 162M cumulative gallons of jet fuel
Reduce single-use plastics from inflight service 50% by weight by 2025, and eliminate where feasible by 2030. ⁴ Applicable to inflight service only, 2025 goal is compared to a 2022 baseline	Established baseline, set target, and prioritized 2024 initiatives
Electrify 50% of eligible GSE systemwide by 2030. Includes baggage tugs, belt-loaders, and pushbacks	37% electric GSE systemwide
Reduce energy utilization index (EUI) in our Dallas Headquarters by 50% by 2035. Compared to a 2022 baseline	9% reduction in EUI

Achieving our goals is dependent on the performance of third parties, including aircraft and engine manufacturers, federal and state governments, SAF producers, and others.¹² For example, to achieve our SAF goal, collaboration from numerous Stakeholders will be needed to implement initiatives like favorable incentives, tax credits, and other policies and actions to promote the scaling of cost-competitive SAF. Additionally, our ability to achieve our goals is subject to advancements in modernizing air traffic control systems as well as other risks and uncertainties.¹²

Planning our Path to Net Zero

Achieving our goal of net zero carbon emissions by 2050¹ requires a strategic mix of advanced long-term planning and near-term action—particularly since we’re aiming to achieve interim carbon emissions intensity reductions by 2030 and 2035. We’ve set mid- (i.e., 2035 carbon emissions intensity goal) and long-term (i.e., Net Zero by 2050 goal) science-based targets in alignment with the goals of the Paris Agreement to limit warming to well below 2°C and pursue efforts to limit it to 1.5°C. In late 2023, the TPI conducted an independent assessment of Southwest and determined these targets to be 1.5°C-aligned based on an industry-wide science-based pathway modelled by the International Energy Agency (IEA). We plan to evaluate any new 1.5°C guidance developed by the Science Based Targets Initiative (SBTi), and intend to engage on that guidance development through their working group where possible.

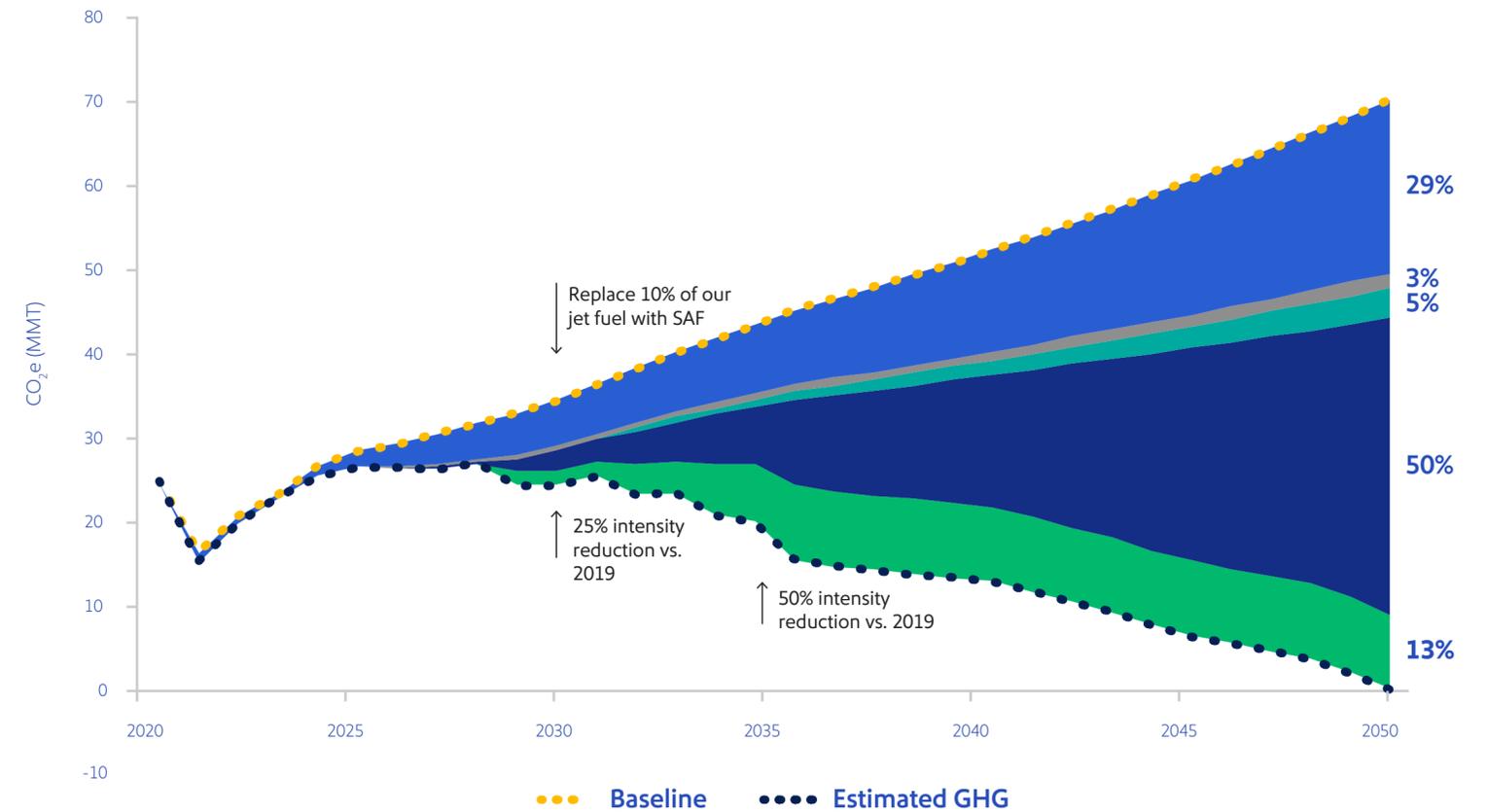
We developed a path to achieve our net zero goal that requires an integrated approach across a number of important initiatives. These initiatives include investing in fleet modernization, improving our operational efficiency,

advocating for air traffic control (ATC) modernization and other NextGen FAA initiatives, expanding our use of SAF, and leveraging carbon removal opportunities.

The pathway depicted in our Path to Net Zero graphic models one potential pathway, but is subject to numerous assumptions, dependencies, and uncertainties outside of our control.¹² As our strategy, technology, cross-sector collaborations, and other initiatives evolve, we will review our assumptions and update our model annually as needed to reflect any new information that becomes available.

To support our transition, we expect our largest costs to be related to fleet modernization and the scaling of our SAF supply and operations, followed by costs related to increasing our operational efficiencies and the elimination of single-use plastics where feasible. We’re focused on fiscal responsibility and have set an annual budget as we plan and execute our initiatives and work toward our goals. See the table on the following page for an overview of our near-term actions within our transition plan, and how they align with our capital expenditures and/or research and development investments.¹²

Path to Net Zero¹



Fleet Renewal¹²

Innovative technologies continue to create potential to improve the fuel efficiency and emissions intensity of our aircraft. Projected reductions rely on our own ability to implement our fleet modernization plans and on manufacturers to deliver aircraft and other technologies needed to achieve these reductions.

SAF¹²

SAF is the most critical lever in achieving our net zero¹ goal. We assume, among other things, that the SAF market will scale in alignment with the U.S. government’s SAF Grand Challenge, which aims at making three billion gallons of SAF available by 2030 and 35 billion gallons (100% of projected U.S. aviation jet fuel use) available by 2050.¹³ Additionally, we assume that SAF will reach an average carbon intensity (CI) of 15 gCO₂e/MJ by 2050 given that the Clean Fuel Production Credit (CFPC) incentivizes lower carbon intensity SAF.

Verified Offsets^{12,14}

While offsets aren’t part of our depicted Path to Net Zero,¹ they may play a role in contributing toward our 2050 net zero goal if any of the levers above are unable to provide currently anticipated reductions.

Operational Efficiency¹²

Includes continued investment in internal fuel saving measures such as route optimization, single engine taxiing, engine washing, weight savings, and other initiatives.

NextGen FAA¹²

Fuel efficiency improvements are anticipated over time due to ATC and other initiatives implemented by the FAA.

Carbon Removals¹²

Captures carbon negative SAF (any SAF with reductions below a CI of 0 such as through the use of carbon capture and sequestration in the production process), that we may utilize. Additionally, includes potential removals through, for example, direct air capture (DAC) and other technologies that could become available or utilized by Southwest in the future.

Alternative Propulsion

We have completed a comprehensive review of the alternative propulsion market. To date, we have found that most solutions are unlikely to replace large scale commercial aviation by 2050, and therefore we have not modeled the role of such technologies into our net zero carbon emissions by 2050 transition plan.



Capital Expenditures, Investments, and SAF Offtakes

We are taking action towards Nonstop to Netzero by 2050 through capital expenditures, investments, and long-term offtake agreements

CapEx & OpEx



Fleet Modernization¹²

In 2023, we spent \$2.3 billion on new MAX8 aircraft or 64% of our total CapEx budget, which will help us reduce our carbon emissions intensity.



Operational Efficiency¹²

Since 2002, Southwest has invested more than \$653 million in fuel efficiency improvements, in addition to new aircraft purchases.



NextGen FAA¹²

We equipped 100% of our aircraft and Flight Crews to take advantage of FAA NextGen Air Traffic Initiatives like Required Navigation Performance that improve fuel efficiency.

These initiatives will meet several operational needs and priorities, with the ancillary benefit of saving fuel and thereby helping us reduce our carbon emissions intensity.

Investments / Offtakes



Sustainable Aviation Fuel¹²

In 2023 and early 2024, we launched Southwest Airlines Renewable Ventures LLC (SARV) dedicated to creating more opportunities to obtain scalable SAF; became 100% owners of SAFFiRE Renewables, LLC (SAFFiRE); and made a \$30M investment in LanzaJet Inc. (LanzaJet). This builds on our SAF strategy further detailed in the Sustainable Aviation Fuel section below.



Carbon Removals¹²

Our long-term (15 and 20-year) offtakes and investment-grade balance sheet helped enable Velocys and USA BioEnergy to move forward with their SAF projects, which plan to use carbon capture and storage in their production process.

We've established a comprehensive SAF strategy covering the short-, mid- and long-term. See the [Sustainable Aviation Fuel section](#) for more information on our outlook on SAF and the role it plays in our pathway to Net Zero by 2050.¹

Regarding alternative propulsion, we support exploration and advancement of all levers to address aviation's carbon emissions. Given the early stages of these efforts, we have not incorporated alternative propulsion in our 2050 plan,

but we continue monitoring the landscape with hydrogen, electric, and hybrid aircraft:

- In 2024, we made our first public engagement on battery-electric propulsion technologies with zero direct emissions through joining the Hawaii Seaglider Initiative, and are eager to explore inter- and intra-island travel alternatives that have the potential to support our environmental sustainability goals.
- Regarding hydrogen, there are significant infrastructure and design barriers that must be overcome for hydrogen

combustion-powered propulsion, in addition to technological and certification barriers.

- We are eager for mid-term developments of a new narrowbody aircraft which could be more fuel efficient because of new engine technology and airframe advancements. We will continue to monitor and engage with opportunities to help shape a new narrowbody airliner, which has the potential to have a significant impact on reducing our emissions intensity.

“Southwest is focused on addressing our carbon emissions and environmental impact. While we work toward our sustainability goals by modernizing our fleet with more fuel efficient aircraft and securing SAF, which will take time, we are also making tangible progress on sustainability initiatives today. Our People and Customers care about our planet, and we continue to take action to address aviation’s impact on the environment, while collaborating with our suppliers, the government, and other organizations.”

Helen Giles

Managing Director,
Environmental Sustainability

Carbon

2023 Spotlight

- Established SARV, a subsidiary focused on making SAF investments to help us achieve our sustainability goals
- Invested \$30 million in LanzaJet and signed a 20-year agreement to purchase up to 680 million gallons of neat SAF from USA BioEnergy—in total securing 2%¹¹ SAF through offtakes for 2030
- Launched a new, innovative option for eligible corporate Customers looking to purchase Customer SAF Claims and/or carbon offsets through Southwest Business Assist™

Sustainable Aviation Fuel

The federal government has set an ambitious goal to scale up domestic SAF production to 3 billion gallons per year by 2030, requiring a 97% compound annual growth rate in SAF production through 2030. Meeting these goals requires government support and collaboration across the entire aviation and SAF value chain. Progress is needed to reduce SAF costs, harmonize sustainability certification standards and accounting protocols, and reduce technical challenges around SAF blend limitations, among other factors.

For Southwest Airlines, SAF plays an important role in our path toward Net Zero by 2050.¹ SAF is fuel produced from non-fossil fuel sources that can result in lower greenhouse gas (GHG) emissions than conventional jet fuel on a lifecycle basis. When blended with conventional jet fuel

How SAF Works

SAF can be made from a variety of feedstocks, both biomass-based and non-biomass based, using different kinds of technologies known as pathways



in accordance with industry standards, SAF is compatible in existing jet fuel infrastructure as a fully certified drop-in fuel. Since SAF has the potential to reduce lifecycle GHG emissions in comparison to conventional jet fuel and doesn't require modifications to existing aircraft engines, it's a crucial lever to reach net zero carbon emissions by 2050.

While SAF remains our most impactful lever on our Path to Net Zero by 2050,¹ scaling SAF supply critically depends on several external factors, including durable long-term government incentives, proven technology at commercial scale, and the availability of SAF infrastructure.¹² For example, Southwest may be unable to purchase SAF in sufficient quantities to meet our sustainability goals due to

the lack of sufficient government policies and incentives to address SAF costs. There is also the potential of technical and/or project execution challenges in SAF production pathways that haven't been demonstrated at commercial scale. Additionally, neat SAF has a limited distribution system and is subject to higher transportation risks than conventional jet fuel.

By 2030, our goal is to replace 10% of our total jet fuel consumption with SAF, and in 2023 we made progress toward that goal. We've established a robust SAF strategy focused on diversification across pathways, feedstocks, and partners and that promotes technology development along the way:

- In the near-term, we see HEFA playing a primary role for the production of SAF, since the technology to produce this type of SAF in limited commercial quantities is currently available. However, HEFA is feedstock constrained. SAF is also disadvantaged to renewable diesel (RD) because, for example, RD costs less to produce and yields more product from the same process and can be sold at a higher price. These factors limit the supply potential of HEFA for SAF in the long-term. We continue to advocate for policy incentives that could help level the playing field between SAF and RD.
- We see SAF made using ATJ technology playing a significant role in the mid- to long-term. Feedstock and infrastructure exist in the U.S. and other countries for ATJ, and we're also focused on agricultural residues. In early 2024, we became 100% owners of SAFFiRE and invested \$30M in LanzaJet.

Our investments support scaling technology that we hope will produce large volumes of SAF for Southwest by engaging across the value chain.

- FT SAF also plays an important role in our portfolio. CI reductions through gasification and FT conversion of forestry and agriculture residues to SAF that also utilizes carbon capture and sequestration (CCS) could significantly contribute toward our goals. We've secured long-term offtake agreements with Velocys (15-year) and USA BioEnergy (20-year) for FT SAF.

As we execute our SAF strategy and look long-term, we'll continue to evaluate potential investment opportunities in emerging PtL technologies. These SAF initiatives and their implications on our Path to Net Zero are discussed in more detail above.

Southwest Airlines Renewable Ventures

In 2023, we launched SARV, a wholly-owned subsidiary of Southwest Airlines focused on making investments to create more opportunities for Southwest to obtain scalable SAF.

Southwest plans to continue to partner with SAF producers to enter into offtake agreements, while SARV will manage Southwest's SAF investments, including Southwest's previously announced equity investment in SAFFiRE.

Southwest initially invested in SAFFiRE in 2022, and in 2024, SAFFiRE became a wholly-owned subsidiary within the portfolio of SARV. SAFFiRE is developing technology to produce cellulosic ethanol from corn stover, a widely available agricultural residue, which can then be converted to SAF through the ATJ process. In early 2024, SARV announced a \$30M investment into LanzaJet, a SAF technology provider and producer. As a part of its agreement with Southwest, LanzaJet intends to build an ethanol-to-SAF biorefinery using its proprietary ATJ technology to produce fuel for Southwest. The potential facility plans to include the capability to convert SAFFiRE Renewable's cellulosic ethanol into SAF. Southwest will have the option to offtake that SAF in support of our Planet goals.

USA BioEnergy

In November 2023, Southwest announced an offtake agreement with USA BioEnergy for up to 680 million gallons of neat SAF.

Over the term of the 20-year agreement, once blended with conventional jet fuel, the SAF could produce the equivalent of 2.59 billion gallons of net-zero fuel¹⁵ and avoid 30 million metric tons (MT) of CO₂. Southwest plans to begin purchasing SAF from USA BioEnergy's facility near Bon Wier, Texas as early as 2028. Additionally, as part of the offtake agreement, Southwest and USA BioEnergy have established a long-term strategic relationship offering Southwest the opportunity to purchase up to another projected 180 million gallons of SAF per year from future planned production facilities.

“SARV's goal is to help scale SAF through strategic investments, better positioning Southwest to have access to high quality, affordable SAF in accordance with the robust standards of Southwest's SAF policy. Through SARV's investment in LanzaJet, we're also entering the next phase in the commercialization of SAFFiRE technology, which is designed to support the production of cellulosic ethanol that can be converted to SAF.”

Tom Nealon

Southwest Airlines Executive Advisor, SARV President, and SAFFiRE Chief Executive Officer



In addition to these developments, we continued ongoing engagements with our existing partners and offtake agreements throughout 2023.

- Neste:** We continued using Neste MY Sustainable Aviation Fuel in our operations throughout 2023 as the first carrier bringing SAF to Oakland International Airport (OAK). According to Neste, their SAF is made from sustainably sourced, 100% renewable waste and residue raw materials, such as animal waste fat, and it could reduce GHG emissions by up to 80%¹⁶ over the fuel's lifecycle compared with using conventional jet fuel.
- SAFFiRE:** In June 2022, Southwest announced an investment in SAFFiRE. As part of a Department of Energy (DOE)-backed project, SAFFiRE aims to develop and scale technology for commercializing ethanol production from agricultural residues and other biomass feedstocks. According to the DOE's National Renewable Energy Laboratory (NREL), this project could produce significant quantities of cost-competitive SAF, capable of achieving over an 84% reduction in CI compared to conventional jet fuel on a lifecycle basis. In 2024, we increased our investment in SAFFiRE, taking full ownership. This move intensifies our efforts to build up SAFFiRE's feedstock supply chain, develop a fully integrated Pilot facility in Liberal, Kansas, and prove out this innovative technology at scale.
- Velocys:** In 2021, we entered into a 15-year offtake agreement with Velocys for 219 million gallons of SAF. Based on Velocys' design capacity and expected carbon intensity score, once blended with conventional jet fuel, the SAF could produce the equivalent of 1.1 billion gallons of net zero fuel¹⁵ and avoid 12.9 million MT of CO₂ over the term of the agreement.
- Marathon Petroleum and Phillips 66:** We continue to work with Marathon Petroleum Corporation and Phillips 66 through our memoranda of understanding with these two leading energy companies, with the intention to facilitate the development and production of commercialized SAF.

“This offtake agreement with USA BioEnergy marks important progress in the development of our SAF portfolio and furthers our goal to replace 10% of our total jet fuel consumption with SAF by 2030. We look forward to the opportunity to grow our strategic relationship with USA BioEnergy.”

Michael AuBuchon

Managing Director, Fuel Strategy & Management

Corporate Customer SAF Beta Program

Through our SAF Beta program, our valued eligible corporate Customers also play a key role in supporting the use of SAF in our operations. In 2023, we entered into SAF Beta agreements that helped cover a significant portion of the premium for SAF deliveries over conventional jet fuel.

In 2023, we also launched a new innovative option for eligible corporate Customers looking to support SAF. Within Southwest Business Assist™, eligible corporate Customers can now purchase Customer SAF Claims and/or carbon offsets. This allows more Customers access to purchase these Scope 3 SAF claims through Southwest and increases self-service sustainability capabilities for corporate Customers' individual priorities, budgets, and strategies.

Southwest Business Assist

Account detail > Purchase carbon offset

Address your Scope 3 emissions

Input your desired Scope 3 Emissions amount, then address them by purchasing carbon offsets and/or Scope 3 SAF Claims.

Carbon Service hosted by CHO^{OSE}

0 in cart | English · USD

Total estimated emissions: 1 mt CO₂e

Select your preferred amount of Customer Scope 3 SAF Claims. The remainder will be addressed with carbon offsets. While the entire environmental impact from your Company's flying may not be eliminated by this purchase, your actions show your love for the Planet and help to address some of your GHG emissions.

Customer Scope 3 SAF Claims: 50%

Carbon offset projects: 50%

Total emissions	
Customer Scope 3 SAF Claims	What is SAF?
Carbon offsets	
Total price	

Go to payment →

Add to cart

Our SAF Policy

We have developed a robust SAF policy to help guide our SAF efforts, and this policy will evolve over time in this dynamic and developing industry



Economics

We believe in democratizing the skies through friendly, reliable, and low-cost air travel. To continue to enable this as we seek to procure SAF, SAF must be affordable compared to conventional jet fuel, but today, SAF is significantly more expensive than conventional jet fuel. When we evaluate opportunities, the parity of SAF to Jet A is an important driver.



Lifecycle GHG Reduction

We require SAF to meet a minimum 60% GHG intensity reduction on a lifecycle basis compared to conventional jet fuel.



Sustainability Certification

We require SAF to be certified by an industry-accepted sustainability certification scheme, such as the International Sustainability and Carbon Certification and The Roundtable on Sustainable Biomaterials.



Exclusions

We will not procure SAF that contains palm oil and its derivatives or by-products, such as palm fatty acid distillates. SAF must not contribute to deforestation or forest degradation in its production.



Feedstocks

We encourage the development of sustainable agriculture for crop-based feedstocks, prioritize waste and residue and energy or cover crop feedstocks, and engage in R&D with prospective producers and partners focused on PtL.

Fuel Saving Initiatives

In addition to longer-term initiatives like SAF, it's important that we take action to address carbon emissions where we can in our operations today. In 2023, we added operational efficiency goals to save fuel, electrify eligible GSE, and reduce energy utilization in our Dallas Headquarters facilities. For details, read more about our new operational goals in [Planet Goals Progress](#).

In the Air

At Southwest, we continually work to implement and track operational initiatives that reduce jet fuel consumption and, as a result, our emissions intensity. Jet fuel is our largest source of emissions, accounting for more than 99% of our combined Scope 1 and 2 GHG emissions. It's also our second largest operating expense, accounting for roughly 24% of our operating costs in 2023. We've steadily increased our fuel efficiency over the years and remain focused on continuous improvement in this area.

Our new fuel savings goal hinges on optimizing our routes and deploying initiatives, policies, and programs that reduce jet fuel consumption and our emissions intensity. In 2023, compared to a 2019 baseline, incremental fuel efficiency initiatives saved an estimated 42 million gallons, avoiding more than 490,000 MT of well-to-wake carbon emissions.

Outside of our fuel savings goal, fleet modernization helps us to reduce our carbon emissions intensity by introducing new and more fuel efficient aircraft, while retiring older and less fuel efficient aircraft. We continue to modernize our fleet with more fuel efficient Boeing 737 aircraft. In 2023, we took delivery of 86 737-8 (MAX8) aircraft, which according to Boeing, are approximately 14% more fuel-efficient than the 737-800.¹⁷ This represents a capital investment of \$2.3B in 2023 and underscores our commitment to modernize our fleet.¹⁸

On the Ground

We look for opportunities to implement operational changes to reduce on-the-ground fuel use as well.

In 2023, we set a specific goal to electrify 50% of eligible GSE systemwide by 2030, including baggage tugs, belt-loaders, and pushbacks. As of December 31, 2023, we've electrified 37% of eligible GSE across our network, and at 23 of our airports, we reached the milestone of electrifying more than 70% of eligible GSE. We've electrified more than 99% of our eligible GSE at San Diego International Airport (SAN) and Harry Reid International Airport (LAS). We plan to continue electrifying eligible GSE and partner with airports to advance our electrification strategy.

At 23 of our airports, we reached the milestone of more than 70% of eligible GSE.

New 2023 Planet Goal

Save 1.1
billion
gallons



Save 50 million incremental gallons of jet fuel by 2025 and 1.1 billion gallons by 2035³

We partnered with El Paso International Airport (ELP) in 2023 and received a grant for \$1.2 million to electrify our GSE fleet and help address air emissions in El Paso County. This project was funded in part by the Texas Volkswagen Environmental Mitigation Program Grant from the Texas Commission on Environmental Quality.

We also received an award for the sustainable design and construction of our glycol tank expansion project at Chicago Midway International Airport (MDW) from the Chicago Department of Aviation (CDA). Further actions on the ground include applying procedures to use electric ground power and preconditioned air for aircraft at the gate whenever available, which reduces the aircraft's use of auxiliary power units (APU) and helps avoid additional emissions on the ground. Every minute the APU is off, we save 0.57 gallons of jet fuel, which adds up over time. Equipping gates with electric ground power and pre-conditioned air is an important part of our facilities programs at airports in order to facilitate the ability to use ground power when possible.

Facilities Energy Use

Southwest actively looks for opportunities to address our environmental impact at our owned and operated facilities. We continue to evaluate and explore ongoing opportunities to embed sustainability into our facility operations and seek to measure and address our Scope 1 natural gas and Scope 2 electricity emissions where we operate. We assess energy efficiency, water conservation, and construction practices while staying mindful of the potential impact of our facilities on the environment. To that end, we integrated energy considerations into our facilities standards, including developing an energy roadmap with a goal to reduce our EUI at our Headquarters in Dallas by 50% by 2035 relative

to a 2022 baseline, as well as aligning to the Company's overall Net Zero by 2050 goal.¹

Since announcing our energy conservation goal for our Headquarters campus, we developed a dashboard for monitoring and reporting energy and carbon emissions across our buildings for clearer visibility into our energy-saving opportunities. For example, we worked with our Dallas Maintenance Hanger to improve building management systems and added insulation that will reduce peak demand during summer months. In 2023, our EUI at our Headquarters reduced by 9%. Most of this reduction came from decommissioning an active data center and repurposing that space with an alternative use that requires less air conditioning and lower plug loads.

Additionally, we continued exploring opportunities to build efficiently and obtain Leadership in Energy and Environmental Design (LEED) certifications for new construction when appropriate. In 2023, we completed construction of our Phoenix Maintenance Hangar, and in early 2024 the expanded hangar was awarded LEED Silver Certification. LEED is the world's most widely used green building rating system. To achieve this recognition, the expansion incorporated sustainable design features including the use of recycled content in over 30% of the building materials; the installation of high-reflectance roof and surrounding paving materials to reduce heat island effect; and the selection of building products from manufacturers with verified environmental performance.

New 2023 Planet Goal



100% electric

Electrify 50% of eligible GSE

Electrify 50% of eligible GSE systemwide by 2030, including baggage tugs, belt-loaders, and pushbacks



Sustainability at Southwest

We look for opportunities to incorporate sustainability in the air, on the ground, and at our facilities

Airport partnerships

We support airports on airport carbon accreditations and green buildings.

Air traffic performance

Required navigation performance (RNP) saves fuel by finding shorter routes to airports and we've equipped 100% of our fleet to participate in RNP procedures.

PC air / ground power

We've set procedures to use electric ground power and preconditioned air for aircraft at the gate whenever available, which reduces the use of APU and helps avoid additional emissions on the ground.

Engine washing

Washing airplane engines reduces fuel burn by improving engine efficiency.

Electrifying GSE

We're working toward our goal of electrifying 50% of our belt-loaders, bag tugs, and pushbacks systemwide by 2030.

Winglets

We've installed winglets on all aircraft in our fleet, reducing drag and increasing fuel efficiency.

Real-time wind updates

We've provided our Flight Crews with improved up-to-date wind data linked to the aircraft that allows them to take advantage of real-time wind profiles to reduce fuel consumption per flight.

Facilities

We actively look for opportunities to embed sustainability in our facility operations including assessing our energy efficiency, water conservation, and construction practices including LEED certification.

Fuel planning / weight reduction onboard

We've engaged in several initiatives to reduce the weight carried onboard our aircraft including retrofitting aircraft cabin interiors and revising max landing fuel policies.

Fleet renewal

We are modernizing our fleet with more fuel-efficient Boeing 737 MAX aircraft.

Single engine taxi (SET)

Our SET procedures allow Pilots to taxi to and from the gate on one engine, saving approximately 2 gallons of fuel every minute.

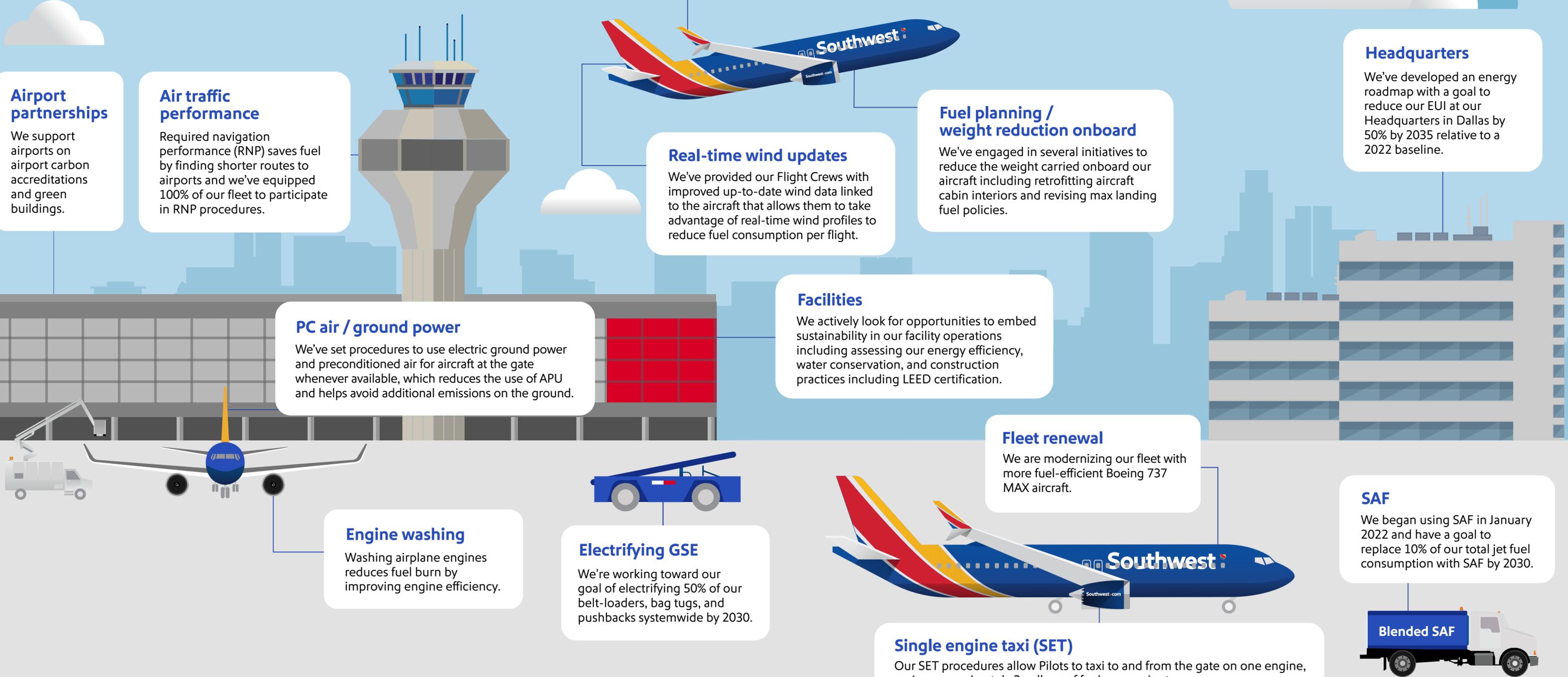
Headquarters

We've developed an energy roadmap with a goal to reduce our EUI at our Headquarters in Dallas by 50% by 2035 relative to a 2022 baseline.

SAF

We began using SAF in January 2022 and have a goal to replace 10% of our total jet fuel consumption with SAF by 2030.

Blended SAF



Circularity

2023 Spotlight

- Announced plans to reduce single-use plastics from inflight service by 50% by weight by 2025 and eliminate such items where feasible by 2030⁴
- Recycled more than 880,000 lbs of material from retired aircraft and over 1,915 lbs of Employee uniforms through a newly established program at all Inflight Bases
- Upcycled 77,000 lbs of seat covers through Repurpose with Purpose

At Southwest, we understand our environmental impact includes more than just our carbon emissions, which is why we added circularity as a key focus area of our Nonstop to Net Zero strategy. Circularity at Southwest means working toward reducing waste through maximizing the value of resources by keeping products and materials in circulation as long as possible. We strive to promote circularity in our operations, which requires thinking about the environmental impacts for what we source and how we manage what happens at the end of its lifecycle, including whether it can be reused, repurposed, or recycled. We're working to implement our circularity strategy through sourcing, recycling, and upcycling.

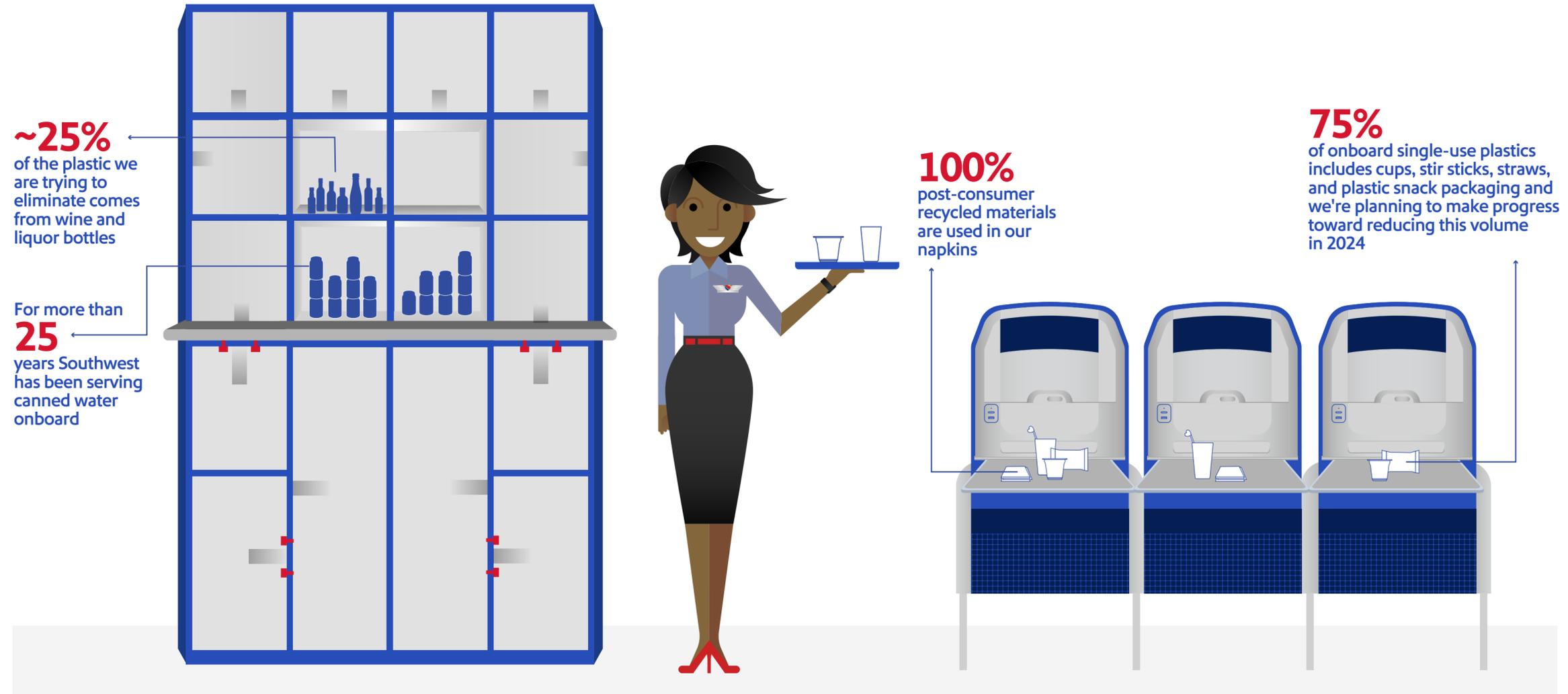
Sourcing

In 2023, we conducted a review of our inflight single-use plastics footprint and sustainability, operations, and commercial considerations of available alternatives, as well as established guiding principles for our inflight single-use plastics initiatives. This formed the foundation that allowed us to develop our 2025 and 2030 goals and our strategic roadmap to achieve them.

Taking Action on Inflight Single-Use Plastics

We're working to reduce our inflight single-use plastics by 50% by weight and to eliminate where feasible by 2030.⁴ Here's what we're trying to tackle:

During our 2023 analysis, we also found that certain aspects of Southwest's low-cost operations inherently help us avoid generating waste. For example, because we don't serve full meals on our flights, we avoid the potential volume of food waste created from such meals and eliminate the need for a range of single-use items like cutlery or plateware. We plan to continue our progress in 2024 by introducing new onboard service items that could reduce our single-use plastics in alignment with our roadmap.



“Addressing our waste footprint is extremely important to our Customers and Employees, so we were proud to announce goals and initiatives in 2023 focused on reducing inflight single-use plastics and increasing recycling in our operations. I’m excited for the progress we plan to make in 2024 as we continue to integrate circularity into our operations—including replacing certain inflight service items with non-plastic alternatives and trialing new recycling initiatives at various Stations.”

Reid Grandle

Senior Vice President, Finance, Strategy, & Sustainability

In 2023, we also enhanced our sourcing processes to include end-of-life treatment considerations. This effort was marked by setting clearer environmental standards in our [Supplier Code of Conduct](#) and integrating sustainability questions into our standard sourcing criteria. Further information on these initiatives can be found in the Supplier Engagement section under our [Collaboration](#) pillar.

Recycling

In 2023, we published our intention to improve Southwest’s recycling program through five key focus areas:

- Establishing a multi-departmental recycling governance Team
- Improving data collection from vendors and airports
- Increasing education for Employees and Customers
- Expanding access to specialized recycling programs across Southwest’s operation
- Practicing consistency for onboard recycling and beyond

Throughout the year, we evaluated our recycling processes and waste data across our airport operations to understand gaps and potential opportunities. Our evaluation revealed that our provisioning warehouses have the capability to recycle specific items such as cardboard, pallets, shrink wrap, printer cartridges, and/or six-pack rings, regardless of their locations. We also launched new initiatives, such as switching to clear recycling bags to identify recycling materials and thereby increase the amount recycled that could otherwise have been mistaken for trash. Additionally in 2023, we continued to build our uniform recycling program and were able to expand collections to 14 Stations and test with all workgroups. We’ve established permanent collection and hosted pop-up recycling events based on our station needs, resulting in a total of 1,915 lbs of uniforms recycled in 2023.

New 2023 Planet Goal



Reduce 50% of single-use plastics

Reduce single-use plastics from inflight service by 50% by weight by 2025 and eliminate where feasible by 2030⁴

Upcycling

Repurpose with Purpose is one of our signature programs that gives back to communities all over the world, all while helping Southwest show our Heart for the planet through upcycling. Through this global sustainability initiative, we proudly partner with organizations both in the U.S. and abroad to reimagine leather aircraft seat covers (made from 57% recycled leather waste) into new, upcycled products. In 2023, we upcycled 77,000 lbs through this partnership, which helps keep waste out of landfills. Read more about Repurpose with Purpose in [Community Outreach](#).



Aircraft Retirement

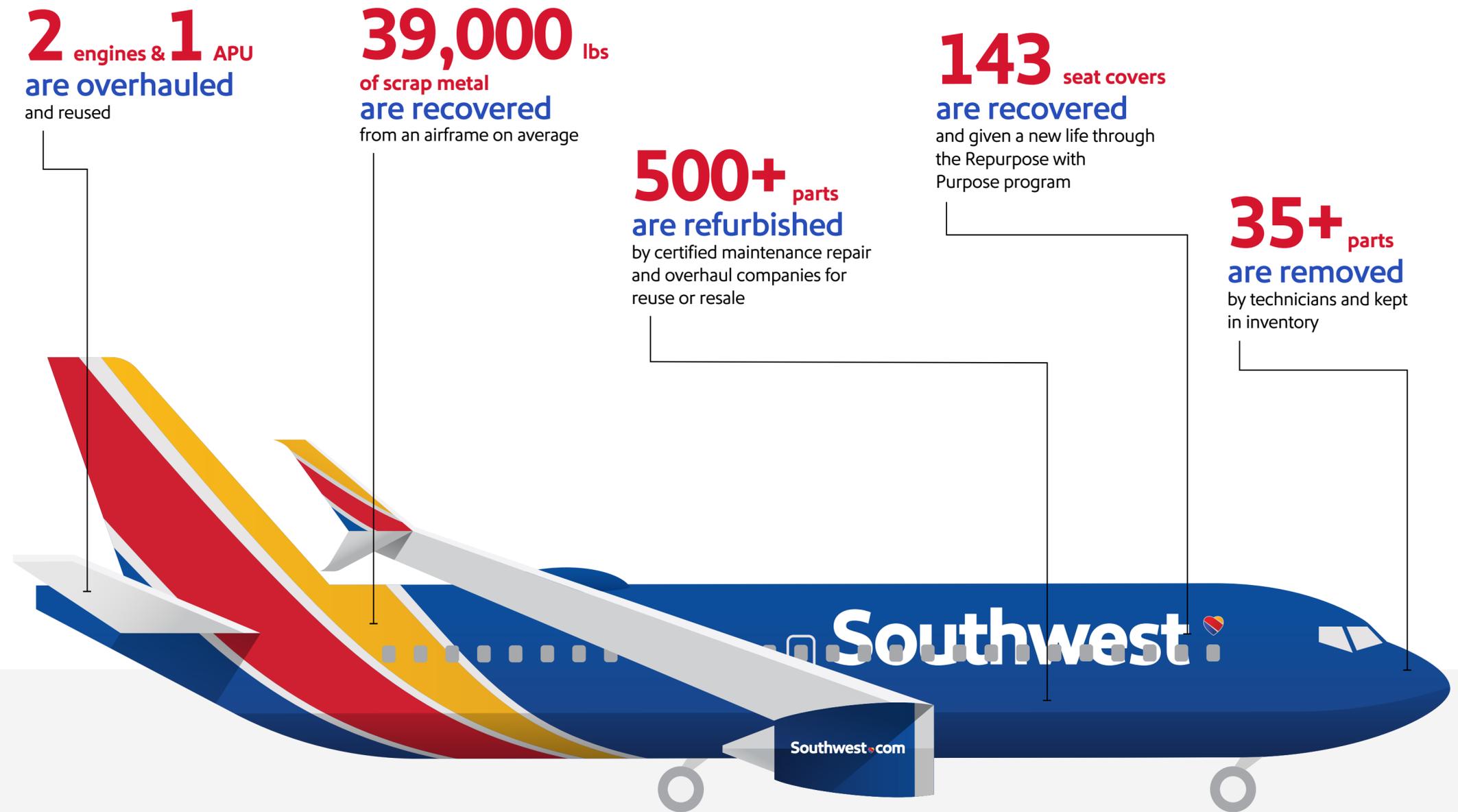
A big part of our circularity efforts are focused on one of our biggest assets—our fleet. Southwest applies innovative strategies to the end-of-service treatment of our aircraft. When replacing older planes with newer, more fuel efficient models, we either sell the plane, return it to the lease holder, or disassemble the aircraft.

Our aircraft disassembly process is guided by three key principles aimed at improving resource circularity: reuse, resell, and recycle. Many components from retired aircraft, like upgraded WiFi and avionics parts, are still usable and are carefully removed by our Technical Operations Teams. These parts are then inspected for quality and added to our inventory, aiding in cost reduction and maintenance of other aircraft. Items with market value are sold through consignment or certified refurbishing vendors. After valuable components are removed, we recycle the remaining metal, aiming to minimize landfill waste.

In 2023, we disassembled 27 retired aircraft, resulting in 880,000 lbs of recycled or reused materials. As a member of the Aircraft Fleet Recycling Association (AFRA), Southwest Airlines works exclusively with AFRA-accredited organizations for aircraft dismantling and recycling. AFRA's Best Management Practice program aims to ensure dismantlers and recyclers follow environmental best practices and are monitored and inspected to maintain accreditation.

Reusing, Repurposing, and Recycling Retired Aircraft

We retired 39 aircraft in 2023 and dismantled 27 through our aircraft retirement program, resulting in 880,000 lbs of recycled and reused material



Aircraft data shown are averages for Southwest 737-700 aircraft retired as of January 2023. Actual data for individual aircraft may vary from averages.

Collaboration

2023 Spotlight

- Published our climate advocacy statement highlighting our direct and indirect climate lobbying efforts
- Began utilizing EcoVadis to assess the ESG performance of our top 200 suppliers (based on spend)
- Joined the NASA-Boeing Sustainable Flight Demonstrator project

Partnerships play a crucial role in our sustainability efforts. We partner with different organizations, nonprofit entities, policymakers, airports, suppliers, Customers, and other cross-industry partners whose work complements our efforts to achieve our goals and advance our environmental sustainability efforts.

Climate Advocacy

Southwest has consistently advocated for public policies that are focused on achieving our goal of net zero carbon emissions by 2050.¹ Whether it's working through A4A or partnering with other Stakeholders who share our climate priorities, we advocate for governmental policies and programs that support our ability to fly more fuel efficiently and use more SAF. To achieve Net Zero by 2050,¹ we need government assistance to enable greater advances related to ATC modernization; new, more fuel efficient aircraft and electric GSE; and the scaling-up and deployment of SAF—such as implementing or extending policies and incentives to reduce the cost of SAF and incentivize SAF production.¹² Southwest is active in supporting government programs

and opportunities to create additional tax incentives (on both the federal and state levels) for SAF production.

Southwest believes that government policies to address climate change in the aviation sector should strive for the following goals:

1. Transitioning the airline industry from fossil fuels through the development and scalable production of cost-effective SAFs;
2. Transitioning to much more fuel efficient fleets, including advanced aircraft and engine technologies that are beyond anything available in the marketplace today; and
3. Implementing a modern and fully staffed ATC system that is both network-centric and relies on satellite-based technologies.

Direct Climate Advocacy

Southwest engages directly and indirectly with policymakers and other Stakeholders at the federal, state, local, and international levels to advance decarbonization in alignment with the goals of the International Civil Aviation Organization's (ICAO) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the Paris Agreement. While we recognize that the positions of the various trade associations and chamber organizations of which Southwest is a member may not always directly align with our own or that of CORSIA or the Paris Agreement in every aspect, we believe it is imperative to work together toward policies that support a transition to a net zero future. When such misalignment occurs, Southwest will work with these organizations or on our own to advance progress where opportunities exist and use our influence to advocate for change as needed.

International

Southwest supports CORSIA and the Paris Agreement in partnership with A4A and the International Air Transport Association (IATA). Southwest agreed to participate in the current voluntary phase of CORSIA and comply with this market-based measure's new baseline—capping carbon

emissions from international civil aviation at 85% of 2019 levels (compared to the prior baseline of 100% of 2019 levels). Southwest supports policies that promote in-sector preferred emission reduction measures with direct emission reduction benefits and prioritizes these policies over indirect offsetting.

Federal

Southwest supports a variety of programs and initiatives at the federal level, including modernizing the nation's ATC system, researching and certifying new aircraft and engine technologies, and funding sustainability and energy programs that are collectively needed to reach net zero.

Recognizing the importance of SAF toward our industry's climate goals, Southwest laid the foundation for long-term engagement on SAF policy developments and incentives designed to reduce the overall cost of SAF. We actively engaged with policymakers to show our support of the federal government's ambition for three billion gallons of SAF by 2030 through the SAF Grand Challenge, the SAF Blender's Tax Credit (BTC), and the CFPC, and grants as part of the Inflation Reduction Act. We're also strong advocates for allowing the "Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation" (GREET) model as an acceptable method for measuring lifecycle emissions to determine the value of the SAF Blenders Tax Credit and Clean Fuel Production Credit. Southwest, in addition, has taken several other steps including developing a robust [SAF policy](#) to guide our procurement of high quality SAF, considering indirect emissions in the lifecycle assessment (LCA) of SAF, and supporting the federal agencies working together to develop a modified GREET model that takes all of these aspects into consideration.

Additionally, we lobbied for funding for the FAA's Continuous Lower Energy, Emissions and Noise Program, the FAA's principal environmental effort to accelerate the development of new aircraft and engine technologies to reduce emissions and other environmental impacts. We also lobbied for funding for the Center of Excellence for Alternative Jet Fuels and Environment (better known as

ASCENT), a cooperative aviation research organization involving academia, the FAA, the National Aeronautics and Space Administration (NASA), the Department of Defense, the EPA, and Transport Canada, with the mission of creating science-based solutions for the aviation industry's biggest environmental challenges.

Southwest is also working with the FAA to expedite the implementation of their Next Generation Air Traffic Control procedures. If properly implemented, this technology could reduce unnecessary fuel use and significantly reduce aviation emissions.

Lastly, a key piece to Southwest's efforts to fly more fuel efficiently and thus reduce our GHG emissions intensity is fleet replacement. The Boeing 737 MAX aircraft is more fuel efficient (as well as quieter) than the 737 Next Generation aircraft (i.e., Boeing 737-700 and Boeing 737-800 aircraft).¹⁷ Southwest's fleet replacement is well on its way as we continue to replace 737-700 and 737-800 aircraft with 737 MAX aircraft.¹⁸

State

Southwest is working to advocate for SAF policy advancements at the state level to help accelerate cost-competitive SAF consumption. In California, Southwest worked alongside a coalition of aviation industry Stakeholders to develop and implement a plan to incentivize SAF production and utilization. Additionally, 2023 saw successful SAF tax credit/incentive legislation developed in Colorado, Illinois, and Minnesota, with more work underway in other states.



SAF Tax Credit Legislative Successes (2023):

1. **Colorado** – In May 2023, the SAF Investment Tax Credit language, HB23-1272, passed the legislature and was signed into law by Governor Jared Polis. The bill was part of a broader package of tax credits aimed at reducing GHG emissions in Colorado and included an income tax refundable SAF tax credit of up to \$1 million to \$3 million annually for the costs of constructing SAF production facilities in the state.
2. **Illinois** – In January 2023, Southwest and industry partners were successful in working with the Illinois General Assembly to pass meaningful and stackable SAF tax credit legislation (SB 2951/SB 1963-IL Dept. of Revenue clean-up) for the state of Illinois. The Illinois SAF tax credit is valued at \$1.50/gallon and sunsets on December 31, 2032.
3. **Minnesota** – In May 2023, the Minnesota Legislature approved a SAF tax credit as a provision of the state’s omnibus budget bill, HF 2887. The bill includes a \$1.50/gallon refundable income tax credit for a producer or blender of SAF in the state of Minnesota. The SAF tax credit begins in July 2024 and has a seven-year sunset provision through 2031.

Indirect Climate Advocacy

	Trade Association Climate Positions	Areas of Alignment with Southwest's Climate Positions and the Paris Agreement
Airlines for America	<p>A4A is an American trade association and lobbying group advocating for its member airlines on international, federal, state, and local policies.</p> <p>A4A is committed to advancing climate policies that are in its members' best interest to address climate change. A4A has published the following goals:</p> <ul style="list-style-type: none"> • Achieving net zero carbon emissions by 2050 • Partnering with stakeholders to advance the production and deployment of three billion gallons of cost-competitive SAF available to U.S. aircraft operators in 2030 • Supporting the implementation of the internationally agreed-upon global market-based mechanism to enable carbon-neutral growth in international air travel, ICAO's CORSIA 	<p>Both A4A's and Southwest's goal of Net Zero by 2050 align with the goal of the Paris Agreement.</p> <p>Southwest has collaborated with A4A to further develop climate change policies to help reduce GHG emissions for the aviation sector. Southwest actively engages in several A4A committees dedicated to influencing policy developments and advancing decarbonization for the industry. In 2023, Southwest was the Vice Chair of A4A's Environmental Sustainability Council and our Executive Chairman held a position on the A4A Board of Directors. Southwest and A4A collaboratively advocate for the following climate priorities:</p> <ul style="list-style-type: none"> • Net Zero by 2050 • Air traffic control modernization • Scaling-up cost-competitive SAF development and production • Fuel efficiency improvements and low/no emissions technology development and innovation • Implementation of CORSIA • Expansion of electrical infrastructure improvements at airports • Measuring lifecycle emissions through the GREET model for SAF Blenders Tax Credit • Transparent and comparable climate-related disclosures <p>A4A and Southwest both opposed the California Senate Bill 253. While we are supportive of increased transparency reporting requirements and are actively working to strengthen and enhance our disclosures, we believe one harmonized national approach is the best option, rather than state specific mandates.</p>
U.S. Chamber of Commerce	<p>The U.S. Chamber of Commerce (the "Chamber") is the world's largest business organization that advocates, connects, informs, and fights for business growth and America's success.</p> <p>The Chamber acknowledges that the climate is changing and that humans are contributing to these changes. The Chamber has expressed support for the Paris Agreement. The Chamber believes that practical, flexible, predictable, and durable policies are needed to address climate change and an effective climate policy should:</p> <ul style="list-style-type: none"> • Support a market-based approach to accelerate GHG emissions reductions across the U.S. economy • Leverage the power of business • Maintain U.S. leadership in climate science • Embrace technology and innovation • Aggressively pursue energy efficiency • Promote climate resilient infrastructure • Support trade in U.S. technologies and products • Encourage international cooperation 	<p>Southwest's mid- (i.e., 2035 carbon emissions intensity goal) and long-term (i.e., Net Zero by 2050 goal) climate goals align with the goal of the Paris Agreement. While the U.S. Chamber of Commerce has not taken a position on the Paris Agreement's stated temperature goal, it has expressed support for the U.S. participating in the Paris Agreement and has developed a clear set of climate change policy principles. Regarding the SEC climate-related disclosure rule, Southwest supported improvements to the SEC's proposed rule and shared these suggestions in its own letter. In 2024, the SEC released its final climate-related disclosure rule, and Southwest is reviewing its obligations under the new rule.</p>

Beyond Value Chain Mitigation

Carbon offsets are tradeable rights generated from projects that reduce, capture, or avoid a certain amount of emissions. Rights can be purchased from those projects to offset an equal amount of carbon emissions from other activities like flying. While we recognize that offsets have an important role to play for our planet, we don't plan to use carbon offsets toward our voluntary near-term emissions intensity reduction targets and net zero goal. Future requirements to use offsets for our international flying as part of CORSIA or from other regulatory measures may arise.¹² In addition, we may complement other environmental initiatives with offset projects.

During Earth Month in 2023, our leisure Customer [offset program](#) saw its highest level of offsets purchased since its inception in 2021. In March 2023, we agreed to purchase more than 400,000 carbon credits over five years from SMBC Aviation Capital (SMBC). These credits will be sourced from energy-efficient cookstove projects in Africa and Central America. According to SMBC, its carbon credit projects underwent independent evaluation by Climate Focus, a Dutch firm. Moreover, the credits will be certified by Gold Standard or Verra, and align with up to 10 of the 17 SDGs, including Good Health and Wellbeing, Gender Equality, and Climate Action.

Additionally, in 2023 we purchased Renewable Energy Certificates (RECs) certified by an industry-recognized third party to target our Scope 2 electricity emissions. While fundamentally different instruments with different impacts, offsets and RECs help address our emissions footprint. In 2023, Southwest matched 100% of our electricity consumption in our Texas operations with RECs.

Supplier Engagement

How we work with suppliers is an important part of building a holistic approach to sustainability. Our engagement with them extends beyond their impact on the products and equipment we use in the skies, on the ground, and in our offices; they also play a key role in empowering the communities we serve and respecting the planet we love.

Throughout 2023, several key initiatives helped Southwest to strengthen our collaboration with suppliers around sustainability. Showcasing our dedication to ethical business practices and corporate responsibility, we:

- Introduced our [Supplier Code of Conduct](#), which outlines the minimum expectations for establishing and maintaining a business relationship with Southwest. This includes operating honestly and with the highest ethical standards, and in full compliance with all applicable laws, rules, and regulations.
- Integrated sustainability questions in our RFP process. These RFP questions are an important step in engaging with our suppliers on their sustainability initiatives.
- Launched EcoVadis, a sustainability ratings platform for global supply chains, to assess our top 200 suppliers (based on spend) through the EcoVadis ESG ratings platform. This partnership plays a vital role in enhancing transparency and evaluating the impact of our supply chain. Read more about our work with EcoVadis in [Supply Chain Responsibility](#).

Across Southwest, we take pride in our reputation as the airline with Heart, which naturally extends to a passion for treating People with respect, making a difference in our communities, and respecting our environmental resources.

Accordingly, we expect our suppliers to clearly identify to Southwest the environmental impacts of their operations and maintain an open dialogue with Southwest about their environmental responsibility and sustainability efforts.

Key Partnerships

- **Boeing and NASA Sustainable Flight Demonstrator Project:** In 2023, Southwest Airlines engaged in a collaborative effort with Boeing and NASA on the development of the X-66A research aircraft. The X-66A is an innovative aircraft featuring a Transonic Truss-Braced Wing design that brings the potential to reduce fuel consumption and emissions up to 30% relative to today's most efficient airplanes. Southwest's involvement included providing insights on sustainable operations and airport compatibility, contributing to design discussions, simulation and lab testing, and participating in flight testing. This collaboration supports the broader aviation industry's objective of achieving net-zero GHG emissions.
- **Google Research:** Furthering our efforts on contrails, Southwest engaged in a series of desktop trials throughout 2023, working with Google's contrail prediction model to evaluate alternatives to planned routes that would have created contrails. We plan to expand our research efforts with Google in 2024.
- **GE Research:** Southwest worked with GE to support a DOE ARPA-E funded grant for a GE system that could combine, for example, detailed engine operational data, a hybrid physics and machine learning model, on-airplane data, and real-time and historical satellite observations to predict contrails that last more than five hours.

- **Global Business Travel Association (GBTA):** As a Sustainability Partner of the GBTA Foundation and a member of its Sustainability Leadership Council, Southwest engages with the business travel industry to champion climate action throughout the value chain. In 2023, we supported efforts to improve harmony in sustainable procurement criteria and launched a sustainable travel management course and certificate. We also presented at the annual GBTA Convention on contrails, educating attendees on a key sustainability topic in the aviation industry including existing research to date and mitigation measures being explored.
- **SAF Blender's Tax Credit (BTC) Coalition:** The SAF BTC Coalition is a broad partnership of aviation industry stakeholders who support new long-term tax incentives for SAF. In 2023, we continued our engagement in the SAF BTC Coalition to advocate for formal recognition of the GREET model as a "similar methodology" under the Inflation Reduction Act (IRA), noting that doing so would give SAF investors a well-settled, durable, and predictable framework for assessing program eligibility and risk without undercutting ongoing and future modeling updates. In December 2023, the Department of Treasury released guidance clarifying that an updated version of the GREET model will be one of the acceptable methods for measuring lifecycle emissions to claim credit for the SAF Blenders Tax Credit. In 2022, the coalition also successfully supported the inclusion of important tax SAF credit incentives within the passage of the IRA.

Our work with these partners in 2023 builds upon our growing list of [sustainability-focused partnerships](#) that are helping us further advance our sustainability efforts.

During Earth Month in 2023, our leisure Customer offset program saw its **highest level of offsets purchased since its inception in 2021.**

Climate Risks and Impacts

Assessing climate-related risk is a part of building organizational resilience in the face of climate change. In 2022, Southwest performed a qualitative scenario analysis in reference to the TCFD framework.¹⁹ Our qualitative analysis used publicly available data on extreme weather events that occurred in 2021 and 2022 alongside internal Stakeholder interviews conducted at that time. We plan to update our TCFD scenario analysis periodically.

Our 2022 qualitative analysis of potential climate-related impacts to our operations identified significant short-term exposure risks for winter storms and tropical storms only. While we are seeing some other climate-related impacts

today, our analysis did not identify them as significant short-term risks. Because these scenarios are subject to a number of assumptions and projections, we cannot guarantee that this determination will not change or that we will not experience increased short-term risks related to our operations. For more information, please see our detailed risk factors discussed under the heading “Risk Factors” in the Company’s Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2023, including those specific to climate change and extreme weather events such as the Risk Factor that begins “*The Company’s operations have been, and in the future may again be, materially and adversely disrupted by extreme weather events.*”



Scenario Analysis

For our scenario analysis, two Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) scenarios were applied to evaluate our future potential exposure to physical climate-related risks. This set of scenarios proposes different, potential climate futures.

Risk Mitigation

Southwest builds enterprise-level risk management (ERM) into our everyday business operations using a tiered, cross-functional Team of Risk Champions, Risk Owners, and an Executive Risk Committee who all work collectively with our ERM Team, as needed, to identify and manage risks. We’ve worked to identify climate-related risks and integrate them into this Companywide multi-disciplinary ERM process, which means they receive the same application of processes and attention as any other Company risk.

Preparing for future weather events is a significant part of our physical risk mitigation strategy. For example, we have

procedures and processes in place to manage weather events as they occur, with tiered response programs based on the severity of the event. Given that our aircraft are mobile, we’re able to plan ahead and move those assets out of a storm’s pathway as necessary to prevent avoidable physical damage to our fleet. For weather-related disruptions, such as winter storms, we continually strive to develop, follow, and enhance operational processes and business management procedures for proactive cancellation of flights in an attempt to manage any disruptions to our operations. We also strive to appropriately staff the operation and determine when to pause and restart our operations in the affected region.

Climate Scenarios

	Scenario & Pathway	Details
Physical Risks	Lower Emissions Scenario RCP4.5	<ul style="list-style-type: none"> • Temperature and sea levels rise, but not as high as in RCP8.5 • Aligned with the 2015 Paris Agreement and the ambition to limit global temperature rise to 2°C or less Data Source: IPCC
	Higher Emissions Scenario RCP8.5	<ul style="list-style-type: none"> • Higher temperatures, higher sea levels • Represents an upper range of future climate change impacts Data Source: IPCC
Transitional Risks	Lower Emissions Scenario Net Zero by 2050 (NZE)	<ul style="list-style-type: none"> • Pathway for the global energy sector to achieve net zero emissions by 2050, with advanced economies reaching net zero in advance Data Source: IEA’s 2022 World Energy Outlook
	Higher Emissions Scenario Stated Policies (STEPS)	<ul style="list-style-type: none"> • Reflects current policy settings, as well as policy initiatives under development Data Source: IEA’s 2022 World Energy Outlook

For more information on Methodology and Scenario Analysis, read the [2022 Southwest Airlines One Report](#).

Physical Climate Hazard Exposure Hotspots

Projections of Physical Climate Hazards by Southwest Region in 2030 and 2050

● Higher Impact ● Lower Impact — Not Applicable

Hazards	West Coast Capacity 19%		Desert Mountain Capacity 20%		South Central Capacity 16%		Midwest Capacity 16%		Northeast Capacity 11%		Southeast Capacity 16%		Puerto Rico & International Capacity 2%	
	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050
Coastal Flooding	●	●	—	—	●	●	—	—	●	●	●	●	●	●
Drought	●	●	●	●	●	●	●	●	—	—	—	—	●	●
Increasing Temperatures	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Extreme Tropical Storms	—	—	—	—	●	●	●	●	●	●	●	●	●	●
Heat Waves	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Inland Flooding	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Precipitation	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Wildfires	●	●	●	●	●	●	—	—	—	—	●	●	—	—
Winter Storms & Cold Snaps	●	●	●	●	●	●	●	●	●	●	—	—	—	—

The capacity shown in the scenarios above are representative of capacity in 2023 and not a projected capacity for 2030 or 2050.

We engage Teams throughout our organization, as necessary, to prepare for, respond to, and attempt to mitigate impacts to our business from significant weather events. Recognizing the importance of weather-related planning, we've invested greater resources into meteorology and network impact analysis, expanding our meteorology staff in 2022 and 2023 and growing our focus on weather events.

Additionally, we collaborate with a wide range of key Stakeholders, such as the FAA and airports, to evolve our capacity and planning processes. By leveraging various knowledge bases, expanding data sources, and using new methods of air traffic management, we're better equipped to proactively respond to inclement weather, equipment outages, and other factors that can cause delays and cancellations.

We also evaluate and adjust our flight schedules on a regular basis throughout the year, allowing for greater flexibility to meet the needs of our Customers and adapt to changing conditions. To mitigate fuel-related disruptions from weather events such as floods and hurricanes, we closely monitor the likelihood of disruptions to fuel supply; work to establish and broaden our contacts with fuel trucking companies to obtain priority access to trucks should refinery or pipeline supply be interrupted; and regularly examine strategic reserves, including an annual examination in advance of hurricane season. Our efforts to diversify our fuel supply, including the expansion of SAF within our fuel mix, are also intended to further mitigate such disruptions in the long-term. We also engage in the more hazard-specific risk reduction strategies detailed in the physical risks table.

Climate-Related Physical Risks



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Coastal Flooding



Large-scale coastal flood events have the potential to impact transportation infrastructure (e.g., roads, railroads), which could potentially cause fuel supply disruptions and impact Southwest Customers' and Employees' ability to arrive at the airport. Additionally, these impacts may lead to increases in Southwest's operating expenses in the form of increased maintenance or repair costs, insurance premiums, airport fees for repairs or other items, or capital expenditures to replace damaged or waterlogged infrastructure. Smaller, less-developed airports located in areas exposed to coastal flooding may struggle to adapt to increased incidences of coastal flood events.

See [Physical Risk Mitigation section](#) for our comprehensive strategy, which is applicable to coastal flooding.

Drought



As the frequency and intensity of drought may increase, the possibility of water restrictions caused by drought might impact airport and flight operations. Operating expenses may increase under drought conditions, becoming more frequent as airport lease agreements may require increased infrastructure enhancements for water conservation or include increased water use fees.

Southwest might also experience medium-term to long-term impacts from tourist destinations becoming less attractive in some areas. For example, loss of snow in winter at ski destinations could impact revenues.

At Southwest, we understand the importance of water conservation. Although water consumption is a small part of our operations, it's an important natural resource, and we strive to take measures to conserve water in our facilities and landscaping. The majority of our water consumption comes from domestic use by our Employees, and we have implemented projects to target conservation in this area to preserve this natural resource.

Acute



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Extreme Tropical Storms



Tropical storms can potentially lead to aircraft being grounded for extended periods, an issue that may be exacerbated due to interruptions in fuel supply. This could lead to lost revenues due to cancellations and schedule disruptions in affected areas and knock-on effects through the system. Operating expenses may increase in extreme tropical storm conditions, with increased fuel expended to divert flights, increased maintenance, and airport fees as clean-up and infrastructure upgrades may be increasingly required in affected areas. Insurance premiums may also rise over time, or provide less coverage, with greater frequency and severity of events. For capital infrastructure, investments may be required to replace hard assets damaged by extreme storms, and asset values may be impaired due to potential damage, such as to aircraft. Employees may also be impacted by such storms, which may impact their work availability as well as Southwest's Employee support initiatives and costs.

In addition to the overarching extreme weather response plan detailed in the [Physical Risk Mitigation section](#), we also have a program to help Employees directly affected by weather-related events such as hurricanes, supporting them and getting them back on their feet safely. Specifically, Southwest Employees may take advantage of a Company-supported Catastrophic Assistance Charity, which helps Southwest Employees suffering from severe financial hardship resulting from a catastrophic event in their lives.

Inland Flooding



Extreme precipitation might lead to inland flooding and could create operational challenges for Southwest. Flooding could damage the airport runway and infrastructure, making it unsafe for aircraft to take off and land. This could in turn lead to flight delays and cancellations, impacting revenues. Inland flooding could additionally affect nearby transportation infrastructure and potentially disrupt fuel supply chains. Inland flooding could impact Southwest's Employees' and Customers' ability to travel to and from the airport.

We integrate resiliency into our building design plans for owned ancillary buildings, including hangars, incorporating considerations of the 100-year flood, large hailstorms, and lightning into the design process. Storm systems are designed for 100-year flood and buildings are typically set at a higher elevation to help prevent flooding.

Acute



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Heat Waves

Heat waves may affect labor productivity, increase cooling costs, and affect aircraft performance. Southwest's Ground Crews are on the tarmac for prolonged periods, potentially leaving them exposed to the effects of heat waves. Potential increases in heat wave incidence, duration, intensity, and the length of the season may increase cooling costs. Tarmac and airplane repair costs may increase as prolonged exposure to heat may expedite the usual wear of assets. Heat waves may also affect aircraft performance and could decrease revenues due to reduced flight payloads and more baggage restrictions necessitated by weight limits imposed by heat. Additionally, related costs may increase, such as fuel. As heat makes the air less dense, aircraft must exert more thrust to produce enough lift for takeoff. In the long-term, capital investment in new aircraft or parts may be necessary for greater resilience and greater operational functionality in higher temperatures.

To mitigate weather-related risks to our Employees, we provide appropriate personal protective equipment and resources, including during heat waves. We have implemented health and Safety procedures and policies, and we monitor compliance with such policies and evaluate them for relevance. For more information about our Safety program, please refer to the management approach to Safety.

Winter Storms and Cold Snaps

Snowstorms can create multiple challenges to airline operations: the Safety of aircraft, environmental compliance of deicing equipment and wastewater, which adds operating costs, and disruption to ground transportation and flights that could lead to lost revenue due to cancellations and schedule disruptions in affected areas, with potential follow-on effects through the system. Such impacts may also increase operating costs in the form of premium pay and rerouting of Employees to staff the operation. Extreme winter storms and cold snaps can also affect transportation infrastructure and lead to damage of equipment and supply chain interruptions. Aircraft assets damaged by extreme cold or winter weather, such as hail, may require accelerated depreciation, reducing earnings in the year of recognition and/or reducing the residual asset value of the aircraft asset. Various capital investments in order to mitigate risks and impacts from weather-related events may also become necessary, including as discussed in the next paragraph regarding Winter Storm Elliott.

In late December 2022, we experienced Winter Storm Elliott. After this winter weather event, we implemented a plan to increase our existing winter operational resiliency. This plan includes increasing the number of available deicing trucks and ground equipment; procuring additional deicing pads and increasing glycol capacity at key locations; implementing new weather applications to enhance deicing holdover times; purchasing and deploying additional engine covers and heaters; expanding our existing winter ops training and augmenting winter staffing levels.

Acute



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Wildfires

Extreme wildfires can rapidly change conditions such as visibility and wind speeds that affect air travel. In the event of a spreading wildfire, flights may either be delayed, re-routed, or canceled entirely depending on the severity of the wildfire, leading to potential lost revenues and potential knock-on effects throughout the system. Employees working at certain outdoor locations may be impacted by harmful air quality conditions in the event of a nearby wildfire. Operating expenses may also increase due to wildfire conditions in the form of increased maintenance costs for aircraft engines with severe smoke or ash exposure or increased fuel expenses to re-route around affected areas. Aircraft assets damaged by smoke or ash may require accelerated depreciation, reducing earnings in the year of recognition or reducing the residual asset value of the damaged aircraft asset.

We have implemented monitoring procedures that require outdoor personnel in certain states to be provided masks should wildfire smoke become a hazard, based on a parts per million threshold. Those values are monitored locally by ground operations personnel with assistance and support from the Meteorology Team. Monitoring occurs across 31 stations covering California and the western states.

Acute

Increasing Temperatures

As the annual average temperature may increase over time in the U.S., additional cooling costs might be needed. In some airports, the restriction on takeoff weight due to hot air might also become a chronic issue that limits Southwest's ability to transport Passengers and cargo. Reduced available seat miles and load factors due to decreased payloads might impact revenues. Increased fuel usage and associated costs may be necessary to gain the same lift in hot conditions, and airport fees may increase to adapt infrastructure to these chronic weather changes, such as by extending runway length and resilience to heat. In the longer-term horizon, capital expenditures may increase to invest in and replace fixed or other ground assets vulnerable to heat, such as new components more resilient and operationally suited to higher temperatures.

Through network planning, we can avoid routing aircraft to areas that are more prone to takeoff load restrictions during the hottest times of the day. This provides an opportunity to mitigate such takeoff restrictions through planning efforts in the long term. Additionally, we can consider changed climate conditions in long-term travel demand forecasts, especially given the regional scenario analysis conducted within this scope of work.

Chronic



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Changes in Precipitation



As extreme precipitation may increase in all regions, this could impact Southwest Customers' and Employees' ability to commute and travel to and from the airport. It may also cause flight delays. Continuous exposure to extreme precipitation could additionally impact hard assets not designed or engineered to withstand frequent, intense precipitation, resulting in higher expenditures in insurance premiums, investments in flood defenses, and increased airport fees to develop resilience upgrades to mitigate these impacts.

We continue to work alongside the airports and local airport authorities within our network to address contingency plans and flood preparedness. For our owned ancillary buildings and hangar building designs, we include storm systems which are designed for 100-year floods and buildings are typically set at a higher elevation to help prevent flooding.



Chronic

Climate-Related Transitional Risks



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Enhanced Emissions and Climate Reporting Obligations



The Company is subject to federal, state, local, and international laws and regulations relating to the protection of the environment. Federal, state, local, and international legislative and regulatory bodies are generally increasingly focused on climate change and reducing GHG emissions, including CO₂ emissions. For example, the United Nations' ICAO has implemented its CORSIA program, which seeks to cap carbon emissions from international civil aviation at 85% of 2019 levels from 2024-2035.

We actively monitor emerging regulations and analyze the risks to our business, including engaging with regulators and industry associations such as A4A and ICAO to advocate for reasonable and responsible climate policy.

As part of CORSIA, we monitor our international emissions for reporting purposes. We seek to mitigate these obligations through initiatives such as fuel-saving programs and efforts to increase our supply of SAF. We report our Scope 1, Scope 2, and certain Scope 3 emissions and progress toward our climate goals in our One Report and CDP climate change questionnaire.

Mandates on and Regulation of Existing Products and Services



Future policy, legal, regulatory, or other market developments could require Southwest to reduce its emissions, modify its supply chain practices or aspects of its operations, make capital investments to purchase specific types of equipment, software, or technologies to meet reporting requirements, secure carbon offset credits or SAF due to increased obligations, or otherwise incur additional costs related to climate objectives, such as increased reporting and regulatory requirements resulting in increased labor and professional services fees.

We engage with regulators and industry associations such as A4A and ICAO to advocate for reasonable and responsible climate policy. Our Governmental Affairs Department works to stay on top of proposed statutory and regulatory changes to educate a wide range of policymakers and Stakeholder groups directly.

Policy and Legal

		Exposure to Impacts: ²¹		
		Low	Mid	High
		Short-Term Present Day	Mid-Term 2030	Long-Term 2050
Market	Potential Mid- to Long-Term Impacts	Risk Reduction Strategies		
	Increased Cost of Raw Materials	STEPS		
	Operating costs, such as fossil fuel, may be high or increase over time if global fuel production decreases due to supply chain disruptions or increased regulations such as carbon pricing. There may be additional financing costs to hedge exposure to volatile prices.	Southwest attempts to manage its risk associated with volatile jet fuel prices by utilizing over-the-counter fuel derivative instruments to hedge a portion of its future jet fuel purchases. In addition, we continue to make long-term investments, such as our fleet modernization program, which helps our operations be more fuel efficient. In 2023, we set a new goal to save 50M incremental gallons of jet fuel by 2025, and 1.1B cumulative gallons by 2035. ³ In 2023, we've saved 42M incremental gallons and 162M cumulative gallons of jet fuel. ^{3,11} Additionally, our efforts to diversify fuel supply, including through expansion of SAF within our fuel mix, is also intended to further mitigate such cost volatility—assuming SAF is cost-competitive and less volatile in comparison.		
Changing Customer Behavior	NZE			
Concern among consumers of the impacts of climate change may mean some Customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that's more sustainable. Customers may increasingly choose to use alternatives to travel, such as virtual meetings and workspaces. Further development of high-speed rail or autonomous electric vehicles in markets now served by short-haul flights could provide Passengers with lower-carbon alternatives to flying. The Company's collateral to secure loans, including in the form of aircraft, could lose value as Customer demand shifts and economies move to low-carbon alternatives, which may increase the Company's financing costs. As leisure destinations such as snow and tropical destinations face greater frequency and severity of acute and chronic physical events, there may be a change in demand for leisure travel or destinations of choice for such travel, potentially reducing revenues in current markets.	We recognize the importance for the aviation industry to address its environmental impact. As a hard to abate sector, we know there are challenges in achieving this goal. A truly collaborative journey lies ahead, and Southwest remains focused on doing its part. In 2023, we launched our updated sustainability strategy, Nonstop to Net Zero, which outlines our path to achieve net zero carbon emissions by 2050. ¹ We've taken steps toward achieving our sustainability goals, including securing a new SAF offtake agreement, setting new operational goals, fleet modernization, and fuel efficiency initiatives.			
		To stay informed of Customer expectations, we routinely leverage trip net promoter surveys, re-evaluate and adjust network plans, and provide products and services to adjust more rapidly to leisure and business travel demand. For example, we have launched a new, innovative option for eligible corporate Customers looking to purchase Customer Scope 3 SAF Claims and/or carbon offsets.		

		Exposure to Impacts: ²¹		
		Low	Mid	High
		Short-Term Present Day	Mid-Term 2030	Long-Term 2050
Reputation	Potential Mid- to Long-Term Impacts	Risk Reduction Strategies		
	Increased Stakeholder Concern or Negative Stakeholder Feedback	NZE		
	Southwest's reputation or brand could be adversely impacted by, among other things, (i) any failure to meet its sustainability or ESG plans or goals, including those that relate to climate change; (ii) the Company's impact on the environment; or (iii) public pressure from investors or policy groups to change Southwest's policies related to the environment. To the extent that the Company is unable to respond timely and appropriately to negative publicity, Southwest's reputation and brand can be harmed. Damage to our overall reputation and brand could negatively impact its financial results and require additional resources for the Company to rebuild its reputation. Major financial institutions have begun to announce GHG reduction targets for their financed activities in the aviation sector. To the extent that the Company's climate targets are not perceived to align with those of its lenders, the Company's access to credit may be adversely impacted.	Southwest operates one of the world's most admired and awarded airlines, and we take pride in our reputation as the airline with Heart. Famous for an Employee-first corporate Culture, Southwest maintains an unprecedented record of no involuntary furloughs or layoffs in its history. Our formula for success brought industry-leading prosperity and 47 consecutive years ²² of profitability for Southwest Shareholders through 2019 (NYSE: LUV).		
		To address any potential Stakeholder concerns, we frequently engage with our Stakeholders regarding our sustainability efforts through investor calls, individual meetings with corporate Customers, financial partner engagements, and through our communications and outreach. We also measure consumer and Employee sentiment for public posts and press releases related to sustainability published on our channels, and we utilize a quarterly report that monitors our reputation externally and provides insight on a variety of topics, including ESG.		
		We work to maintain our reputation and brand by setting long-term and near-term sustainability goals, and we're taking steps toward achieving these goals through initiatives like SAF offtake agreements, fuel efficiency efforts, and our fleet modernization program.		
	SAF Value Chain	STEPS		
	As Southwest's climate goals are dependent on the scaling of the SAF market, we're inherently reliant on numerous factors to achieve these goals, including: the implementation or extension of SAF government incentives and the performance of third party SAF producers. Any non-performance of such third parties or lack of appropriate incentives and infrastructure for SAF could cause the Company not to achieve its sustainability goals, increase the Company's costs associated with meeting such goals, or adversely impact the Company's reputation or brand.	SAF plays an important role in our depicted Path to Net Zero by 2050. By 2030, we plan to replace 10% of our total jet fuel consumption with SAF; however, we cannot guarantee that our SAF efforts will be successful or ultimately allow us to meet our goal. In 2023 and 2024, we launched SARV, a wholly-owned subsidiary dedicated to creating more opportunities to obtain scalable SAF, invested \$30M in LanzaJet, and signed a 20-year agreement to purchase up to 680 million gallons of neat SAF from USA BioEnergy. In 2023, we continued to use SAF at OAK and continued working with other SAF producers. For details, read more in Carbon .		

Exposure to Impacts:²¹



Potential Mid- to Long-Term Impacts

Risk Reduction Strategies

Transitioning to Lower Emissions Aircraft Technology

NZE



Southwest is reliant on MAX aircraft deliveries from Boeing to meet our climate goals. With the emerging focus and advancement of new aircraft technologies, including electric and hydrogen, there may be opportunities for investment in the future. Such investments could result in increased operating expenses in the form of research & development into new fuels and technologies and the potential for sunk costs if certain technologies aren't widely accepted, commercialized, or become obsolete quickly.

We plan to continue to modernize our fleet with more fuel-efficient Boeing 737 MAX aircraft.¹⁷ The 737 MAX, powered by CFM International LEAP-1B engines, includes design updates such as Boeing's Advanced Technology winglet, which results in less drag and further optimizes the 737 MAX's performance, especially on longer-range flights.

As SAF is currently recognized as the element that will play the most critical role in addressing the aviation sector's carbon emissions by 2050, we are focusing our strategy on SAF for the time being. Additionally, as a fully certified drop-in fuel when blended with conventional jet fuel in accordance with industry standards, SAF is compatible with existing infrastructure, making SAF a lower infrastructure risk than novel propulsion technologies. For details, read more in Carbon.

Technology



Climate-Related Opportunities



Potential Mid- to Long-Term Impacts

Enhancement Strategies

Use of SAF

NZE



Reduced financial exposure to fossil fuel cost increases or volatility as our fuel supply sources are diversified, assuming SAF is cost-competitive and less volatile in comparison. We have seen opportunities such as with low carbon intensity SAF, that benefits from government incentives that reward such lower CI scores (such as the CFPC and the Low Carbon Fuel Standard). Additionally, new Inflation Reduction Act credits require domestic blending and/or production, which provides more energy Security than relying on foreign sources of oil. Participation in the SAF marketplace may additionally reduce financial exposure to potential carbon pricing schemes.

In 2023, we launched SARV, a wholly-owned subsidiary dedicated to creating more opportunities to obtain scalable SAF. Southwest has set a goal to replace 10% of our total jet fuel consumption with SAF by 2030. We're working intently on SAF partnerships and utilizing internal resources to develop our SAF supply chain, such as through our investment in SAFFiRE. We recognize the SAF market still needs to be scaled in order for us to be able to meet our goal, which requires government support and collaboration across the entire value chain. We support the federal government's ambition for three billion gallons of SAF by 2030 through the SAF Grand Challenge and SAF incentives.¹³

Low-carbon Airline and Less Carbon Intensive Products and Services

NZE



Both corporate and individual airline Customers engage with airlines to address the climate impact of their flights, which could lead to increased revenue from new customers.

As Southwest communicates progress toward our climate goals, we may attract new customers and generate additional revenue. Additionally, if Southwest successfully meets our climate goals, this could boost our reputation and brand.

Energy Sources

Products and Services



Potential Mid- to Long-Term Impacts

Enhancement Strategies

Use of More Fuel Efficient Technologies for Fleet and Operations

NZE



More fuel-efficient technologies could reduce Southwest's operating costs and could reduce financial exposure to potential carbon pricing schemes.

We're modernizing our fleet, with plans to replace our older 737-700 aircraft with MAX aircraft that are more fuel efficient.¹⁷ On the ground, Southwest continues to electrify our GSE fleet, having electrified 37% of all eligible GSE as of December 31, 2023, with plans to continue to electrify more.²

Use of More Efficient Modes of Transport

NZE



More efficient modes of transport could reduce Southwest's financial exposure to fossil fuel cost increases or volatility as we diversify fuel types and explore alternative propulsion technologies.

We support exploration and advancement of all levers to address aviation's carbon emissions, and we continue monitoring the landscape with hydrogen, electric, and hybrid aircraft. In 2024, we made our first public engagement on battery-electric propulsion technologies through joining the Hawaii Seaglider Initiative, and we are eager to explore inter and intra island travel alternatives that have the potential to support our environmental sustainability goals.

Resource Efficient Technology

Compliance

Maintaining compliance with local, state, and federal environmental laws and regulations is fundamental to our [Environmental Policy](#). We continually work to meet our annual goal of zero recorded environmental violations. Our Environmental Services Team regularly conducts audits to review compliance. We also work to improve our performance by utilizing our environmental management system (EMS), following environmental guidelines and procedures, implementing corrective action, and training our Employees to meet our compliance goals. We meet with our airport Stakeholders on a regular basis both in response to events and incidents (if any), as well as to foster a collaborative approach to our collective compliance.

Our standard auditing protocol assesses a location's recordkeeping permit status and compliance with requirements of regulatory plans such as Storm Water Pollution Prevention Plans (SWPPP), and Spill Prevention Control and Countermeasure Plans (SPCC). We perform visual walk-through inspections to confirm that key compliance practices are enacted while also tracking spills, audit findings and corresponding corrective action, and permits and their expiration dates. We set goals and use our EMS and chemical management system (CMS) to aid in our effort to maintain compliance with environmental regulations, minimize costs and risk, and measure our efforts to improve our environmental performance.

We also track environmental issues that may have an impact to the broader aviation industry, such as the increased focus of governmental agencies on per- and polyfluoroalkyl substances (PFAS). PFAS are a key component in aqueous film forming foam (AFFF), which is widely used to fight petroleum-based fires at both commercial and military aviation facilities. The FAA and the U.S. Department of Defense have strict performance specifications for fire suppression systems, which contributed to the use of AFFF/PFAS over the decades. PFAS is now the focus of

regulatory oversight at airports, as well as the source of litigation by airports against AFFF manufacturers. Moreover, regulatory authorities at the federal, state, and local levels are contemplating both the prohibition of PFAS-based AFFF and costly remediation efforts at airports to address groundwater contamination. Southwest actively monitors the conversations so we can operate with the most updated information.

Waste

At Southwest, our goal is to help conserve natural resources by addressing the use of raw materials and comply with applicable local, state, and federal environmental laws and regulations regarding hazardous and non-hazardous waste. Maintaining a comprehensive analysis of all waste generation across all Stations is a hurdle that we're working to address. We work to track waste generation through multiple sources and third parties, with reports collected each year aimed at providing a summary of our waste disposal across our Stations. Material data collected includes scrap metal, batteries, e-waste, light bulbs, shredded paper, municipal waste, and all maintenance and cleaning agents (e.g., oil filters, glycol, solvents, paints). Forms of waste are broken out by hazardous and non-hazardous categorization, energy recovery status, quantity of material, and total weight for tracking purposes.

We also educate and engage our Employees about proper and safe waste disposal methods. Our Technical Operations Team practices first in, first out inventory management to maximize the shelf life of our supplies. In addition to closely monitoring inventory, waste reduction efforts include our shelf life improvement project and the installation of paint mixing stations. We introduced Shelf Life Return Bins in our hangars for the return of partially used, unexpired materials to stock. Hangars also have paint mixing stations to mix task specific amounts of paint based on what is needed for a project, rather than mixing all of the paint components included in a prepackaged kit. We continually review

our materials and processes to maintain full regulatory compliance, while optimizing performance and minimizing operational disruptions and waste.

Water Management

We recognize the significance of water conservation. While our water usage is relatively small compared with our overall environmental footprint, we collaborate with select airports across our network to manage storm water runoff and mitigate environmental impact on adjacent water bodies.

Airports' storm water discharge is governed by the EPA's National Pollutant Discharge Elimination System (NPDES) program. This program issues permits to airports or to airlines at those airports for the proper handling of aircraft deicing fluid runoff and maintenance fluids to avoid negative environmental effects. We partner with the airports we serve to implement measures addressing aircraft deicing runoff. This includes the recovery of deicing fluids and adoption of other related pollution-reduction technologies. Additionally, we contribute to storm water management by adhering to regulatory plans like the SWPPP and SPCC. We also incorporate storm water protection into our annual environmental training for all operational groups.



Planet Data Table

Environmental Impact	Units	2023	2022	2021	2020	2019
Total Energy Consumption	Megawatt-Hours (MWh)	84.0 million	75.9 million	64.6 million	49.8 million	81.1 million
Production Activity	Revenue Ton Kilometers (RTKs)	24.3 billion	22.1 billion	18.6 billion	9.8 billion	23.5 billion
Water Consumption ²³	Gallons	85.8 million	77.2 million	78.7 million	83.2 million	95.0 million

GHG Inventory	Units	2023	2022	2021	2020	2019
Scope 1						
Conventional Jet Fuel Emissions ²⁴	Metric Tons of Carbon Dioxide Equivalent (MT of CO ₂ e)	20,619,349	18,487,864	16,050,702	12,252,482	19,984,165
Emissions associated with SAF	MT of Methane (CH ₄) and Nitrous Oxide (N ₂ O) in CO ₂ e	28	0.4	Not Reported	Not Reported	Not Reported
GSE Fuel Emissions	MT of CO ₂ e	43,559	25,601	29,535	35,328	37,578
Natural Gas	MT of CO ₂ e	7,167	7,899	6,185	6,167	7,277
Total Scope 1 Emissions ^{24,25}	MT of CO ₂ e	20,670,103	18,521,364	16,086,422	12,293,977	20,029,020

SAF Emissions	Units	2023	2022	2021	2020	2019
Biogenic Emissions Associated with SAF ²⁶	MT of CO ₂ e	8,212	7,642	Not Reported	Not Reported	Not Reported
Scope 2						
Location-based	MT of CO ₂ e	35,822	36,487	34,977	38,334	44,783
Market-based	MT of CO ₂ e	21,256	30,376	Not Reported	Not Reported	Not Reported
Scope 3						
Category 1: Purchased Goods and Services	MT of CO ₂ e	1,716,201	1,496,394	Not Reported	Not Reported	Not Reported
Category 2: Capital Goods	MT of CO ₂ e	339,840	197,969	Not Reported	Not Reported	Not Reported
Category 3: Fuel and Energy-related Activities						
Conventional Jet Fuel ²⁴	MT of CO ₂ e	4,165,400	3,748,969	3,242,473	2,475,178	4,037,089
Sustainable Aviation Fuel	MT of CO ₂ e	2,434	2,303	Not Reported	Not Reported	Not Reported
Category 5: Waste Generated in Operations	MT of CO ₂ e	3,625	1,632	1,574	1,473	2,221
Category 7: Employee Commuting	MT of CO ₂ e	162,146	162,762	142,230	118,305	151,400
Total Scope 1, Scope 2, and Scope 3 Category 3 Emissions ²⁴	MT of CO ₂ e	24,873,759	22,309,123	19,363,872	14,807,489	24,110,892

Other Air Emissions ²⁷	Units	2023	2022	2021	2020	2019
Nitrogen Oxides (NO _x) Emissions from Stationary Sources	Tons	6.5	7.7	6.0	7.1	7.1
Sulfur Oxides (SO _x) Emissions from Stationary Sources	Tons	0.5	0.7	0.6	0.7	0.7

Compliance	Units	2023	2022	2021	2020	2019
Environmental Violations Resulting in Fines	Number	None	None	None	None	1
Total Environmental Fines	Dollars	None	None	None	None	\$1,305

Environmental Performance	Units	2023	2022	2021	2020	2019
RTK Emissions Intensity ²⁴	Grams CO ₂ e/RTK	1,022	1,006	1,041	1,509	1,027
RPM Emissions Intensity ²⁴	Grams CO ₂ e/RPM	183	180	187	273	184
ASM Emissions Intensity ²⁴	Grams CO ₂ e/ASM	146	150	147	143	153
Fuel Efficiency	ASMs/gallon	79.5	77.3	79.2	81.3	75.7
Purchases of Renewable Energy Certificates	kWh	More than 58 million	More than 59 million	More than 39 million	None	More than 25 million

Waste Management & Recycling ²⁸	Units	2023	2022	2021	2020	2019
Total Waste Generated	Tons	8,914	7,259	6,808	6,032	9,310
Total Waste Diverted	Tons	2,104	1,524	1,470	1,503	2,426
Total Waste Directed to Disposal	Tons	6,810	5,735	5,338	4,529	6,884
Total Waste Recycled	%	24	21	22	25	26
Hazardous Waste Generated	Tons	34.9	19.6	16.1	25.7	27.4
Hazardous Waste Managed Through Recycling and Beneficial Reuse	Tons	17.5	17.1	11.5	19.1	22.3

Performance

Delivering strong operational and financial performance, while keeping Safety a top priority, is critical to our Stakeholders and to the long-term success of Southwest Airlines. This section provides a holistic overview of Southwest's 2023 performance across these key areas, as well as the growth of our network, Customer Satisfaction, and our indirect economic impact.

2023 Highlights

- Launched digital bag tracking, enabling Southwest Customers to track checked bags from tagging to arriving at their destinations
- Created more flexibility on day of travel with the launch of new same-day change and same-day standby benefits²⁹
- Partnered with IATA to conduct a Safety Culture Survey to gain insights from Employees and identify areas of strength and areas to continually improve
- Ended 2023 serving more than 800 city pairs connecting more than 120 airports

44,905

Customer commendations

99%

completion factor

\$26.1B

record operating revenues

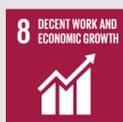
137M+

revenue Passengers carried



Performance Section Framework Disclosures

SDGs



GRI

201-1	403-1	403-4	403-8
203-1	403-2	403-5	413-1
203-2	403-3	403-7	416-1

SASB

TR-AL-540a.1

Key Topics

Financial Performance	Fleet Management	Safety	Operational Performance
Customer Satisfaction	Network & Growth	Indirect Economic Impact	

Financial Performance

2023 Spotlight

- Generated record full year operating revenues of \$26.1 billion
- Achieved a record number of revenue Passengers carried, at more than 137 million Passengers
- Achieved a strong 99% completion factor performance for full year 2023, with fourth quarter 2023 being our best quarterly performance in more than a decade
- Maintained the strength of our investment-grade balance sheet

In 2023, Southwest generated record operating revenues of \$26.1 billion and full year net income of \$465 million. Excluding special items,³⁰ we achieved full year net income of \$980 million. Our strong 2023 revenue performance was driven by healthy leisure demand and continued yield strength combined with record ancillary revenue, loyalty program revenue, and Passengers carried. In fact, we set operating revenue records in each quarter of the year and for the full year 2023. Additionally, we were pleased with the performance of our revenue initiatives, including our managed business initiatives.

Alongside revenue growth, 2023 was a year of significant progress toward achieving our operational performance goals—all thanks to the efforts of our incredible People.

We had a strong 99% completion factor performance for full year 2023, with fourth quarter 2023 being our best quarterly performance in more than a decade at 99.6%. And we improved across nearly all Operational and Customer metrics. Our completion factor, ontime performance, early morning originators, and mishandled bag rate all showed substantial year-over-year improvement, which in turn led to a year-over-year improvement in our Net Promoter Score (NPS). During 2023, we also completed a comprehensive winter action plan, restored our network, achieved full utilization of our fleet, delivered significant new capabilities for our Customers, and maintained the strength of our investment-grade balance sheet, despite facing extraordinary challenges over the past few years.

While we're proud of our 2023 accomplishments, we acknowledge that we've not yet delivered on our financial targets. In 2024, we're focused on leveraging strategic initiatives to improve profitability and make progress toward our financial targets. This includes an important emphasis on better aligning Southwest's route network with new demand patterns and the incremental benefit of new and existing strategic initiatives.

Cost pressures, particularly from higher labor costs and maintenance expenses, will likely persist throughout 2024. However, we'll be relentless in executing our plans and will continue to make necessary adjustments, including potential capacity changes, to drive financial results and make progress toward restoring our profit margins to historical levels—without losing focus on delivering outstanding service to our Customers, creating value for our Shareholders, and delivering a safe, efficient, and reliable operation.

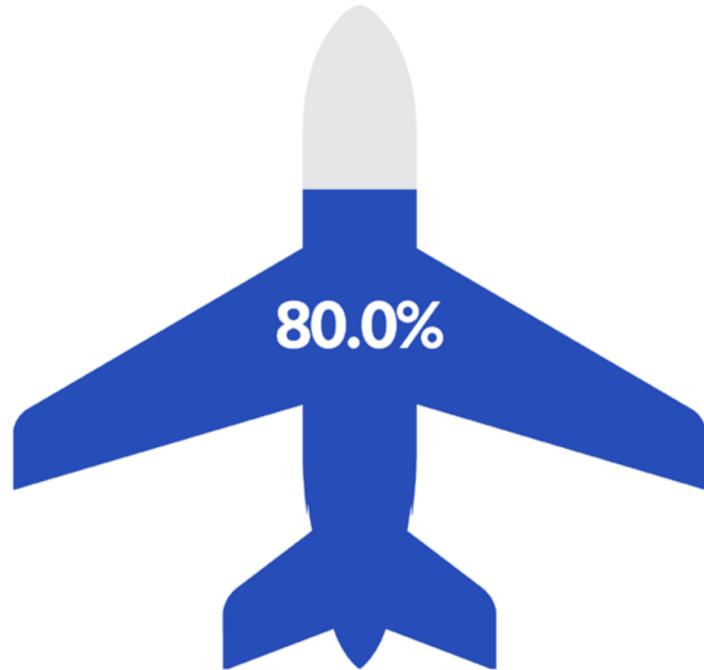


Performance at a Glance

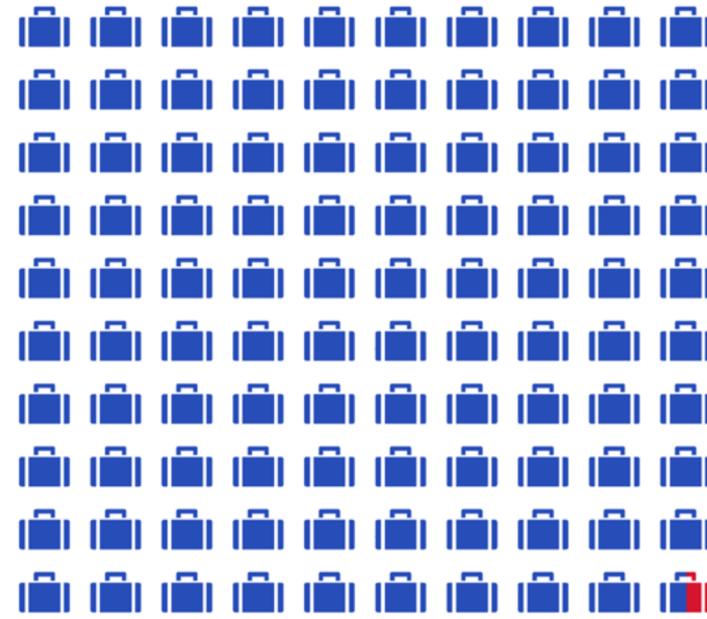
 **74,806** Active, full-time equivalent Employees

 **137,000,000+** Revenue Passengers carried

Passenger Load Factor

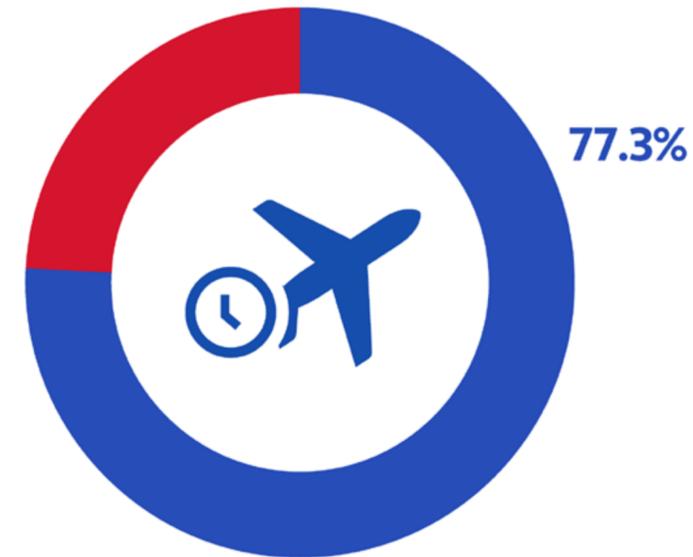


Mishandled Bag Rate



4.5 bags per 1,000 enplaned bags

Ontime performance



\$980M

Annual net income excluding special items³⁰

\$11.5B

Year-end cash and short-term investments

44,905

External Customer commendations

\$3.2B

Net cash provided by operations

\$26.1B

Record operating revenues

817

Boeing 737 aircraft

121

Airports served

4.0%

After-Tax ROIC³⁰

54.5

Net Promoter Score

Management Approach

Our Leadership Team sets specific annual financial goals to generate consistent profitability and enhance Shareholder value, with a particular focus on generating returns on invested capital in excess of our weighted average cost of capital.

With oversight from our CEO and Board, our Leadership team actively manages the financial performance of Southwest. All Executives play a role in incorporating these focus areas into our business strategy in an effort to achieve our financial goals. Throughout the year, our Financial Planning and Analysis department closely tracks our financial performance and provides frequent updates to Senior Executives and the Board.

Southwest recognizes the potential impact that our financial performance may have on our Stakeholders, including our Employees, Customers, Shareholders, suppliers, and the communities we serve. Our financial performance focus areas and goals include:

- **Employees:** Financial performance supports job security, our ability to invest in airplanes and grow the Company, our ability to invest in the Employee experience, and Southwest's ProfitSharing Plan—a defined contribution plan that gives our Employees the opportunity to share in Southwest's success (subject to the Board's discretion and approval).
- **Customers:** Our ability to maintain a competitive cost position allows us to keep fares low and offer more routes for Customers. Our financial performance also ties to our ability to reinvest in Customer Experience enhancements.
- **Shareholders:** Strong financial performance is foundational to delivering adequate returns on investment.
- **Suppliers:** Strong financial performance creates the opportunity to grow our operations and increase our procurement, which can benefit our suppliers.

- **Communities:** Strong financial performance can protect jobs and positively impact economic growth in the communities in which we operate.

Strong relationships and regular communication with these Stakeholders all play a role in supporting strong financial performance. For example, we encourage all Employees to contribute their ideas for process improvements, enhancing efficiency, reducing costs, and attracting more Customers. We listen to our Customers through many channels, including social media, emails, and surveys. Their feedback helps guide strategic actions, such as our recent investments in improved WiFi,³¹ larger overhead bins, and in-seat power. Satisfying Customers fosters repeat business, positively impacting financial performance. Frequent interactions with Shareholders, including one-on-one conversations, quarterly earnings calls, and participation in investor events, offer opportunities for insightful discussions that challenge perspectives and influence future decisions.

"Earning adequate and consistent returns—ROIC well in excess of WACC—is our financial North Star, and it's non-negotiable. We will be relentless in executing against our plans, and we will continue to make adjustments, including capacity adjustments if needed, until we deliver those results."

Bob Jordan

President &
Chief Executive Officer

Reporting on Business Performance

Southwest's [Annual Report to Shareholders](#) provides an overview of our business and financial performance in 2023. The Annual Report also includes a discussion of our business, risks factors, Management's Discussion and Analysis of Southwest's Financial Condition and Results of Operations, and audited financial statements.

Southwest's [Proxy Statement](#), provided to Shareholders in advance of the Annual Meeting of Shareholders, describes matters up for Shareholder vote and includes Executive compensation information.



10-Year Summary

Our 10-Year Summary shows consistent profitability prior to the COVID-19 pandemic. In the decade leading up to 2020, we significantly increased our destinations served and further strengthened our robust point-to-point network. We increased our capacity and fleet, introduced near-international service, and added thousands of Employees to our Southwest Family. Our solid execution led to increased earnings per share and returns to Shareholders.

Through our recovery from the pandemic, we've reached important milestones such as becoming fully staffed, restoring our robust network, and flying our full fleet. Despite pressures from rising operational costs, we remain dedicated to building on our momentum of the past 10 years, leveraging network optimization and efficiency gains, among other strategic initiatives, to achieve sustainable growth and a return to consistent profitability.



“We prioritized resources into restoring our network and Reliability in 2023, and now can direct more focus and energy to consistently deliver a strong financial performance that supports and reflects the operational excellence of our People who are the Heart and soul of this great Company.”

Tammy Romo

Executive Vice President & Chief Financial Officer

Select Consolidated Financial Data	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Dollars in millions except per share amounts, unaudited										
Operating revenues										
Passenger	\$23,637	\$21,408	\$14,066	\$7,665	\$20,776	\$20,455	\$19,763	\$19,068	\$18,299	\$17,658
Freight	175	177	187	161	172	175	173	171	179	175
Special revenue adjustment	–	–	–	–	–	–	–	–	172	–
Other	2,279	2,229	1,537	1,222	1,480	1,335	1,210	1,050	1,170	772
Total operating revenues	26,091	23,814	15,790	9,048	22,428	21,965	21,146	20,289	19,820	18,605
Operating expenses	25,867	22,797	14,069	12,864	19,471	18,759	17,739	16,767	15,821	16,437
Operating income (loss)	224	1,017	1,721	(3,816)	2,957	3,206	3,407	3,522	3,999	2,168
Total other expenses (income)	(409)	289	396	440	–	42	142	72	520	352
Income (loss) before income taxes	633	728	1,325	(4,256)	2,957	3,164	3,265	3,450	3,479	1,816
Provision (benefit) for income taxes	168	189	348	(1,182)	657	699	(92)	1,267	1,298	680
Net income (loss)	\$465	\$539	\$977	\$(3,074)	\$2,300	\$2,465	\$3,357	\$2,183	\$2,181	\$1,136
Net income (loss) per share, basic	\$0.78	\$0.91	\$1.65	\$(5.44)	\$4.28	\$4.30	\$5.58	\$3.48	\$3.30	\$1.65
Net income (loss) per share, diluted	\$0.76	\$0.87	\$1.61	\$(5.44)	\$4.27	\$4.29	\$5.57	\$3.45	\$3.27	\$1.64
Cash dividends per common share	\$0.720	\$0.000	\$0.000	\$0.180	\$0.700	\$0.605	\$0.475	\$0.375	\$0.285	\$0.220
Total assets	\$36,487	\$35,369	\$36,320	\$34,588	\$25,895	\$26,243	\$25,110	\$23,286	\$21,312	\$19,723
Long-term debt less current maturities	\$7,978	\$8,046	\$10,274	\$10,111	\$1,846	\$2,771	\$3,320	\$2,821	\$2,541	\$2,434
Stockholders' equity	\$10,515	\$10,687	\$10,414	\$8,876	\$9,832	\$9,853	\$9,641	\$7,784	\$7,358	\$6,775

Consolidated Financial Ratios	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Return on average total assets	1.3%	1.5%	2.8%	(10.2)%	8.8%	9.6%	13.9%	9.8%	10.6%	5.8%
Operating margin	0.9%	4.3%	10.9%	(42.2)%	13.2%	14.6%	16.1%	17.4%	20.2%	11.7%
Net margin	1.8%	2.3%	6.2%	(34.0)%	10.3%	11.2%	15.9%	10.8%	11.0%	6.1%
Revenue Passengers carried (in 000s)	137,279	126,586	99,111	54,088	134,056	134,890	130,256	124,720	118,171	110,497
Enplaned Passengers (in 000s)	171,817	156,982	123,264	67,785	162,681	163,606	157,677	151,740	144,575	135,767
RPMs (in millions)	136,256	123,843	103,562	54,221	131,345	133,322	129,041	124,798	117,500	108,035
ASMs (in millions)	170,323	148,467	132,006	103,456	157,254	159,795	153,811	148,522	140,501	131,004
Passenger load factor	80.0%	83.4%	78.5%	52.4%	83.5%	83.4%	83.9%	84.0%	83.6%	82.5%
Average length of Passenger haul (miles)	993	978	1,045	1,002	980	988	991	1,001	994	978
Average stage length (miles)	730	728	790	743	748	757	754	760	750	721
Aircraft utilization (hours and minutes per day)	10:45	10:31	9:52	8:52	11:10	11:10	11:11	11:08	11:13	10:54
Trips flown	1,459,427	1,298,219	1,066,934	897,540	1,367,727	1,375,030	1,347,893	1,311,149	1,267,358	1,255,502
Average Passenger fare	\$172.18	\$169.12	\$141.92	\$141.72	\$154.98	\$151.64	\$151.73	\$152.89	\$154.85	\$159.80
Passenger revenue yield per RPM	17.35¢	17.29¢	13.58¢	14.14¢	15.82¢	15.34¢	15.32¢	15.28¢	15.57¢	16.34¢
Operating revenue yield per ASM	15.32¢	16.04¢	11.96¢	8.75¢	14.26¢	13.75¢	13.75¢	13.66¢	13.98¢	14.20¢
Operating expenses per ASM	15.19¢	15.36¢	10.66¢	12.43¢	12.38¢	11.74¢	11.53¢	11.29¢	11.26¢	12.55¢
Operating expenses per ASM, excluding fuel	11.54¢	11.33¢	8.15¢	10.65¢	9.62¢	8.85¢	8.88¢	8.73¢	8.60¢	8.46¢
Fuel cost per gallon including tax	\$2.89	\$3.10	\$1.98	\$1.45	\$2.09	\$2.20	\$1.99	\$1.90	\$1.96	\$2.97
Fuel consumed, in gallons (millions)	2,143	1,922	1,668	1,273	2,077	2,094	2,045	1,996	1,901	1,801
Active, full-time equivalent Employees at year-end	74,806	66,656	55,093	56,537	60,767	58,803	56,110	53,536	49,583	46,278
Aircraft at year-end ³²	817	770	728	718	747	750	706	723	704	665
Average age of fleet (years)	11	12	13	12	12	11	11	12	12	12

Reconciliation of Reported Amounts to Non-GAAP Measures³⁰

(Dollars in millions, unaudited)

Year ended December 31, 2023	
Net income, as reported	\$465
Add: TWU 556 contract adjustment ³³	180
Add: SWAPA contract adjustment ³⁴	354
Add: Fuel hedge contracts settling in the current period, but for which gains were reclassified from AOCI ³⁵	16
Deduct: Mark-market impact from fuel contracts settling in current periods ³⁵	(17)
Deduct: Unrealized mark-to-market adjustment on available for sale securities	(4)
Add: DOT settlement	107
Add: Litigation settlement	12
Deduct: Net income tax impact of special items ³⁶	(133)
Net income, excluding special items	\$980

Non-GAAP Return on Invested Capital

(Dollars in millions, unaudited)

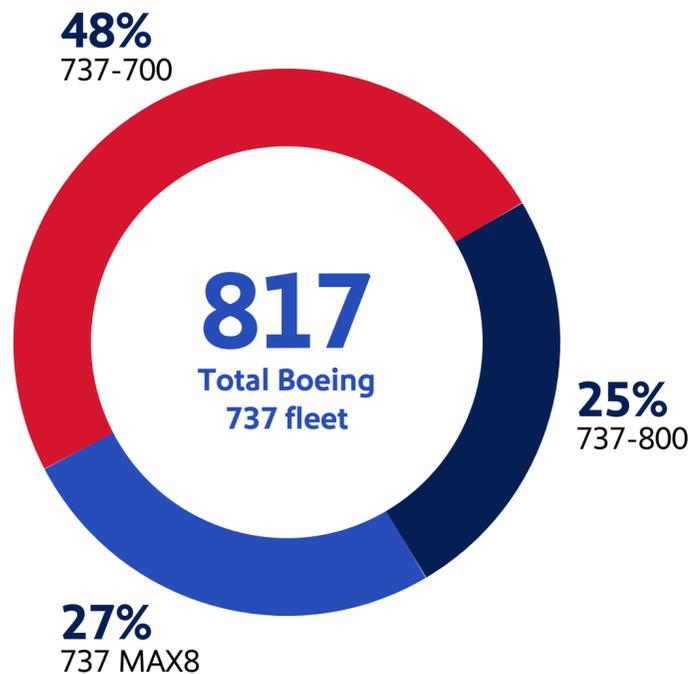
Year ended December 31, 2023	
Operating income, as reported	\$224
TWU 556 contract adjustment ³³	180
SWAPA contract adjustment ³⁴	354
Net impact from fuel contracts ³⁵	16
DOT settlement	107
Litigation settlement	12
Operating income, non-GAAP	893
Net adjustment for aircraft leases ³⁷	128
Adjusted operating income, non-GAAP (A)	\$1,021
Non-GAAP tax rate³⁸ (B)	23.5%
Net operating profit after-tax (A*(1-B)=C)	\$781
Debt, including finance leases ³⁹	\$8,033
Equity ³⁹	10,669
Net present value of aircraft operating leases ³⁹	1,029
Average invested capital	\$19,731
Equity adjustment ⁴⁰	(168)
Adjusted average invested capital (D)	\$19,563
Non-GAAP ROIC, pre-tax (A/D)	5.2%
Non-GAAP ROIC, after-tax (C/D)	4.0%

Fleet Management

Southwest only operates Boeing 737 aircraft. And with more than 800 737s, we operate the largest all-Boeing 737 fleet in the world. Our single-fleet strategy helps keep costs low, supports efficient operations, and simplifies scheduling across our point-to-point network. It also helps streamline operations and training for our Employees and business partners. Above all, a single fleet helps us maintain focus on our number one priority—Safety for our Employees and Customers.

Fleet Composition

(as of December 31, 2023)



Our fleet management approach also emphasizes modernization. As of December 31, 2023, Southwest had firm orders for new 737 MAX7 and 737 MAX8 aircraft through 2031 to replace older aircraft.¹⁸ This order book offers significant flexibility for our fleet plans through 2031, highlighting our commitment to upgrading our fleet with more fuel-efficient aircraft. Compared to the previous generation of 737s, the MAX7 and MAX8 models offer increased range, enhanced flight deck capabilities, quieter engines, and approximately 14% greater fuel efficiency.¹⁷

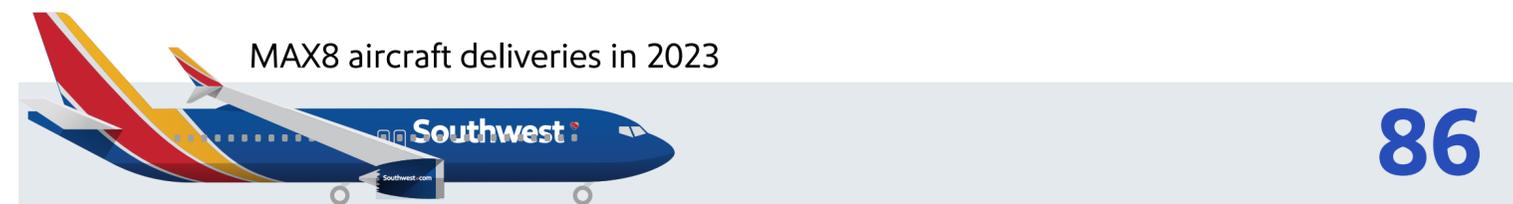
Fuel-efficient, longer-range aircraft provide substantial benefits for Southwest. Using less fuel helps us streamline

operations and maintain low costs, and it's a crucial step toward achieving our carbon emissions intensity targets. The MAX7 is also set to be the longest-range aircraft in our fleet, allowing us to enhance our route network.

New aircraft are great for our Customers too. New MAX aircraft come equipped with WiFi, the latest-generation of onboard USB-A and USB-C power ports on every seat, and feature cabin upgrades like adjustable headrests, lower profile armrests, and improved cushion support.

Under the guidance of our CFO and VP of Fleet Management, our Fleet Management Team collaborates with Stakeholders across the organization to oversee aircraft acquisitions and retirements. The Southwest Team aims to optimize the total cost of ownership and improve efficiencies across the fleet, while catering to the needs of our Customers, Employees, and operations. Although our single-manufacturer fleet strategy offers many advantages, we acknowledge our dependence on a single manufacturer. We routinely review our fleet strategy with Senior Leadership and our Board of Directors to reaffirm our operational and fleet philosophy.

Fleet Management

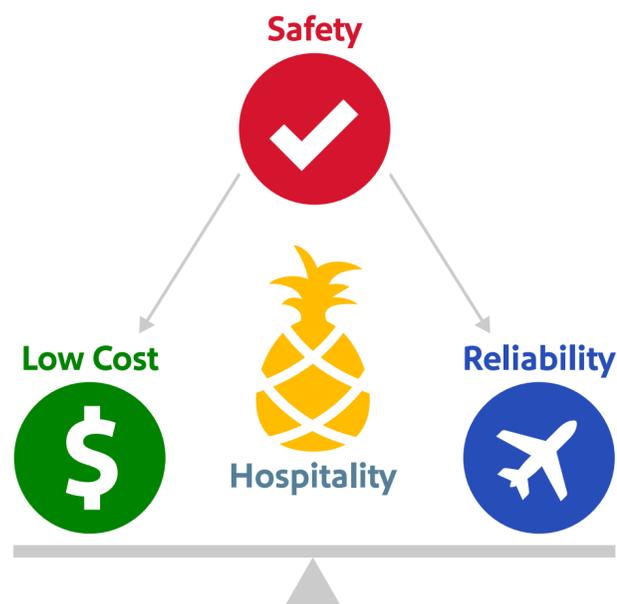


Safety

2023 Spotlight

- Ended the year strong, meeting all of our 2023 Safety goals
- Partnered with IATA to conduct a Safety Culture Survey to gain insights from Employees and identify areas of strength and areas to continually improve

Southwest Airlines' Operational Philosophy puts Safety first, without compromise. All Employees are expected to follow Company policies and procedures designed to enable operations at an acceptable level of risk for Southwest, in compliance with regulatory requirements. Next, and only after operating safely, we balance being low-cost and reliable, all delivered with world-class Hospitality.



This operational philosophy provides a framework for a safe work environment for our Employees, a safe travel experience for our Customers, and helps to mitigate any potential negative impacts from our operations. Ultimately, putting Safety first positions Southwest for success.

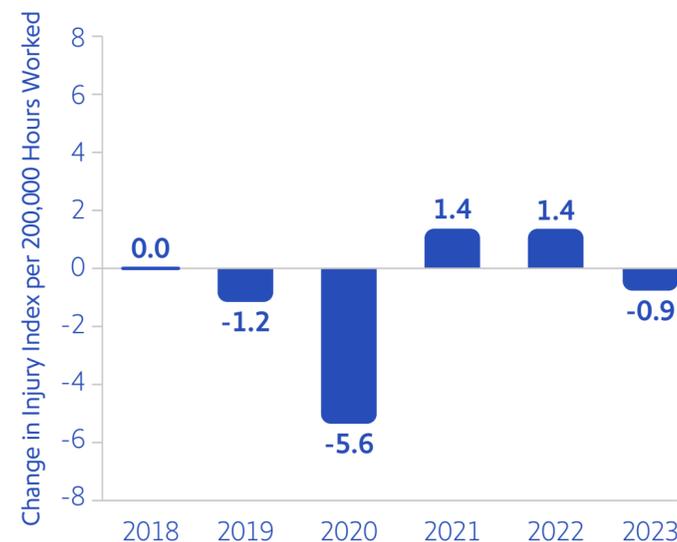


2023 Safety Goals

Every year, we set Safety performance goals. **In 2023, we met our goals and even exceeded expectations in some performance areas.** Our goals included reducing Employee injuries and lost time in 2023, returning to our 2018 performance metrics.⁴¹

Lost Time Injury Claim Index

Indexed to 2018 Performance⁴¹



OSHA Recordable Injury Index

Indexed to 2018 Performance⁴¹



Focused on continuous improvement, our Safety and Security Team launched new initiatives to help us achieve our Safety goals in 2023:

- Ground Operations enhanced our Station Trainer Program and Tactical Leader Training. Leadership initiatives included holding weekly Station Leader Safety Culture and Ops Philosophy calls, improving training methods, and conducting Ramp Proficiency Audits.
- Technical Operations initiatives included better use of Safety Committee Meetings to gather Frontline Employee input and perspective on how to reduce injury and damage. Tech Ops also increased the frequency of Aerial Lift Training reoccurrence from three to two years and began developing a business case for training simulators. New initiatives also included introducing a Lockout-Tagout training video, computer-based training, and the launch of our "See Something, Say Something" campaign.
- Inflight Operations is collaborating with Ground Operations to enhance the clarity of proper door procedures in the manuals and is working with the SWAU Instructor Teams to provide greater emphasis on proper door procedures in training.
- Flight Operations Flight Safety Audit Program (FSAP) conducted more than 1,000 flight deck observations to collect Safety data to continuously monitor normal line operations. FSAP data collected was analyzed to produce a Line Operations Safety Audit (LOSA) Report, which benchmarks Southwest Airlines against industry peers. LOSA Report results are expected in early 2024 and will be used to improve the policies and procedures our Pilots use every day in the flight deck to get our Customers to their destinations safely.
- NOC added new safety KPIs and invested in additional resources for Safety programs, created an oversight/auditing team to oversee compliance with our policies and procedures, and appointed a new Safety Director to refine SMS processes, aiming to reduce inflight damage caused by lightning and hail.
- Cargo & Charters created an additional role in their organization, the Charter Associate Program Manager (CAPM). CAPMs are individuals who specialize in Charter Operations and support Employees operating charter flights to give Employees what they need to provide a safe and efficient operation.

Southwest's Safety Management System

Our commitment to Safety is embodied in our Safety Management System (SMS), which creates the framework that enables Southwest to operate safely. Our systematic approach to managing Safety is based on FAA requirements and regulations, and we comply with all FAA requirements for our Employees and operations.

The SMS framework is comprised of four components:

Safety Policy, Safety Risk Management, Safety Assurance, and Safety Promotion.

These components are seamlessly integrated into all of our processes, establishing a robust structure for Safety at Southwest.



Safety Policy

Southwest's Safety Policy is reflected in our Safety and Security Commitment, a public pledge made by all Southwest Employees and Senior Leadership to the Safety and Security of our Customers and Employees. It establishes clear Company and Employee expectations for Safety and Security and holds our Employees accountable for meeting these expectations. Southwest's Safety Policy also covers our Safety and Security Objectives, including Safety Objectives specific to supporting Employees and reducing injuries. Southwest Employees are expected to demonstrate their commitment to Safety by:

- Following Company policies and procedures
- Identifying anything that could cause damage or injury
- Reporting hazards through Companywide reporting tools
- Knowing and understanding our Safety and Security Commitment

Other Safety policies include our Guidelines for Employees, Safety/Security Management Manual, and our Drug and Alcohol Policy.

Our SMS processes incorporate participation from Employees to help identify hazards (anything that could cause injury or damage). SMS is integral in the development and implementation of procedural changes, including those specific to mitigating hazards. Being accountable to the Safety and Security Commitment is yet another way that our Employees offer our Customers the Hospitality we're known for—through the lens of a safe operation.

Safety Risk Management

The Safety Risk Management function of our SMS provides a proactive, systemic, and standardized process designed to identify hazards and risks to the operation and workplace before they become injuries, accidents, or incidents. It is designed to mitigate risk through the implementation of effective risk controls, including tools, technology, and training. Our Safety Management System grants Employees and Contractors the opportunity to anonymously report Safety or Security related questions, concerns, or suggestions through our internal Safety/Security Reporting System (SRS).

Upon joining Southwest, Employees complete mandatory job-specific Safety and occupational health training, equipping them to perform their roles. Additionally, depending on their job function and group, Employees participate in continuous required and voluntary training to enhance their skills and knowledge.

Safety Assurance

The Safety Assurance function of our SMS is data-driven, using analytics to consistently evaluate the efficacy of risk controls and our overall Safety performance. At Southwest, we monitor Safety using diverse data streams, including Employee reports, aircraft information, Safety investigations, fatigue management programs, and audits.

Audit data is used to proactively assess Safety risk controls. Whenever we implement new or updated policies or procedures, we actively search for any factors that could lead to injury or damage. Our monitoring extends beyond recent implementations; we consistently review controls that have been part of our system for a long duration.

Our assurance programs scrutinize the effectiveness of these controls across all operational areas. When we encounter unexpected indications, we undertake further analysis. We've established a formal system assessment process for documenting and addressing any issues when Safety performance doesn't meet our stringent standards. In 2023 alone, we carried out more than 30 system assessments.

Moreover, we analyze high-performing areas to extract lessons that can be applied to other projects. A prime example is our Extended Operations (ETOPS) program, which involved comprehensive Safety risk management. In developing this program, we preemptively identified hazards and developed risk controls, which allowed us to build strong assurance measures. This proactive approach meant we knew the necessary data for collection and could leverage automation for ongoing monitoring. Each monitored area has set metrics that are regularly reviewed and reported to the ETOPS Advisory Board.

Furthermore, we continually assess our performance against Safety Objectives, including reducing injuries and operational damage. Over recent years, amid significant operational shifts such as post-COVID-19 recovery and integrating thousands of new Employees, our data-driven

evaluations helped verify the effectiveness of our risk controls and identify areas for enhanced performance. These efforts underline our Employees' dedication to Safety and Customer protection.

Safety Promotion

All areas of the SMS receive Companywide and department-specific Safety Promotion support, which includes both training and communication related to Safety. We employ job-specific training grounded in rigorous standards to equip Employees with the essential skills for safe operations.

Southwest Airlines is committed to promoting the Safety and Security of our Customers and Employees - it's our number one priority.

Additionally, we have a dynamic engagement strategy to inform and educate Stakeholders about the Company's Safety and Security Commitment. This strategy involves enterprise-wide communication through various channels, messages tailored to Frontline Employees addressing Safety risks in their specific areas, and Leadership briefings that highlight trends and provide talking points to address concerns or spotlight improvements. Leaders can also review results pertinent to their locations and workgroups, guiding them to focus on areas for enhanced outcomes. The SMS is engineered to nurture a robust Safety Culture through knowledge and understanding. Our holistic strategy underscores our commitment to make Safety a top priority.

Safety Governance

The Board, through its Safety and Compliance Oversight Committee comprised of independent directors, monitors the Company's activities in areas of safety and operational compliance, periodically assesses the Company's safety and operational compliance obligations, reviews relevant policies, and meets regularly with management to assess the adequacy of resources and operational processes directed toward supporting safety and operational compliance.

Furthermore, Southwest engages with independent third parties to conduct Safety reviews when the Board or management believe appropriate. In the last year for example, the Company engaged a third-party vendor to begin assisting the Company in joining the IATA Operational Safety Audit registry, including preparing for the IATA Operational Safety Audit (the IOSA). The IOSA program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline.

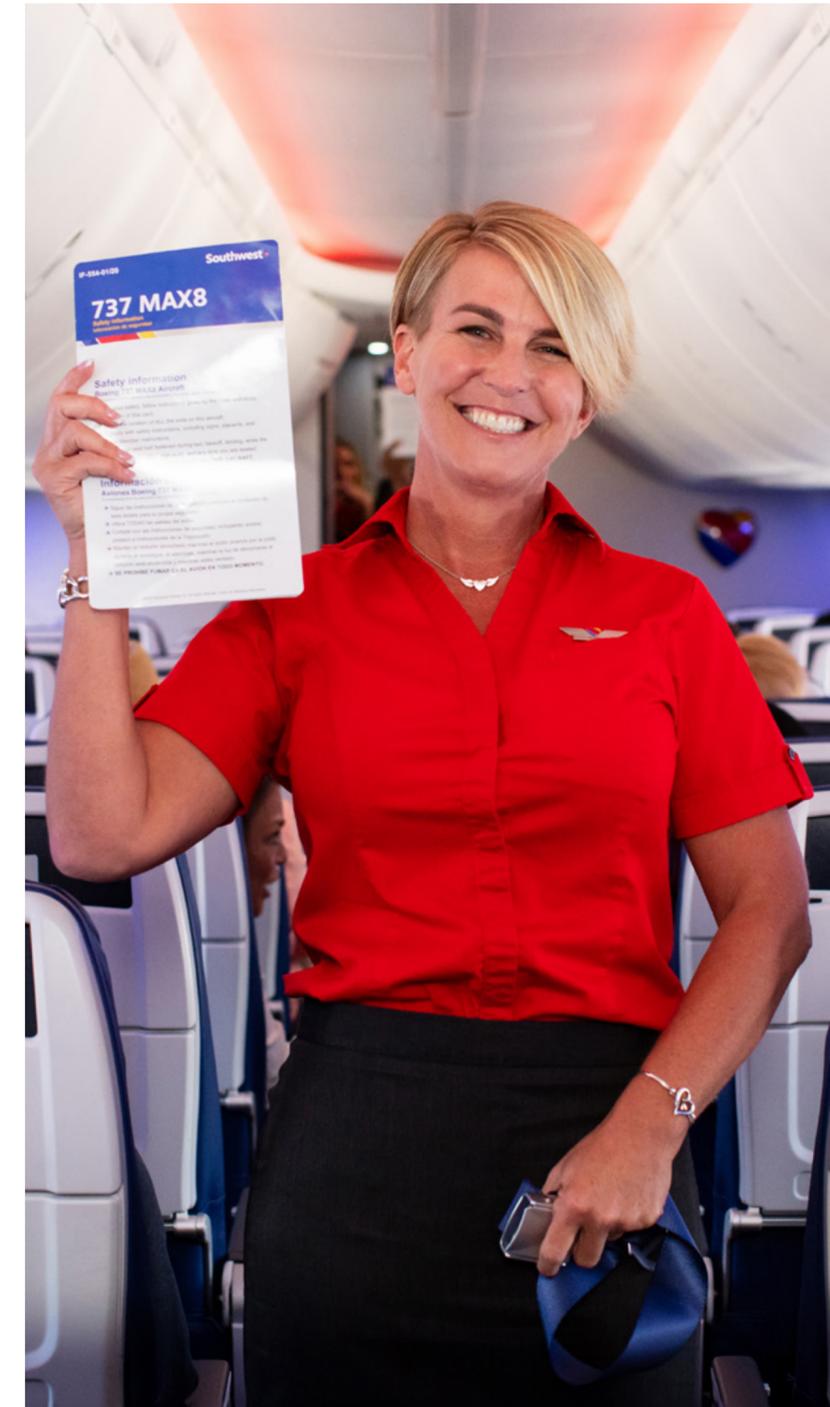
Launching our Security Management System (SeMS)

Our Employees are essential in maintaining a safe and secure operation. Since 2017, Southwest has used SMS to manage Safety risks and engrain a Safety Culture across the organization.

In the fall of 2023, we launched a SeMS to do the same for Security. SeMS creates a formal and comprehensive approach to managing Security risks—meaning we now have additional layers such as reporting and audits in place to help identify and mitigate potential Security threats and vulnerabilities.

All Employees are expected to contribute to and strengthen our Security Culture by being observant and

having situational awareness of their surroundings, being compliant with our policies and procedures, and reporting Security risks in our new Security reporting system—just like they report Safety risks.



Operational Performance

When Southwest launched in the early 1970s, we used our now famous “10-Minute Turn” to boost efficiency and take on larger competitors. Since then, Southwest’s fleet size and network breadth have grown considerably. But our dedication to efficiency, operational improvements, and our Purpose remains unchanged. Efficiency and Reliability are key to connecting People to what’s important in their lives through friendly, reliable, and low-cost air travel.

Southwest’s operations Teams are dedicated to:

- Identifying operational challenges and opportunities
- Informing decision-making and productivity through diagnostic analysis
- Reporting on operational performance and forecasting the operational trends that inform our network design
- Assessing how we design, build, and operate a flight schedule with a focus on proper staffing and capacity planning, overseeing Station readiness and improvements, and strategically responding to unplanned events

To drive efficiency, our operations Teams monitor the daily, monthly, and annual operational performance of our airline. This includes closely examining data points around annual performance goals, such as ontime performance and completion factor. Thousands of additional data points are used to forecast, trend, monitor, and adjust elements of our operation to achieve safe, reliable efficiencies from the time an aircraft arrives at the gate, deplanes, loads up again, and arrives at its next destination—which occurred more than 4,400 times per day during some peak season days in 2023.

At Southwest, we’re constantly innovating to shape the future of our airline. Our governance structure is clearly defined, streamlining the process for the evaluation, approval, management, and realization of strategic

project outcomes within our operations portfolio. This structure is essential for the continuous enhancement of our operational capabilities. Our strategy is to be forward-thinking, concentrating on continuous improvement and integrating data science, automation, and the latest trends into our operational tools and processes. This includes the regular development and trial of operational improvements in simulated and real-world settings. While we’re proud of our operational heritage, our focus remains on planning for future operations. Our goal is to consistently offer our Employees and Customers a safe, reliable, efficient, and modern airline experience.

Our Path Forward

Our Purpose is to connect People to what’s important in their lives through friendly, reliable, and low-cost air travel. We fell short on that Purpose in December 2022, when extreme weather and an unprecedented number of flight cancellations impaired our ability to quickly recover and serve our Customers as well as we would have liked to in the moment.

Following the December 2022 operational disruption, we conducted an internal review with a third-party aviation consulting firm to identify key root causes, reflect on lessons learned, and create an Action Plan divided into three components:

- **Improving Winter Operations:** In 2023, we focused on reinforcing our airport infrastructure and increasing the availability of equipment to help our Employees function more effectively in severe winter conditions. This included adding more deicing trucks, pads, and ground equipment, and increasing the storage capacity of deicing fluid at key airports. We also obtained additional engine inlet plugs and heaters to further protect aircraft

2023 Operational Improvements

Throughout 2023, we made progress on investments to improve our resiliency, prepare for the upcoming winter season, and deliver on three key areas of operational improvements:

 Improving Winter Operations	 Enhancing Cross-Team Collaboration	 Accelerating Operational Investments
 Additional deicing trucks and deicing pads	 Department alignment for Network Planning and NOC	 Network optimization tool
 More engine inlet plugs and heaters	 Real-time dashboards to monitor network health and visibility	 Increased phone system capacity for Customers and Flight Crew
 SureWx weather application	 Improved Crew Member communication	 Crew scheduling upgrades
 Increased deicing fluid capacity	 Formalized Winter Operations Playbook	 Customer bag tracking on website and mobile app

and ground equipment in very low temperatures. Additionally, we increased staffing at airports where extreme cold requires rotating Employees working outdoors. Initiatives also included the introduction of the SureWx liquid water equivalent system, which provides more precise information for Pilots and Dispatchers to know how much time an aircraft has to depart based on the efficacy of anti-icing fluids in winter conditions.

- **Enhancing Cross-Team Collaboration:** We took steps to enhance collaboration across Teams and improve tools and procedures for streamlined communication and decision-making. Early in 2023, we consolidated the Leadership of our Network Planning Team and Network Operations Control to unify our flight schedules and daily operations. We implemented enhanced real-time dashboards to monitor our network’s health, providing greater visibility into potential issues such as impending

flight cancellations. We also developed a seasonal planning forum with operational experts and Leaders, and for the winter season, we formalized a Winter Operations Playbook for our Leaders to use.

- **Accelerating Operational Investments:** We accelerated the delivery of upgraded tools and technology designed to help recover our operation quickly during extreme weather and throughout all seasons. This included completing several upgrades to software used to reassign our Crews during disruptions, increasing our phone system’s call capacity to better handle large volumes of calls, and enhancing the tool that electronically notifies Flight Crews of their new assignments. Moreover, we introduced an optimization tool to support large-scale solutions for our aircraft and Crew networks when unexpected disruptions occur due to weather.

Customer Satisfaction

2023 Spotlight

- Launched digital bag tracking, enabling Southwest Customers to track checked bags from tagging to arriving at their destinations
- Updated the WiFi experience across our entire fleet. That means less waiting for free movies, faster free texting, and \$8 internet that flies³¹
- Created more flexibility on day of travel with the launch of new same-day change and same-day standby benefits²⁹

Safety, maintaining low costs, ontime performance, and delivering an outstanding Customer Experience are all key tenets of our success. This philosophy has historically positioned us as a Leader in Customer Satisfaction and is central to our Vision to be the world's most loved, most efficient, and most profitable airline.

Our strategy for leading in Customer Satisfaction is time-tested: provide the best value in economy air travel and deliver it with award-winning Hospitality. We believe a barrage of extra fees shouldn't stand in the way of a great flying experience. Instead, we give our Customers the "Freedom to Say Yes" through fair and flexible policies like bags fly free[®],⁴² no change fees,⁴³ flight credits that never expire,⁴⁴ and our new same-day standby policy.²⁹ We aim to provide the best all-in value for domestic economy travel, together with consistent, high-quality service across all fares, not just premium ones. This combination of value and service has been integral to our identity since 1971 and continues to distinguish us to this day.

Our Journey to Transform the Customer Experience

In 2022, we announced a plan to invest more than \$2 billion over a five year period to revolutionize the Southwest Customer Experience from booking to baggage claim and beyond. Throughout 2023, we made significant progress on our Customer Experience journey.

Onboard Experience

At Southwest, we want to make the journey as great as the destination. Recent onboard enhancements, including upgraded WiFi,³¹ in-seat power, larger storage bins, and expanded food and beverage options, are all part of our vision for a more comfortable and connected Southwest cabin experience.

- **WiFi connectivity:** As of December 2023, we fully upgraded our existing fleet with Anuvu's latest-generation WiFi hardware and modems, offering up to 10 times our previous bandwidth. We also welcomed more than 60 new aircraft equipped with Viasat, our new connectivity partner, and look forward to expanding our fleet with more Viasat-equipped Boeing deliveries in 2024.

- **In-seat power:** We're on track with equipping aircraft with USB-A and USB-C power ports. By the end of 2023, 17 aircraft were outfitted, both through new deliveries and retrofits. We plan to ramp up installations in 2024, with a goal to equip more than a quarter of our entire fleet of aircraft with in-seat power by the end of 2024.
- **Larger bins:** Starting March 2023, we began taking delivery of new aircraft outfitted with larger bins, increasing carryon luggage capacity by 50%. As of the end of 2023, we have 69 aircraft equipped with larger bins and set a target to have 15% of our entire fleet equipped by the end of 2024.
- **Food & Beverage:** Since late 2022, our beverage menu has expanded to include hard seltzer, rosé wine, and On the Rocks Hornitos[®] Margarita. In 2023, we introduced Remy's Grahams[™] as a new complimentary snack on select flights, along with AHA Sparkling Water and Sprite. A-List Preferred status Passengers now enjoy up to two complimentary premium drinks per flight,⁴⁵ conveniently added to their mobile boarding passes.

From In-Line to Online

Introducing more self-service options allows us to reduce wait times and to provide a more seamless Southwest experience. Many of our recent digital enhancements stem from listening to Customer feedback and their desire for more digital self-service options. By identifying the areas that generate the most Customer contacts for assistance or need to wait in a line at the airport, we're strategically expanding our self-service features to better meet Customer needs.



"2023 was a year of great progress at Southwest toward resiliency and our operational capability. We concertedly invested across the Company to improve our readiness for extreme weather, streamlined our processes and communication, and worked to fortify the unmatched Hospitality of our People with new tools for a better footing to face modern challenges to air travel."

Andrew Watterson

Chief Operating Officer

In 2022, we introduced several new features to our Customer-facing digital platforms and airport kiosks, all designed to help Customers move more efficiently through the travel journey. Our momentum continued in 2023.

- **Digital baggage handling:** Customers can now check bags on any device before arriving at the airport and print bag tags at the airport kiosk even quicker. We also introduced digital bag tracking, allowing Customers to monitor their luggage's journey from tagging to arrival. And in the event of a missing bag, travelers no longer need to visit the Baggage Service Office in person. Instead, they can conveniently report it from their smartphone.
- **Expanded booking features:** Starting in spring 2024, Rapid Rewards® Members can enjoy the new option of paying for flights using both cash and Rapid Rewards® points beginning with as few as 1,000 points.⁴⁶ Additionally, our desktop website now enables Customers to search multiple nearby airports in a single search. Gone are the days of requiring multiple browser tabs in order to find your perfect Southwest flight! Users of our interactive route map on Southwest.com® will now also see “starting from” price points on selected routes, making it easier than ever to find our lowest fares.
- **My account:** We continue to innovate My Account, our Customers' one-stop digital shop for managing their booked travel. Customers can now easily view unused flight credits, gift cards, or Southwest LUV Vouchers® on both desktop and mobile. My Account has also been upgraded to be more mobile-friendly, allowing Customers to seamlessly navigate and view their tier status, promotions, and points activity all in one place. Customers have the flexibility to add and edit their personal, travel, and contact information, as well as update their login and security data, email subscriptions, and flight notification preferences.

Flexibility on the Fly

Starting in 2023, Customers now have the ability to list for same-day standby on ALL our fares, with free same-day flight changes available on Wanna Get Away Plus®, Anytime, and Business Select® fares when seats are available.²⁹ Adding even more flexibility, Customers can now digitally cancel one portion of a round trip flight, a task that previously required a phone call.⁴³ For reservations with multiple travelers, we've made it possible to change an individual's flight selection directly via our website and app without having to alter the entire party's reservation.

- **Same-day flight changes:**²⁹ Customers now have the ability via their digital device to list for same-day standby on ALL our fares, with free same-day confirmed flight changes available on Wanna Get Away Plus®, Anytime, and Business Select® fares when seats are available.
- **Cancel flights:**⁴⁷ Customers can now digitally cancel just one leg of a round trip flight, a task that previously required a phone call. Additionally, for reservations with multiple Passengers, it is now possible via our website and app to change an individual's flights without having to alter the entire party's reservation.
- **Flight disruption handling:** In the event of a flight cancellation, Customers can now change both bounds of their itinerary, choose flights from nearby Southwest airports, make up to two changes without additional fees, and even cancel for a full refund⁴⁷—all digitally, without the need to call Customer Service.

Our Management Approach

Customer Satisfaction is measured primarily through two metrics: NPS and the DOT complaint ratio. Both metrics are integral to our corporate goals, and we monitor them closely, along with our competitors' scores. Despite a dip in scores following the Winter Elliott disruption, clear improvement occurred throughout 2023. This uptick was a testament to our dedicated Employees who worked tirelessly to deliver outstanding operational performance and Customer Service and reaffirm our position as an industry leader.

We consistently seek Customer feedback through a variety of approaches, and this information helps us understand where we have gaps in delivering a seamless travel experience. It's important to us that improvements for Customers do not come at the cost of the Employee experience, so we also regularly solicit feedback from our Employees on proposed Customer-facing changes.

In August 2022, Southwest Airlines updated our [Customer Service Plan \(CSP\)](#). Our CSP is designed to provide clear, transparent guidelines on Customer expense reimbursement and assistance during travel disruptions. We aim to provide ontime, reliable service, but we acknowledge that delays and cancellations can occur. Our CSP now details what Customers can expect during significant flight delays and cancellations within our control, such as mechanical issues or aircraft swaps. These guidelines are also reflected in the DOT's Airline Customer Service Dashboard.



“Our ongoing conversation with Southwest Customers shaped our priorities to improve their experience in doing business with us with more flexibility. It guided significant enhancements around our Hospitality—in our loyalty and managed business programs, in our airport spaces, online capabilities and in-cabin comforts, and in a higher quality flight schedule. Advocating for them and our Employees brought a consistent climb in our satisfaction rankings across 2023 that compels us to even greater things ahead.”

Ryan Green

Executive Vice President &
Chief Commercial Officer

Network & Growth

2023 Spotlight

- Ended 2023 serving more than 800 nonstop city pairs connecting more than 120 airports
- Expanded our overall network footprint with robust growth in key Southwest markets supporting investment in our People and facilities
- Reintroduced popular point-to-point routes and enhanced network resiliency

Southwest Airlines is focused on building flight schedules that connect Customers with the important destinations in their lives, at the appropriate time, and with the optimal frequency, while balancing operational efficiency, cost, and our long-term growth strategy. Our network strategy blends nonstop and connecting routes to the top destinations Customers want to fly, designed around the local demand in the communities we serve.

Our unique point-to-point network, low fares, and famous Hospitality continue to make Southwest an attractive choice for Customers in cities across the U.S. and near-international destinations. More than 50 years of operating this model has established Southwest as a preferred carrier (No. 1 in market share) in 22 of the top 50 U.S. markets, and we have the No. 1 or No. 2 market share in 61 domestic cities.⁴⁸ As of December 31, 2023, Southwest served more than 800 nonstop city pairs connecting more than 120 airports, resulting in nonstop service for approximately 73% of Southwest Customers.

Throughout 2023, we focused on completing our network restoration plans and reinforcing our presence in key Southwest markets. This involved reintroducing popular long-haul routes and enhancing operational efficiency and resilience.

As we concluded 2023, we successfully restored our network to pre-pandemic levels, increasing connectivity and access across our routes. We also made strategic investments in our strongest cities. Notably, Denver and Las Vegas recorded their highest-ever number of departures, underscoring our growth and dedication to Customer Satisfaction in these key markets.

Given the breadth of our network, Southwest leverages more than 50 cities as connection points across our network; a strategic move that sets us apart from the competition which only utilize a few connection hubs.

Looking forward, our near-term strategy is to refine and enhance our network to align with evolving post-pandemic travel trends. This strategy encompasses a variety of tactics to better match supply with current demand patterns, including things like reducing short-haul flying, shifting flights from lower-demand days to higher-demand days, addressing the lower-demand shoulder periods of the

day by pulling early morning and late night flights in a bit, and managing development markets that launched during the pandemic—all with the goal of improving the revenue efficiency of our network and providing the exceptional scheduled service Southwest is known for.

Southwest deeply values our long-term relationships with the communities we serve. Dozens of factors are evaluated when considering a city for potential Southwest service, such as Customer demand, existing airline presence, proximity to other Southwest cities, and infrastructure capabilities to support Southwest's operating requirements. We strive to provide a competitive product for our Customers and regularly examine destinations as considerations for future Southwest service. Our People work diligently to maintain low costs, provide low fares, and deliver legendary Hospitality, all of which are important to position Southwest well for future network growth opportunities.

Southwest Airlines is focused on building flight schedules that connect Customers with the important destinations in their lives.



System Map

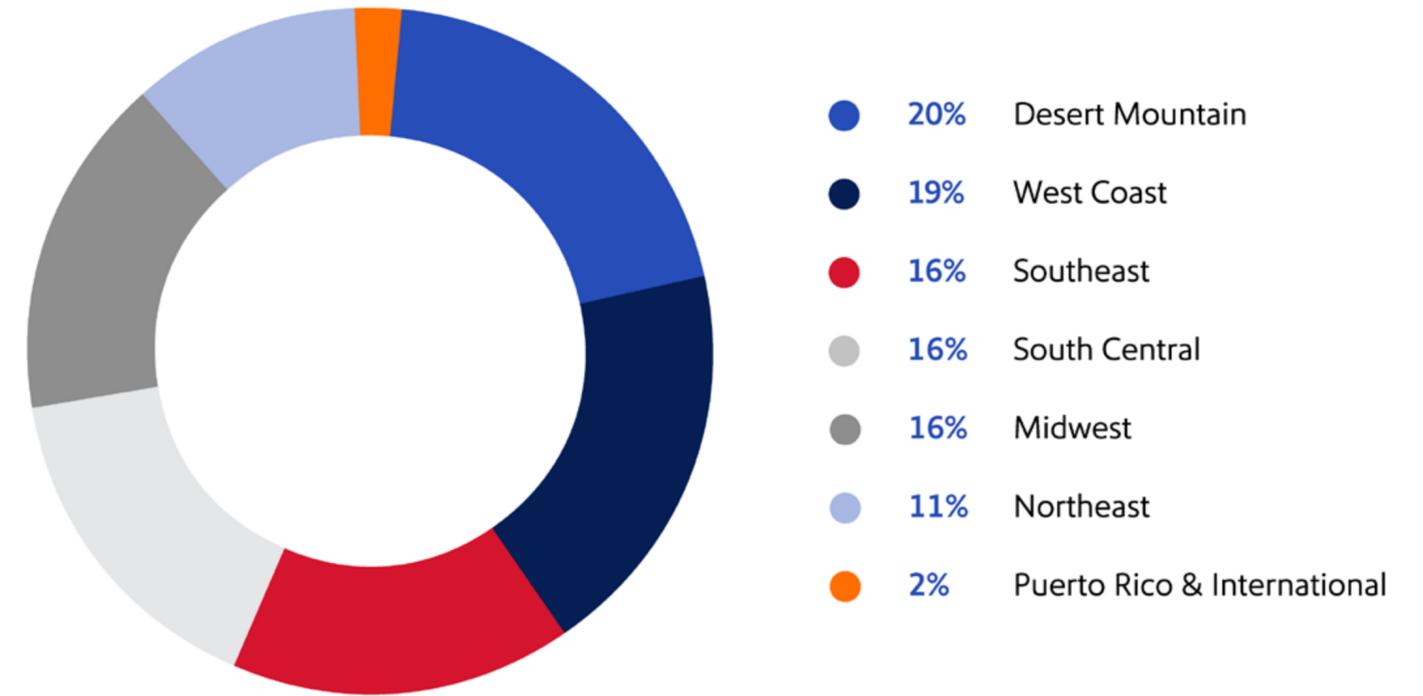
(as of December 31, 2023)



121
Destinations Served

Capacity by Region

(as of December 31, 2023)



Top 10 Airports

Daily Departures (as of December 18, 2023)

- | | |
|--|---------------------------------------|
| 01 DEN: 300
Denver | 06 PHX: 184
Phoenix |
| 02 LAS: 263
Las Vegas | 07 HOU: 164
Houston (Hobby) |
| 03 BWI: 216
Baltimore-Washington | 08 BNA: 141
Nashville |
| 04 DAL: 208
Dallas (Love Field) | 09 MCO: 128
Orlando |
| 05 MDW: 205
Chicago (Midway) | 10 ATL: 120
Atlanta |

Indirect Economic Impact

Southwest's impact on the communities we serve extends far beyond the runway.

Our market presence is designed to stimulate local economies.

When we serve a city, we expect our low fares to generate substantial savings for our Customers through the well-known Southwest Effect—where our low fares invigorate local competition, help drive down prices, and stimulate more Passenger traffic.

But it's much more than just low fares. More broadly, great airlines are drivers of economic vitality. By connecting cities and countries, we help make tourism and business travel possible, which in turn boosts commerce, hospitality, and service industries. Southwest not only employs more than 79,500 great People, but the jobs we create fuel jobs in related sectors, including airport operations, aircraft manufacturing, tourism, and much more. Air travel is critical for the global movement of goods and drives investment in key infrastructure.

The World Travel and Tourism Council estimates that the global Travel and Tourism industry contributed 9.1% of global gross domestic product (GDP) in 2023. And as one of the largest carriers in the United States,⁴⁹ we know we contribute to that impact. Internally, we measure our economic impact, including factors such as Passenger and departure numbers, Employee counts, stimulated economic activities, GDP contributions, job creation, and the total of Employee salaries, wages, and benefits.

Community Programs & Partnerships

We champion the local communities where our Customers and Employees live and work through strategic contributions to key programs and community partnerships. Our community outreach programs range from educational programs and scholarships to MTGPs and diverse community initiatives. Read more about Southwest's [Community Outreach](#).

We want to be good stewards of our resources. This commitment is reflected in our systematic approach to evaluating the effectiveness of our charitable contributions, partnerships, and community initiatives. This includes:

- **Evaluating partnerships** through annual impact reports to monitor whether partners are fulfilling their commitments within their partnership agreements. Impact reports track a range of metrics, including cash and in-kind investments, Employee volunteer hours, and tickets provided for volunteer work.
- **Vetting new Partners** for alignment with our goals and Values.
- **Reassessing impact focus areas** regularly to monitor whether they align with Southwest's business objectives, the needs of our communities, and an evolving social and economic landscape.

Through these practices, we aim for our efforts to not only align with our corporate Values but also contribute significantly to the growth and wellbeing of the communities we serve.



Performance Data Table

Performance	2023	2022	2021	2020	2019
External Customer commendations	More than 44,900	More than 44,000	More than 38,000	More than 34,000	More than 88,000
Ratio of External Customer commendations to personnel complaints	3:1	2:1	5:1	3:1	3:1
American Customer Satisfaction Index (ACSI)	78	77	79	79	79
U.S. DOT Customer Satisfaction rating (consumer complaints per 100,000 enplanements) ^{50,51}	Not Available	6.75	1.36	2.64	0.33
On-time Performance	77.3	73.2	75.8	86.0	80.2
Number of mishandled bags reported per 1,000 enplaned bags	4.50	5.40	3.73	2.68	4.40
Passengers denied boarding per 10,000 Passengers	0.15	0.56	0.33	0.06	0.19
Net Promoter Score	54.5	51.2	Not Reported	Not Reported	Not Reported



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.



2023 Highlights

- Launched our Code of Conduct
- Began partnering with EcoVadis to assess our top 200 suppliers (based on spend)
- Expanded our annual Cybersecurity Awareness Training requirement to all Employees
- Collaborated on strategic ESG initiatives with our ESG Executive Steering Group



Ranked #23 on the 2023 Fortune World's

Most Admired
Companies™ list

Newsweek

America's

Most Responsible

Companies List



2023 Rankings of America's

Most JUST

Companies, Ranked #141 out of 951

Governance Section Framework Disclosures

SDGs



GRI

203-2	308-2	409-1	415-1
205-1	405-1	414-1	
308-1	408-1	414-2	

TCFD

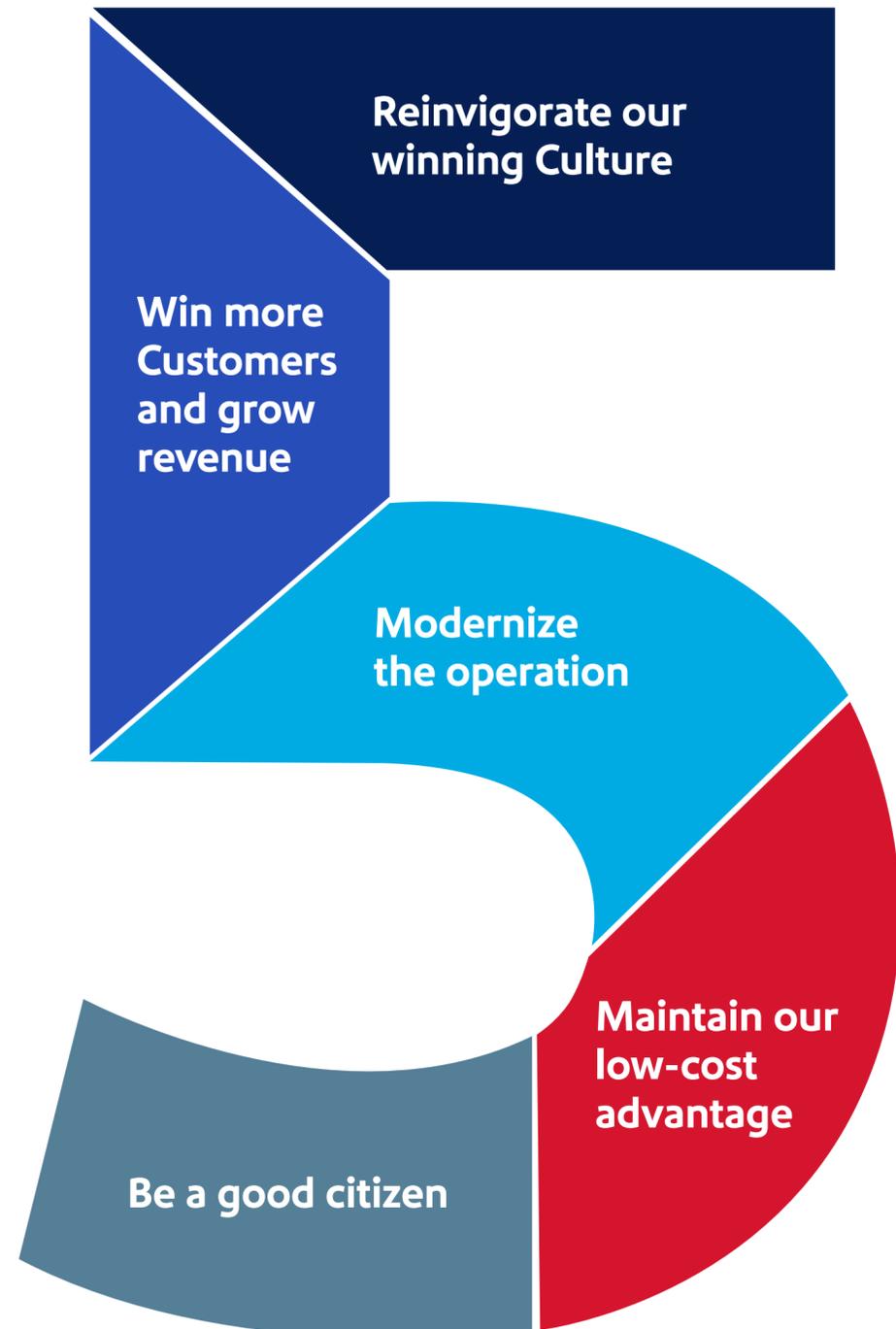
Governance

Key Topics

- | | | | | | |
|-----------------------------|-------------------------|---|--------------------------|------------------------------|--------------|
| Ethics | Board Oversight of ESG | Board Composition | Risk & Crisis Management | Cybersecurity | Data Privacy |
| Supply Chain Responsibility | Supply Chain Disruption | Public Policy, Regulation, & Transparency | Political Contributions | Marketing & Ethical Branding | |

The Foundational Five

Our Strategic Priorities through 2026



Foundational Five & 2023 Focus Areas

CEO Bob Jordan first introduced The Foundational Five in 2022 to help provide Southwest Employees with a strategic blueprint for success.

- **Reinvigorate our winning Culture** through Employee engagement, modernizing the Employee Experience, and living The Southwest Way.
- **Win more Customers and grow revenue** by being where and when Customers want to buy and fly and by modernizing the Customer Experience.
- **Modernize the operation** by giving our exceptional Employees the tools they need to serve our Customers—and each other—with our legendary Hospitality.
- **Maintain our low-cost advantage** through everyday discipline and tangible efficiency initiatives.
- **Be a good citizen** by championing causes that matter most, including committing to a diverse and inclusive workforce, addressing our carbon emissions, and investing in community partnerships that drive impact.

These inspirational priorities set the foundation for the work ahead and guide Southwest's goals for the coming years. They help align our efforts and promote Teamwork among our Employees.

While a long-term roadmap is important, Bob also recognized the need for specific annual Focus Areas and Company Goals. In 2023, Southwest was **All in for WN** with a focus to:

- **Live our Southwest Way Values:** Focus on “we” before “me.” We win when we support each other, serve others, and work together as a Team.

Our People and our Southwest Way Values are at the core of our DNA. A lot of companies provide transportation, or fly airplanes, but no one does it the way we do, with Southwest Heart. That's what the competition can't match, and that's what's core to our continued success—living out our Southwest Way Values each and every day. It takes all of us, working together as a Team, to make this great Company go every day. Our Employees rose to the challenge in 2023 and did a terrific job working together and operating with a Team mentality.

- **Build on our legendary Hospitality:** Offer service that our Employees are proud of and our Customers trust, and roll out planned Customer Experience investments. This is how we create Customer loyalty.

Our Customer Experience investments included faster WiFi, new in-seat power, larger overhead bins, and more self-service capabilities.³¹ What these updates have in common is they're all intended to remove friction from our experience and help deliver better service to our Customers. Throughout 2023, we focused on improving Customer-to-Employee interactions throughout the ticketing area, untethering Customer Service from stationary computers, and providing mobility to serve Customers on their travel journeys. By improving our digital Hospitality, we can widen our Customer Service advantage, reduce manual transactions, decrease costs, and equip our Employees to deliver the best Hospitality.

- **Be consistently reliable and operate with excellence:** *Deliver upgraded technology, tools, and processes, rooted in a Safety-first mindset. This will allow our People to confidently deliver a reliable product in all operating environments.*

This focus area ladders up to our strategic priority “Modernize the operation.” We want to confidently deliver a reliable product, even when we face irregular operations. In 2023, we continued to invest in the tools needed to best serve our Customers and upgraded areas that are critical to building operational resiliency and strengthening our operation. This included bolstering our frontline communication tools, making progress toward a paperless turn, and prioritizing frontline hiring and training.

- **Restore our network and fly the full fleet:** *Staff properly and show up for each other and our Customers. This will allow us to regain our historic efficiency and productivity.*

Our 2023 plan included a close look at operational quality, and a specific piece of that was network design and recovery. We intensified our focus on frontline staffing and tools, and specifically, mobility/digital tools and continuous improvement. Our goal was to have the network fully restored by the end of 2023, and we proudly accomplished that!

- **Produce strong financial results and improve our low-cost edge:** *Win Customers with Heart and Hospitality. That will lead to winning profitability that fuels our future. As a Company, we’re excited about what lies ahead for Southwest! As we move through 2023, we will use our Foundational Five to steer us in all we do.*

We remain steadfast in our focus to generate consistent profitability and returns on invested capital in excess of our weighted average cost of capital. Historically, we’ve generated industry-leading margins and topped the charts caring for our Customers, and we will be relentless in our pursuit of regaining these leading positions.

Our balance sheet remains strong, and we continue to be the only U.S. airline with an investment-grade rating by all three rating agencies.

As we look ahead, we are ready to keep building on the success of 2023 with a 2024 focus of **Ours to Own**. Our future depends on each of us acting like an owner, embracing the cause that is Southwest, and showing up every day for the Team, determined to do our part.

- **Rise above:** Our Culture and our Values set us apart. At Southwest we stand for something better—always have and always will.
- **Enhance our legendary Hospitality with digital service modernization:** Double down on Hospitality, both person-to-person and digitally.
- **Be consistently reliable by operating safely and efficiently:** We must operate safely and restore our legendary efficiency—it’s at the Heart of our DNA and powers low costs.
- **Optimize and mature our route network:** Swiftly adapt the network to today’s demand environment as Customer mix and preferences have changed.
- **Produce strong profits and ProfitSharing:** People will always come first at Southwest, and producing strong profits allows us to afford the future our People and Customers deserve.

We are all owners of our day, our Culture, our Team, our Company, our results... and our future.

It takes all of Southwest working together as a Team to make this great Company go every single day. And together, owning it each day, Southwest is unstoppable!



“How do you get to be great at anything in life? A great athlete, a great musician, a great parent? If you want the outcome, you commit to the work. ‘Take initiative’ is part of our Values at Southwest Airlines and it means it’s up to each of us as individuals to act—not somebody else. We are all owners of Southwest.”

Bob Jordan

President & Chief Executive Officer



Ethics

Southwest seeks to operate with the highest ethical standards and in compliance with applicable laws and regulations. Our Board has adopted a [Code of Ethics](#) that sets out basic principles to guide the conduct of our Employees, Board Members, and business associates. This includes guidelines on insider trading, competition and fair dealing, payments to government personnel, confidentiality, conflicts of interest, corporate opportunities, protection and proper use of the Company's assets, recordkeeping, reporting illegal or unethical behavior, and compliance procedures. The Code of Ethics undergoes an annual review by the Board of Directors.

In addition to the Code of Ethics, the Audit Committee has adopted procedures for the confidential and anonymous submission of Employee complaints regarding accounting, internal accounting controls, auditing matters, or concerns about questionable accounting or auditing matters ("Employee Reports"). The Committee also handles Employee Reports, and both the Code of Ethics and the Audit Committee's procedures prohibit retaliation for reports made in good faith. In addition, Southwest established channels through which Employees can report employment or Safety-related concerns.

The Company's bylaws, Corporate Governance Guidelines, Board committee charters, Code of Ethics, and other corporate policies, as well as additional information about the Company's governance practices, Board of Directors, and officers, are available on Southwest.com® in the [Investor Relations section](#). As referenced in our Code of Ethics, Southwest implemented additional policies addressing specific topics, including, for example, an Insider Trading Policy and a Foreign Corrupt Practices Act Policy.

Ethics isn't just a pillar of Southwest governance; it's ingrained in our world-famous Culture. Southwest Leadership, led by our Executive Team, holds all Employees accountable to our Core Values, which emphasize Integrity and Honesty.

The Southwest Airlines [Code of Conduct](#) provides our Employees with a roadmap for making the right decisions that position us for sustained growth and success. Our Code of Conduct applies to all Southwest Airlines Employees (i.e., full-time, part-time, and Interns) and guides how we work and remain in compliance with our governing rules and applicable laws.

Working for Southwest requires a commitment to remain in compliance with our governing rules and applicable laws. The commitment to work in accordance with the Code of Conduct is what helps set Southwest apart and allows us to operate fairly, honestly, and ethically.

"At Southwest Airlines, we do business fairly, honestly, and ethically. Consistent with our Values, Employees strive to uphold the highest level of integrity in all that they do. We are committed to maintaining the highest standards of ethical business practices and legal and regulatory compliance."

Linda Rutherford

Chief Administration Officer

Governance & Oversight of ESG

Sound corporate governance begins with the tone from the top.

Southwest's Board of Directors (the "Board of Directors" or the "Board") is committed to sound corporate governance policies and practices supporting its fundamental responsibility to promote the best interests of the Company and its Shareholders by overseeing the management of the Company's business. The business and affairs of Southwest are managed under the direction of the Company's Board of Directors.

Among other duties and responsibilities, Southwest's Board is responsible for:

- Overseeing the selection, evaluation, development, and compensation of senior management
- Overseeing the Company's corporate responsibility practices, including with respect to sustainability and other ESG matters
- Assessing major risks facing the Company and reviewing options to mitigate such risks
- Reviewing, approving, and monitoring significant financial and business strategies and major corporate actions
- Overseeing the processes to maintain the utmost integrity and proper management of the Company

To assist the Board of Directors with its oversight responsibilities and best serve Southwest's Shareholders, Employees, and Customers, the Board created the following committees:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee
- Safety and Compliance Oversight Committee
- Operations Review Committee
- Executive Committee

Board Oversight of ESG

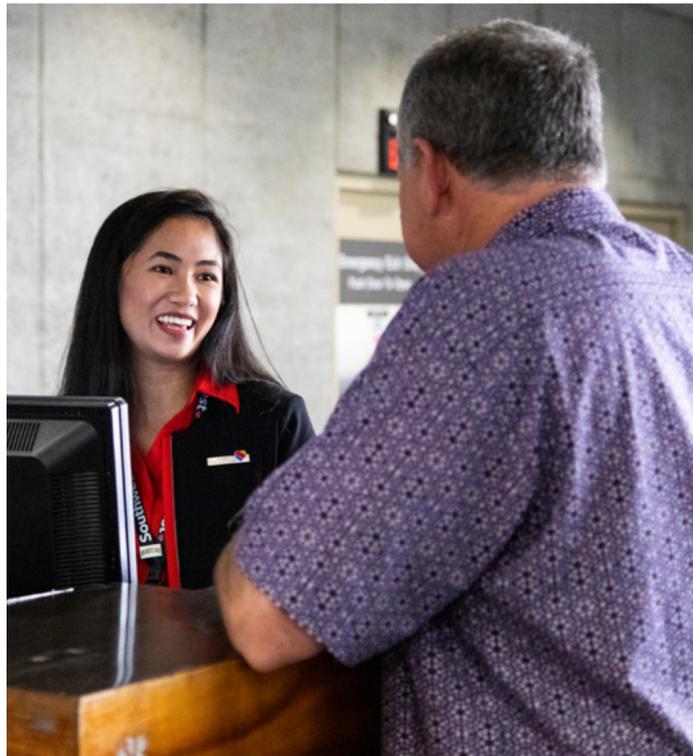
Recognizing the fundamental importance of the Company's corporate responsibility practices, the Board and its committees provide oversight of the Company's ESG-related initiatives, objectives, and progress. The Compensation Committee assists the Board with its oversight of human resources policies and practices, including the Company's DEI philosophy, practices, and initiatives. The Board believes that other ESG matters expand well beyond a single committee and that each Board Member offers a unique perspective and valuable input critical in overseeing ESG matters. Accordingly, the Board decided the Company, its Employees, and its Shareholders are best served if the full Board is entrusted to oversee and evaluate the Company's other ESG matters. More information regarding Board Committees is available on our [Investor Relations website](#).

Over the course of 2023, the Compensation Committee continued to assist with the Board in overseeing the Company's DEI philosophy, practices, and initiatives. In addition, the full Board continued to exercise its oversight responsibilities with respect to other ESG matters, including with respect to the Company's sustainability initiatives. The Compensation Committee and the full Board received regular reports on DEI and other ESG topics from the Company's management and other advisors during 2023.



Management Oversight and Committees

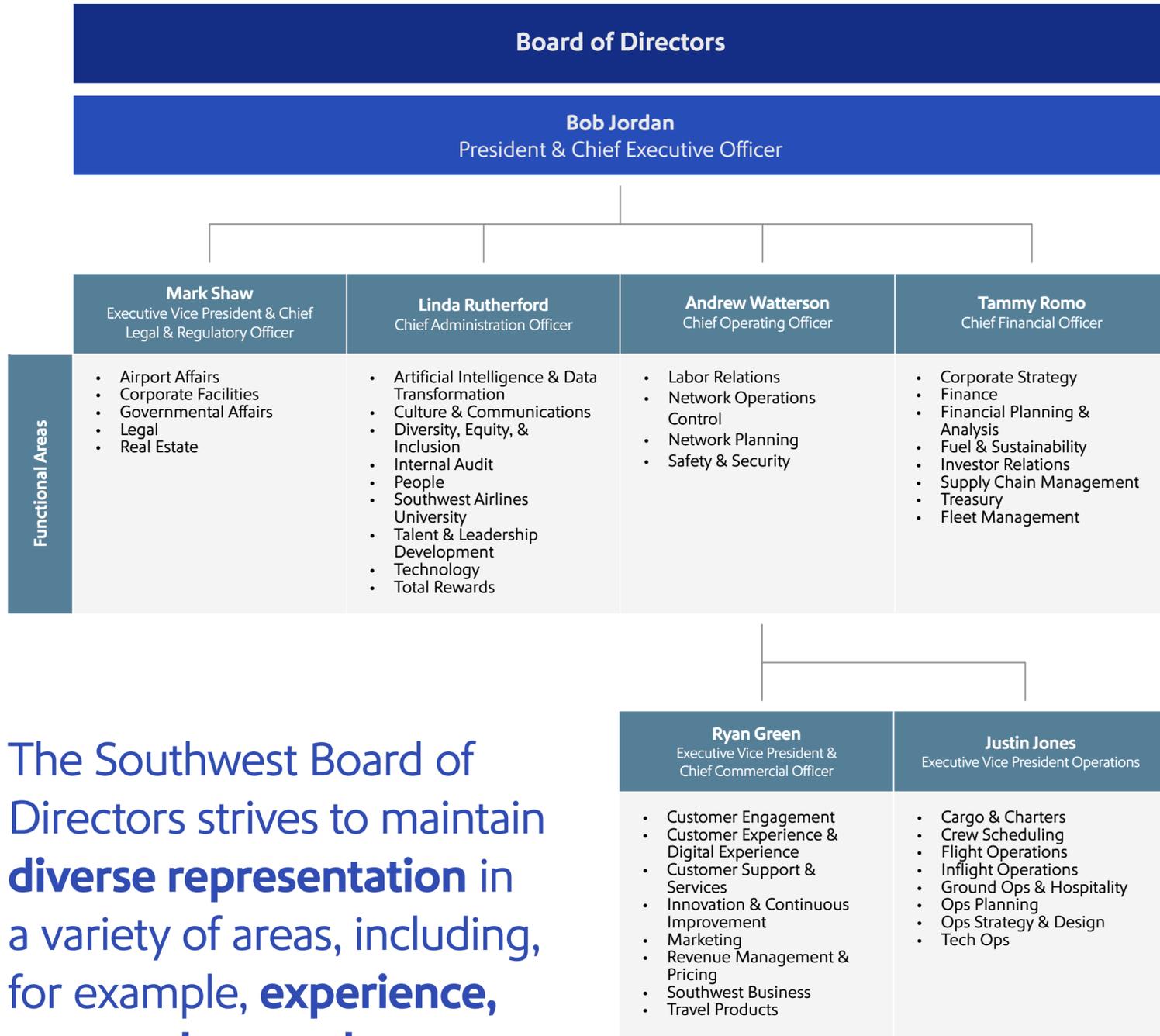
The organizational structure of Southwest is designed to give our Senior Executives oversight of their functional areas and encourage collaboration and a shared view of success. As it relates to ESG, the core concepts of caring for People, respecting our planet, and delivering key operational and financial performance, all surrounded by strong corporate governance, are at the very core of Southwest's DNA. With respect to executive oversight of ESG matters, President & CEO Bob Jordan has ultimate responsibility for the business of Southwest, including ESG topics. Southwest's most senior Executives meet weekly through standing Executive Committee meetings. Respective to their organizational pillars, our Executive Leadership provides oversight for specific functional areas, and related key topics as noted below in the organizational chart.



Executive Steering Groups & Committees

Environmental, Social, and Governance Executive Steering Group	Diversity, Equity, & Inclusion Executive Steering Group	Social Topics Committee	Environmental Sustainability Executive Steering Group	Risk Committee	Disclosures Committee
Meets Quarterly	Meets Quarterly	Meets Monthly	Meets Bimonthly	Meets Quarterly	Meets Quarterly
Purpose					
<ul style="list-style-type: none"> Review and collaborate on strategic ESG issues Make recommendations, and evaluate reporting opportunities presented by the Corporate Citizenship Team Discusses specific People, Planet, Performance, and Governance topics 	<ul style="list-style-type: none"> Partner with the DEI Department to formulate DEI corporate strategy initiatives Promote the DEI strategy through the primary focus areas of Talent; Culture & Values; Brand, Reputation, & Social Topics; and Communication & Reporting 	<ul style="list-style-type: none"> Reviews and discusses social topics and inquiries Employs guidelines to measure impact and perception Routinely engages Senior Executives on proposed level of engagement and responses Regularly identifies opportunities where Southwest can be proactive 	<ul style="list-style-type: none"> Evaluate 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 Make decisions related to environmental sustainability at Southwest 	<ul style="list-style-type: none"> Reviewing the top enterprise risks and providing oversight to appropriately manage risks and mitigation actions Provide oversight to overall risk management activities Understand key risks and determine if appropriate steps have been taken to reduce risk to an acceptable level 	<ul style="list-style-type: none"> Review and determine appropriate disclosures to be included in the Company's periodic reports filed with the SEC
Membership					
Vice Presidents and Senior Leaders from People, Legal, Finance, Environmental Sustainability, Investor Relations, Culture & Communications, and DEI	Culture & Communications, Customer Support & Services, Diversity, Equity, & Inclusion, Flight Operations, Ground Operations, Inflight Operations, Operations & Hospitality, People & Learning Development, Southwest Business, Supply Chain Management, and Technical Operations	Senior Leaders and Executives from Culture & Communications, Governmental Affairs & Real Estate, Ground Operations, Inflight Operations, Investor Relations, Legal, Marketing, People (HR), and DEI Departments; Co-chaired by our Chief Administration Officer and EVP & Chief Legal & Regulatory Officer	Executive Leadership across our Finance, Legal, Culture & Communications, and Governmental Affairs Departments, including engagement from the Executive Chairman of the Board of Directors, the Chief Administration Officer, the Chief Financial Officer, and the President & Chief Executive Officer	Senior Leaders and Executives including Chief Administration Officer, SVP & Chief Information Officer, EVP & Chief Financial Officer, EVP & Chief Legal & Regulatory Officer, SVP & Chief Corporate Affairs Officer, Chief Operating Officer, EVP & Chief Commercial Officer, EVP Operations, SVP Operations & Hospitality; SVP & Chief Customer Officer, and VP Executive Office; overseen by our President & Chief Executive Officer	Senior Leaders and Executives from Finance, Legal, Treasury, Investor Relations, Cybersecurity, and Internal Audit

Functional Areas



The Southwest Board of Directors strives to maintain **diverse representation** in a variety of areas, including, for example, **experience, geography, gender, ethnicity, and race.**

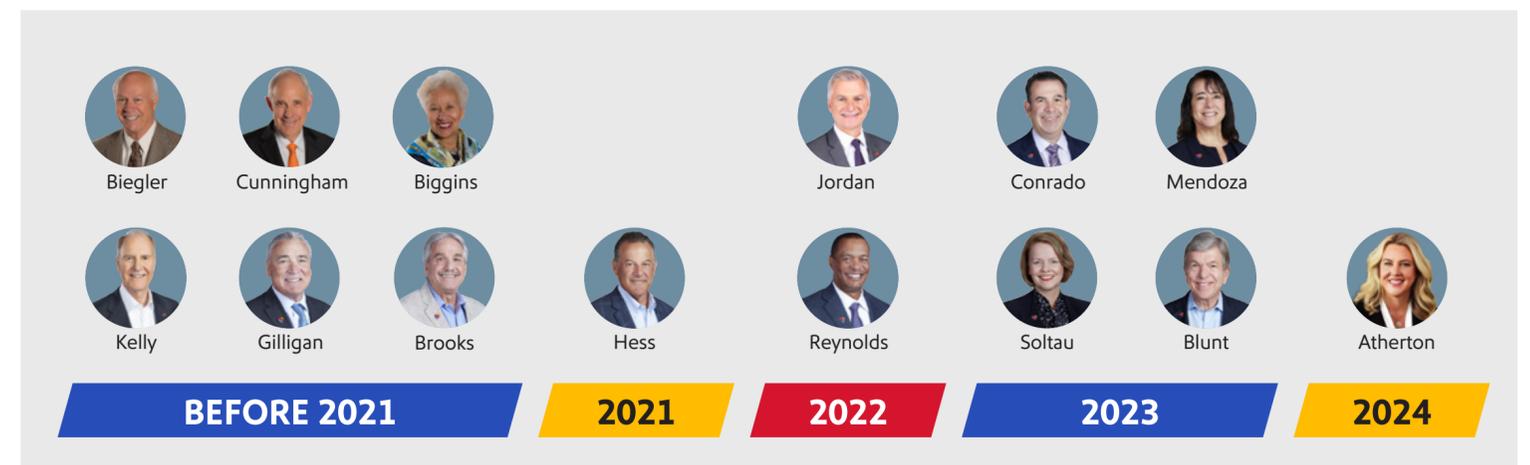
Board Composition

Southwest's Nominating and Corporate Governance Committee is responsible for recommending the criteria for Board membership to the Board. These criteria are set forth in the Company's Corporate Governance Guidelines, which address Board Member qualifications and independence requirements, among other Board and governance matters. The Board evaluates each Candidate in the context of the Board as a whole, with the objective of recommending to Shareholders a group that can collectively best serve the long-term interests of the Company's Employees, Customers, and Shareholders. While the Board believes its continuity and stability were beneficial to the Company and Shareholders in 2019 and continuing through most of 2021, as the Company navigated numerous challenges and changes, the Board and the Nominating and Corporate Governance Committee have since increased focus on Board refreshment, appointing one new Director in November 2021, two new Directors in 2022, four new Directors in 2023, and nominating one new Director Candidate for election at the Company's 2024 Annual Meeting.

Understanding the importance of Board composition and refreshment to the effective fulfillment of the Board's oversight responsibilities, and paying particular attention to diversity considerations, the Nominating and Corporate Governance Committee put forth a concerted and ongoing effort to identify and build a pipeline of possible Candidates to address the evolving needs of the Board and the Company. As part of this effort and with input from the full Board, the Nominating and Corporate Governance Committee regularly reviews its Candidate search process and recruitment criteria. In 2022, the Nominating and Corporate Governance Committee refreshed its search criteria, including diversity considerations.

The Board strives for diverse representation. In considering diversity, the Board takes into account various types of diversity, including, for example, diversity of experience, geography, gender, ethnicity, and race, with the goals of obtaining diverse perspectives and encouraging constructive debate. The Board's primary consideration is to identify Candidates with the background, attributes, experience, and skills that will best fulfill the Board's and the Company's needs at the time a search is being conducted.

Board of Directors Evolution



The Company's Board nominated 14 Directors for election at the 2024 Annual Meeting. Twelve of the 14 Director nominees are independent, as defined by the New York Stock Exchange (NYSE). All Director nominees on the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Operations Review Committee, and the Safety and Compliance Oversight Committee are independent, as defined by NYSE rules.⁵²

In 2022, the slate of nominees for election to the Board at the Annual Meeting included two racially/ethnically diverse

Candidates and two gender diverse Candidates. In 2023, the slate of nominees for election to the Board at the Annual Meeting included four racially/ethnically diverse Candidates and three gender diverse Candidates. Reflecting the Board's continued attention to diversity considerations, the slate of nominees for election to the Board at the 2024 Annual Meeting includes four ethnically diverse Candidates and four gender diverse Candidates. If all nominees are elected to the Board, the Board will be 29% gender diverse, 29% racially/ethnically diverse, and, combined, 43% diverse.⁵²

Board of Directors Skills and Experience

	Public CEO Experience	Financial	Technology	Consumer Services	Government Affairs	Human Capital	Environmental/Sustainability	Logistics/Operations
Lisa M. Atherton					●			●
David W. Biegler	●	●				●		●
J. Veronica Biggins					●	●		
Roy Blunt					●			
Douglas H. Brooks	●	●		●		●		●
Eduardo F. Conrado			●	●				
William H. Cunningham		●						
Thomas W. Gilligan		●			●			
David P. Hess	●	●						●
Robert E. Jordan	●	●	●	●	●	●	●	●
Gary C. Kelly	●	●	●	●	●	●	●	●
Elaine Mendoza			●					
Christopher P. Reynolds					●	●	●	●
Jill A. Soltau	●	●	●	●		●	●	●



Skill	Definition	Skill	Definition
Public CEO Experience	Substantial professional experience as a past or present CEO of a public company	Government Affairs	Substantial professional experience in government relations, regulatory affairs, or public policy
Financial	Substantial professional experience in finance or accounting, including experience assessing capital structure, financing and investing activities, financial reporting, and internal controls	Human Capital	Substantial professional experience in human resources, compensation practices, talent acquisition, retention, and development, as well as DEI initiatives
Technology	Substantial professional experience in technology fields such as product development, digital solutions, data analytics, information technology, data management, and cybersecurity	Environmental/Sustainability	Substantial professional experience with environmental or sustainability initiatives
Consumer Services	Substantial professional experience in customer and product support services	Logistics/Operations	Substantial professional experience with supply chain management, logistics, inventory management, network design, or operations strategy.

Risk & Crisis Management

2023 Spotlight

- Conducted a best-practices review of our ERM Program and benchmarked with another carrier
- Developed improved ERM reporting for risk metrics

The airline industry is well known for its volatility and susceptibility to operational challenges. Economic fluctuations, fuel cost volatility, environmental factors, and intense competition are just a few hurdles faced by airlines. While these challenges persist, new ones, such as those related to climate change, continue to emerge. For Southwest, effective risk identification and mitigation, along with rapid response mechanisms for emerging events, are essential for our sustained success, resilience, and maintaining our strong brand reputation among Employees and Customers.

Our ERM Team plays a crucial role in managing both existing and emerging risks relevant to our business goals and objectives. The Team conducts risk assessments, produces internal reporting, identifies risk focus areas, and promotes cross-functional alignment. This includes the integration of climate-related risks into our comprehensive, Companywide ERM strategy. In 2023, ERM conducted a benchmarking exercise with another airline. This exercise introduced new activities our ERM function incorporated into the program, and it affirmed our current risk methodology practices. Additionally, new workflows and reporting capabilities were implemented in an effort to continuously improve risk metrics used by internal Customers.

The ERM Team oversees a tiered risk management structure, involving Risk Champions from key departments, Senior Leader Risk Owners, and an Executive Leadership Risk Committee. These Risk Champions and Owners meet quarterly, or as required, to identify, assess, document, prioritize, and evaluate risks based on impact, vulnerability, likelihood, and velocity. The ERM Team collaborates with Risk Champions to formulate risk statements, collect information, develop mitigation plans, and monitor progress. All risks and their mitigation strategies are tracked, with critical risks escalated to the Risk Committee, which convenes quarterly to confirm that effective action plans are in place. The President & CEO oversees the Risk Committee and the overarching ERM function.

Beyond the ERM Team, our Emergency Response and Business Continuity Teams are instrumental in crisis planning and response, fulfilling our legal obligations, and caring for those affected by emergencies.

The Emergency Response Team is tasked with developing and updating response plans, training programs, and conducting plan exercises to enhance preparedness for emergencies like aircraft accidents, hurricanes, pandemics, and Corporate Campus incidents. Post-event reviews lead to insightful lessons and plan modifications. This Team also oversees the Care Team, comprising Southwest volunteers who assist in aircraft accident responses. The Emergency Response Committee includes Senior Leaders and subject matter experts, and meets biannually for training and program updates. Major event response plans are regularly updated, practiced, and reviewed by Senior Leadership.

The Business Continuity Team adopts an all-hazards approach to prepare for business disruptions, promoting operational continuity during challenges affecting our Employees, facilities, and technology.

This includes managing a Remote Operations Center as a backup for essential departments and collaborating with Operations, Corporate Insurance, Supply Chain Management, Finance, and Technology on various risk aspects. A Business Continuity Steering Committee convenes biannually to coordinate and enhance our resilience initiatives.

Our proactive risk management approach empowers Southwest to confidently and compassionately respond to events impacting our Customers, Employees, and communities.



Cybersecurity

2023 Spotlight

- Expanded our annual Cybersecurity Awareness Training requirement to all Employees
- Hosted multiple internal Cybersecurity Awareness events, offering events to all Southwest Employees
- Continued to develop a dedicated Cybersecurity Aircraft Team to drive key Security initiatives

Southwest's dedicated Cybersecurity Team, a part of our Technology Department, comprises skilled engineers, analysts, and Leaders. This Team is responsible for maintaining our Cybersecurity operations, procedures, and products.

To effectively prepare for potential Cybersecurity incidents, the Team manages and annually tests Southwest's Cybersecurity Incident Response Plan. We track vulnerability management, penetration testing, Cybersecurity incidents, and Cybersecurity risks through a platform that helps meet our internal service-level agreement goals.

Leveraging the National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF), Southwest protects its data, system, and application Security across all business areas.

This risk-based approach is integral to mitigating Cybersecurity risks and impacts on our facilities, airports, and aircraft. The NIST CSF Framework guides us in understanding, managing, and reducing Cybersecurity risks and helps inform our cybersecurity strategy.

Our Employees are vital in maintaining the Security of our systems and data. Annually, all Southwest Employees acknowledge and are expected to adhere to the Cybersecurity policies outlined in our Employee Policy Handbook. Starting in 2023, we mandated annual Cybersecurity Awareness Training for all Employees. Our Cybersecurity Training, Education, and Awareness Team also organizes various events throughout the year, covering topics from artificial intelligence to password security.

Collaborative partnerships are crucial in staying ahead of evolving cyber threats and new regulations. Southwest is a proud founding member of the Aviation Information Sharing and Analysis Center (A-ISAC). We are also active in the A4A Cybersecurity Council. To further enhance our vigilance, we subscribe to multiple open source and commercial Cybersecurity threat intelligence feeds, enabling us to keep a close watch on the global threat landscape and integrate these insights into our Security measures.

Southwest established a dedicated Cybersecurity Aircraft Team with the goal to maintain the Security of our aircraft and the systems that connect to our aircraft so that we can continue to safely connect our Customers to what is important in their lives.



Data Privacy

2023 Spotlight

- Raised internal privacy awareness through a Privacy Week in March, a full week of events that included a Leadership panel and Privacy Champion appreciation
- Rolled out a new Privacy tool in collaboration with The Privacy Office and Technology, helping to automate processes and provide stronger metrics on our data Privacy Program
- Drove collaboration between the Privacy Office, Cybersecurity, Data Governance, AI and Data Transformation, and Legal departments on multiple enterprise-wide events and programs, including Data Analytics Day, Cybersecurity Month, and the launch of our Information Governance program

Protecting the personal information of our Employees, Customers, partners, and others who share data with us is vital. Prioritizing data privacy not only aligns with our core Value of putting People first, but it's also the right thing to do.

Our Privacy Program aligns to a comprehensive set of privacy principles and applicable laws. The Privacy Office, sitting within our new Information Governance program and equipped with dedicated resources to mitigate data privacy risks, is tasked with the day-to-day management

and oversight of our program. The Privacy Office is under the oversight of the VP AI and Data Transformation. Responsibilities of this function include:

- Handling requests for personal information from Customers and Employees
- Conducting third-party risk reviews of suppliers and partners
- Managing ongoing Privacy by Design and Record of Processing Activities programs
- Participating in Incident Response processes
- Enhancing and expanding Southwest's Privacy Champion network
- Overseeing Company training, communications, events, and privacy program technology

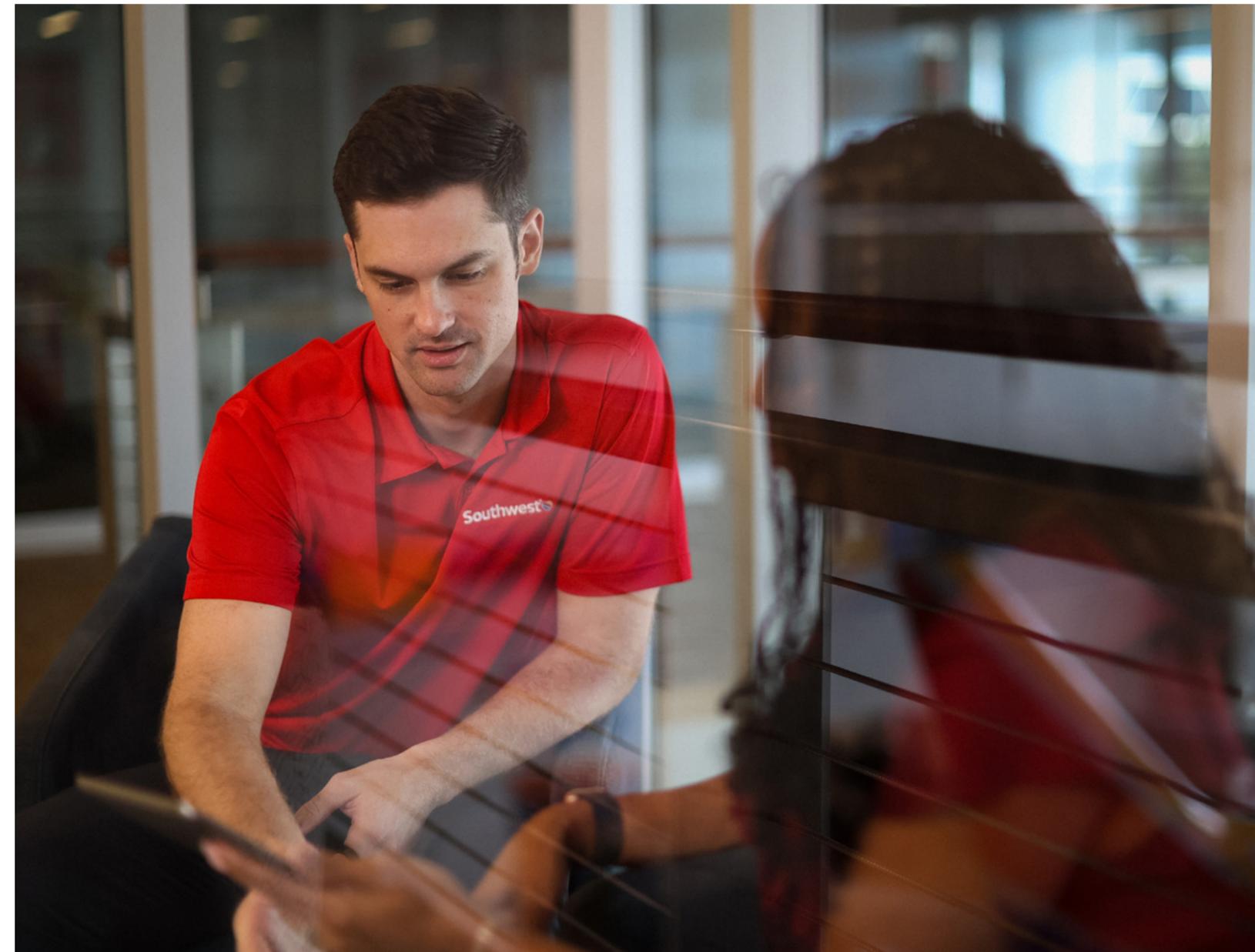
To monitor the efficacy of our Privacy Program, various components are audited by our Internal Audit Department.

While the Privacy Office spearheads the management and oversight of our program, we uphold the belief that privacy is a shared responsibility. SWAU offers data privacy training courses for all Employees. These courses, including "Privacy at Southwest" and "Privacy by Design," educate Employees on identifying and reporting potential data privacy incidents and integrating privacy controls throughout the personal information lifecycle.

Southwest appointed approximately 75 Privacy Champions across the Company. Champions, who undergo additional privacy training, help foster widespread awareness of privacy standards and controls needed throughout the personal information lifecycle. Working in tandem with the Privacy Office, they help scale and operationalize our Privacy Program.

The Privacy Office also works collaboratively with Technology, Cybersecurity, and the Legal Department, among others, to monitor and respond to potential incidents that might impact personal information or Company data.

For more information about how we process personal information, our [Privacy Policy](#) is accessible on Southwest.com®.



Supply Chain Responsibility

2023 Spotlight

- **Published our Supplier Code of Conduct, reflecting our commitment to ethical business practices and corporate responsibility**
- **Supported the growth and success of supplier diversity with the relaunch of Southwest Supplier Diversity Ambassadors, formerly Supplier Diversity Advisory Council**
- **Focused on building relationships with small and diverse businesses by participating in more than 35 local and national events hosted by certifying agencies, where Supply Chain Management interacted with more than 600 suppliers**
- **Began integrating sustainability questions into our RFP process, helping to align our procurement processes with our sustainability goals**

A robust and responsible supply chain is about much more than a competitive edge. It reflects our commitment to being a good corporate Citizen. Our strategic approach to supply chain management encompasses a proven sourcing methodology, a commitment to supplier diversity, and dedication to ethical and sustainable practices.

To optimize costs and efficiency, we utilize a cross-functional strategy in our sourcing methodology. This involves comprehensive market research, competitive bidding, and routine program reassessment.

We focus on identifying suppliers who can elevate our productivity and quality, and who bring innovative solutions that strengthen our position as an industry leader. In 2023, Southwest engaged Supplier.io, a third-party supplier diversity data and platform provider, to evaluate our diverse spend through data enrichment and to capture diverse spend of our Tier I suppliers through their Tier II portal, UniTier. We want to know that our Tier I suppliers exemplify Southwest Airlines' Values and invest in diversity and inclusion efforts within their own organizations.

Our commitment to engaging with small and diverse suppliers is a key part of being a responsible corporate Citizen. Our Supplier Diversity program aims to provide opportunities to qualified small and diverse businesses, including those owned by minorities, women, veterans, disabled, and LGBTQ+ individuals. This commitment fosters an environment that values diverse thoughts, backgrounds, and experiences.

We implemented initiatives to boost our supplier diversity and engagement, such as relaunching the Supplier Diversity Ambassadors program. In this program, formerly known as our Supplier Diversity Advisory Council, ambassadors act as vital links between Supplier Diversity and Supply Chain Management. Additionally, we introduced an educational video course to inform Employees about the impact of their supplier choices.

We also expanded our partnerships with certifying agencies and organizations. Throughout the year, we participated in more than 35 events, interacting with over 600 suppliers, focusing on building relationships with small and diverse businesses. Southwest's search for mutually beneficial relationships extends beyond our partnerships with certifying agencies and organizations. Our presence at the Air Carriers Purchasing Conference led to a partnership with FirstKem, a small business enterprise.

In 2023, we began utilizing EcoVadis to assess the ESG performance of our supply chain and alignment with Southwest's [Supplier Code of Conduct](#). To engage suppliers in sustainability and help align our procurement with our ESG goals, we incorporated sustainability questions into our RFP process.

Supplier Code of Conduct

Our Supplier Code of Conduct was published in 2023. It reflects our commitment to ethical business practices and corporate responsibility. This policy outlines Southwest's expectation that our suppliers operate with high ethical and legal standards, contributing to not only enhancing our services but also empowering communities and respecting our planet.

The policy also sets forth our expectation that suppliers conduct business with honesty and integrity, and maintain respectful workplaces that guard against human rights abuses. It emphasizes environmental responsibility and sustainable practices, alongside proactive risk management and a commitment to continuous improvement. Compliance is essential, as non-adherence may affect future business eligibility with Southwest.

Our procurement policy and process enables fair and impartial evaluation of all suppliers. We use various selection processes tailored to Company needs and market conditions, focusing on quality, Reliability, and service at the lowest total cost. This policy guides wise spending, improves contract adherence, and helps protect Southwest from risk. A common understanding of the procurement process among Southwest's Supply Chain Management Department, our Internal Customers, and current and potential suppliers is vital for our success.

EcoVadis

Southwest began working with EcoVadis—a sustainability ratings platform for global supply chains—in 2023 to assess our top 200 suppliers (based on spend) through the EcoVadis ESG ratings platform, increasing transparency and measuring the impact of our supply chain. An initial group of key suppliers was asked to voluntarily participate in the EcoVadis sustainability assessment, resulting in performance scorecards that provide critical information regarding the environmental and social impacts of our supply chain. We have also set internal KPIs and developed a roadmap for continued development of our shared sustainability journey with our suppliers.

“Southwest places a high value on building longstanding relationships and holding our suppliers to the same standards that we have for ourselves in our Vision to be the world’s most loved, most efficient, and most profitable airline. To that end, we encourage our suppliers to participate in sustainability assessments as we all work together to build and maintain a sustainable community of suppliers—large, small, and diverse. These assessment tools provide valuable insights into areas of strength and areas for improvement in a broad range of corporate social responsibility categories. Southwest and our suppliers benefit from the increased transparency as we all strive for continued development in our shared sustainability journey.”

Stacy Malphurs

Vice President,
Supply Chain Management

Supply Chain Disruption

Supply Chain Management is a critical function of Southwest Airlines, with our data-driven approach playing a key role in cost management, risk mitigation, and fostering continuous improvement within our supply chain. The integration of tools such as automation, not only helps in reducing overall costs but also equips us to better navigate a dynamic environment and meet the needs of our Customers.

Challenges and Adaptive Strategies

Global supply chains are still grappling with the aftermath of the pandemic. Although Southwest observed improvements in lead times and material availability, we continued to face shortages and disruptions in 2023. These persistent challenges have led to increased supplier pricing and necessitate maintaining higher safety stock levels to preserve our operational integrity.

As we returned to our pre-pandemic operating levels, our Supply Chain Department proactively addressed these shortages, especially where key suppliers faced difficulties in scaling up production. Tackling these issues requires a comprehensive response strategy, including detailed supplier management, Executive-level engagement, and the addition of new suppliers.

Moreover, our Supply Chain Department has intensified monitoring and oversight, especially for underperforming suppliers and those vital to our operations. This enhanced oversight involves regular reviews of delivery rates and production status, enhanced collaborative planning, increased involvement from our Senior Leadership, and facility visits to foster closer collaboration with supplier leadership and their teams.

Enhancing Communication and Efficiency

To further refine our operations, we expanded the electronic exchange of planning data with our suppliers. This initiative streamlines communication and reduces transaction costs, fostering more efficient and mutually beneficial relationships. This step is pivotal in maintaining cost control while promoting high service levels.

Southwest’s Supply Chain Management remains committed to managing and adapting to the challenges of supply chain disruptions effectively. Through strategic planning, robust supplier relationships, and an unwavering dedication to continuous improvement, our approach to Supply Chain Management is crucial in upholding our operational excellence.



Public Policy, Regulation, & Transparency

Legislative and regulatory actions have the potential to expand or limit Southwest’s growth opportunities. In addition, government policies, including new legislation and regulations and the enforcement of existing regulations, can have a profound impact on how we do business. Our Governmental Affairs Department works to stay on top of proposed statutory and regulatory changes to directly educate a wide range of policymakers and Stakeholder groups. We present our views on these topics through trade associations, business forums, chamber organizations, and interactions with public officials at the federal level and in the states and communities we serve.

One trade association in which we participate is A4A, which allows us to gain insight into core issues for the airline industry and to advocate jointly for regulations that support a healthy, competitive industry. We also benefit from the opportunity to share technical expertise and operational knowledge that leads to improved Safety and Security.

In 2023, A4A determined that \$827,527 of the total dues paid by the Company to A4A were nondeductible lobbying expenses. Southwest also paid dues to several other national, state, and local trade associations, business forums, and chamber organizations, in which a portion of those dues were used by these organizations for nondeductible lobbying activities. However, in all cases, that portion was not more than \$5,500 annually for each organization.

Regarding climate change, our advocacy in this regard is focused on Southwest achieving our goal of net zero carbon emissions by 2050¹ and our 2035 CI reduction goal, which is based on scientific models that are in alignment with the goals of the Paris Agreement. Additional information on climate advocacy can be found in [Collaboration](#).

Political Contributions

Southwest adopted a policy that it will primarily use its affiliated political action committee, the Southwest Airlines Co. Political Action Committee (SWAPAC), financed by contributions made voluntarily by Employees, to support political campaigns. Company funds are limited to supporting selected political campaigns at the state and local level in compliance with the laws of the relevant states and localities.

We hold the responsibility of managing the SWAPAC and being good stewards of our Employees' hard-earned dollars in high regard. We have a time-tested evaluation process when considering SWAPAC contribution requests, and we evaluate our criteria for giving annually. Additionally, the criteria, as well as all political campaign contributions from the SWAPAC or by the Company directly, are approved by the Senior VP & Chief Corporate Affairs Officer and overseen by Southwest's Chief Legal and Regulatory Officer, with an annual summary of those contributions provided to the Southwest Board of Directors. We intend for all political contributions to promote Company interests and are not guided by any private political preferences of any Employee. We disclose all contributions by the SWAPAC via publicly available reports filed monthly with the Federal Election Commission. The Company strives to comply with all applicable federal, state, and local campaign finance restrictions and disclosure requirements.

In 2023, contributions from the SWAPAC totaled \$194,500 to political committees at the federal level and \$65,750 to political committees at the state and local levels. Moreover, the Company contributed \$123,400 directly to state and/or local political campaigns in four states (California, Florida,

Illinois, and Missouri). In 2023, the Company did not support or finance any state or local ballot measure before voters. At the federal level, no Company funds were used to support or finance any political campaign, nor did the Company support or finance any so-called "Super PACs" or any political committees organized under section 527 of the Internal Revenue Code. The Company made no contributions to a politically affiliated 501(c)(4) organization in 2023.

Marketing & Ethical Branding

Southwest Airlines is dedicated to upholding the highest standards of ethical business practices, as outlined in our [Code of Ethics](#) and [Privacy Policy](#). We seek to comply with laws governing advertising and Customer communications, operate within DOT regulations, and adhere to applicable laws. This supports our efforts to maintain advertising that is transparent and truthful.

As part of our vetting process, key Stakeholders such as our Legal Team, and where appropriate, our DEI department and our Executive Leadership Team, review our marketing communication and creative ideas. Our goal is to emphasize clear and honest communication in our marketing efforts in order to comply with applicable laws.

We recognize the crucial role of building trust with our valued Customers and the potential consequences of false or unethical branding. Such actions can erode trust and credibility, lead to penalty implications, and risk long-term reputational damage.

Ethical marketing is integral to Southwest's mission of being a trusted global citizen, reflecting our Core Values of Integrity, Pride, and Honesty in our communication.

Our commitment to upholding ethical standards extends far beyond Customer loyalty and trust; it encompasses fostering positive relationships with clients, vendors, and partners, thereby acknowledging our responsibility not only to ourselves but to the entire aviation industry.

In our journey to become the world's most loved airline, our Customer Insights Team plays a pivotal role. By consistently monitoring sentiment and our Brand Net Promoter Score (BNPS), we gather essential feedback for the continuous improvement of our services. Through proactive measures, legal compliance, and a relentless focus on Customer Satisfaction, Southwest Airlines sets industry benchmarks and maintains our status as a trusted airline.



Governance Data Table

Board of Directors by Gender, Age, and Ethnicity/Race ⁵³	2023	2022	2021	2020	2019
Gender	80% Male	85% Male	75% Male	Not Reported	Not Reported
	20% Female	15% Female	25% Female	Not Reported	Not Reported
Age	100% over age 50	100% over age 50	100% over age 50	Not Reported	Not Reported
Ethnicity/Race					
Black or African American	13%	15%	8%	Not Reported	Not Reported
Hispanic or Latino	13%	0%	8%	Not Reported	Not Reported
White	74%	85%	84%	Not Reported	Not Reported



Reporting Frameworks

Since 2009, Southwest has utilized guidance from recognized ESG standards and frameworks to guide our disclosures in the One Report. In our ongoing effort to provide the utmost transparency to our Stakeholders, we elected to reference and provide information using the GRI Universal Standards 2021, the SASB standards, the TCFD framework, and United Nations SDGs. Disclosures corresponding to these standards and frameworks can be found in the indices on the pages that follow.

Information is presented in the 2023 Southwest One Report with respect to efforts related to our CSR and ESG key topics, a term we use instead of materiality to avoid confusion with key financial information.



GRI Index

Indicator	Description	2023 Response
The organization and its reporting practices		
2-1	Organizational details	<p>Southwest Airlines Co. is a publicly traded corporation.</p> <p>Our Headquarters is located at: 2702 Love Field Dr. Dallas, Texas 75235 USA</p> <p>During 2023, we operated in 11 countries: the United States, Mexico, Jamaica, the Bahamas, Aruba, Dominican Republic, Costa Rica, Belize, Cuba, the Cayman Islands, and Turks and Caicos.</p>
2-2	Entities included in the organization's sustainability reporting	The 2023 One Report includes the operations of Southwest Airlines Co. and its wholly owned subsidiaries, which include AirTran Airways, Inc., AirTran Holdings, LLC, Southwest Jet Fuel Co., Southwest Airlines Renewable Ventures LLC, and Triple Crown Assurance Co., which is consistent with our financial reporting contained in Southwest Airlines Co.'s 2023 Form 10-K .
2-3	Reporting period, frequency and contact point	<p>The 2023 One Report was published on May 8, 2024, and includes activities for calendar year 2023, unless otherwise stated. It is published annually and aligns with Southwest Airline Co.'s financial reporting period. (January 1, 2023-December 31, 2023)</p> <p>The contact point for questions regarding the 2023 One Report is SWACitizenship@wnco.com.</p>
2-4	Restatements of information	We obtained reasonable assurance for our 2023 GHG emissions, increasing the assurance level from prior years limited assurance. Within this process, we updated our jet fuel density factor, which resulted in a less than 1% change to our Scope 1 jet fuel related emissions. Given that jet fuel emissions make up 99.6% of total Scope 1 and 2 emissions and are a core component of our carbon goals, we chose to restate prior years emissions for Scope 1 and Scope 3: Conventional Jet Fuel to reflect this update and ensure continuity against our baseline.

Indicator	Description	2023 Response
2-5	External assurance	<p>Our 2023 GHG inventory was assessed by a third-party at the reasonable assurance level and completed in accordance with the ISO Standard. This assurance engagement included our Scope 1, Scope 2, and certain Scope 3 GHG emissions. The report can be found here.</p> <p>Southwest has obtained third-party assurance of its GHG inventory since 2017.</p>
Activities and Workers		
2-6	Activities, value chain and other business relationships	Southwest Airlines operates in the airline sector. Information regarding our activities, value chain, and other business relationships can be found under Items 1 and 7 in our 2023 Form 10-K . Additional information regarding our supply chain is contained in Supply Chain Responsibility.
2-7	Employees	<p>People Data Table</p> <p>All Southwest Airlines Co. Employees are classified as permanent. We do not have non-guaranteed hours Employees.</p>
2-8	Workers who are not employees	People Data Table
Governance		
2-9	Governance structure and composition	<p>People Data Table</p> <p>Governance and Oversight of ESG</p> <p>Corporate Bylaws</p> <p>Corporate Governance Guidelines</p> <p>Corporate Policies</p> <p>2024 Proxy Statement, pp. 6-24</p>
2-10	Nomination and selection of the highest governance body	<p>Board Composition</p> <p>Corporate Governance Guidelines</p> <p>Nominating and Corporate Governance Committee Charter</p> <p>2024 Proxy Statement, pp. 15-24</p>

Indicator	Description	2023 Response
2-11	Chair of the highest governance body	2024 Proxy Statement , pp. 12-13 and 16-18
2-12	Role of the highest governance body in overseeing the management of impacts	Governance and Oversight of ESG Ethics 2024 Proxy Statement , pp. 18-20
2-13	Delegation of responsibility for managing impacts	Governance and Oversight of ESG 2024 Proxy Statement , pp. 18-20
2-14	Role of the highest governance body in sustainability reporting	The Southwest Airlines One Report is reviewed by Leaders across the organization, including our VPs of People, DEI, Legal-Corporate and Transactions, Investor Relations, Accounting & Financial Reporting, Corporate Reputation; Senior VP and Controller, Senior VP Finance, Strategy, & Sustainability, Senior VP Culture & Communications; Chief Administration Officer; Chief Financial Officer, and President & CEO. It is additionally reviewed by our Executive Chairman.
2-15	Conflicts of interest	Ethics Code of Ethics 2024 Proxy Statement , pp. 24-25
2-16	Communication of critical concerns	Governance and Oversight of ESG Code of Ethics 2024 Proxy Statement , pp. 18-20 Nature and total number of critical concerns is confidential information and is not communicated externally by the Company.
2-17	Collective knowledge of the highest governance body	Management reports to the Board of Directors on significant sustainability strategies, plans, initiatives, and progress.
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Guidelines 2024 Proxy Statement , pp. 22-23
2-19	Remuneration policies	Governance and Oversight of ESG Corporate Governance Guidelines 2024 Proxy Statement , pp. 28-65

Indicator	Description	2023 Response
2-20	Process to determine remuneration	2024 Proxy Statement , pp. 28-65
2-21	Annual total compensation ratio	2024 Proxy Statement , pp. 50 The Company does not report the ratio of the percentage change in annual total compensation ratio as it is not considered meaningful.
Strategy, Policies and Practices		
2-22	Statement on sustainable development strategy	From Our President & CEO 2023 Form 10-K , pp. 13-14 and 28-29
2-23	Policy commitments	The Company's primary corporate policy commitments can be found here: Corporate Governance Guidelines Corporate Policies Our Board of Directors or Senior Management have approved the following corporate policies: Corporate Governance Guidelines Code of Conduct Code of Ethics Policy on Shareholder Rights Plans Human Rights Policy All other corporate policies are approved by presiding Board of Director Committees or Senior Management.
2-24	Embedding policy commitments	Governance and Oversight of ESG Ethics Cybersecurity Data Privacy Marketing & Ethical Branding
2-25	Processes to remediate negative impacts	Code of Ethics
2-26	Mechanisms for seeking advice and raising concerns	Ethics Code of Ethics 2024 Proxy Statement , pp. 18
2-27	Compliance with laws and regulations	2023 Form 10-K , pp. 53-56

Indicator	Description	2023 Response
2-28	Membership associations	We develop and nurture authentic civic and business relationships across the more than 100 communities within the Southwest system. In 2023, we invested in more than 150 national, state, and local membership organizations including, but not limited to, the Chicagoland Chamber, Greater Baltimore Committee, Downtown Denver Inc., Dallas Regional Chamber, Chamber of Commerce Hawaii, Los Angeles Area Chamber of Commerce, Greater Houston Partnership, and Florida Economic Development Council. Southwest also participates in: <ul style="list-style-type: none"> • A4A • Aviation Climate Taskforce (ACT) • Coalition for Public Relations Research Standards • National Diversity Council Board • National Diversity Council • U.S. Chamber of Commerce • Travelers United
Stakeholder Engagement		
2-29	Approach to stakeholder engagement	Management Approach to Key Topics - Stakeholder Engagement
2-30	Collective bargaining agreements	As of December 31, 2023, approximately 83% of our Employees are covered by CBAs.
Material Topics		
3-1	Process to determine material topics	Management Approach to Key Topics
3-2	List of material topics	Management Approach to Key Topics
3-3	Management of material topics	Carbon Circularity Climate Risks & Impacts Collaboration Community Outreach Compliance Customer Satisfaction Cybersecurity Data Privacy Diversity, Equity, & Inclusion Employee Compensation, Benefits, & Health

Indicator	Description	2023 Response
3-3	Management of material topics	Employee Experience, Culture, & Engagement Employee Retention & Recruitment Employee Training, Education, & Career Development Ethics Financial Performance Fleet Management Freedom of Association & Collective Bargaining Governance and Oversight of ESG Human Rights & Anti-Trafficking Indirect Economic Impact Marketing & Ethical Branding Network & Growth Operational Performance Political Contributions Public Policy, Regulation, & Transparency Risk & Crisis Management Safety Supply Chain Disruption Supply Chain Responsibility
Economic Performance		
201-1	Direct economic value generated and distributed	Financial Performance 10-Year Summary Network & Growth Performance Data Table
201-2	Financial implications and other risks and opportunities due to climate change	<p>Our Heart for the planet involves using resources efficiently and identifying emerging environmental trends and risks. In the air, we strive to responsibly manage our fuel consumption and improve our emissions intensity. Given fuel is one of our largest expenses, managing fuel consumption is not only important for sustainability, it's also good for our bottom-line.</p> Carbon Climate Risks & Impacts TCFD Index Southwest Airlines CDP Submission
201-3	Defined benefit plan obligations and other retirement plans	Employee Compensation, Benefits, & Health - Benefits Employee Benefits and Perks Guide 2023 Form 10-K, pp. 26-28 and pp. 129-131

Indicator	Description	2023 Response
201-4	Financial assistance received from government	None in 2023
Indirect Economic Impact		
203-1	Infrastructure investments and services supported	Network & Growth Community Outreach 2023 Form 10-K , pp. 105-106
203-2	Significant indirect economic impacts	Employee Retention & Recruitment Community Outreach People Data Table Supply Chain Responsibility Network & Growth Indirect Economic Impact Performance Data Table Supply Chain Disruption
Anti-Corruption		
205-1	Operations assessed for risks related to corruption	Ethics Code of Ethics
205-2	Communication and training about anti-corruption policies and procedures	<p>At Southwest, we strive to maintain accountability and transparency of our business practices to reduce or eliminate corruption. We expect our Board of Directors and all Employees to acknowledge receipt and understanding of our Code of Ethics and Insider Trading Policy. We also employ robust auditing procedures to analyze and monitor business activities, which further enhance our ability to maintain high ethical standards. We continually review our systems to provide transparency and accountability, and we update our corporate governance policies when appropriate.</p> <p>During 2023, we also distributed our Foreign Corrupt Practices Act Policy and Anti-Corruption Compliance Procedures to the Board of Directors, all Company Officers, Senior Leaders of all departments, and select Employees and Contractors involved with Southwest's financial records and/or international operations. In 2023, more than 96% of Southwest recipients completed a Foreign Corrupt Practices Act Policy compliance questionnaire.</p>

Indicator	Description	2023 Response
Energy		
302-1	Energy consumption within the organization	<p>No onsite renewable energy was consumed. We purchased over 58 thousand MWh of Green-e certified RECs covering 100% of our Texas operations as of May 2023.</p> <p>Total of 84,003,424 MWh non-renewable energy consumed comprising:</p> <ul style="list-style-type: none"> • Heating: 37,561MWh • All electricity including cooling: 85,818 MWh • Jet A: 83,699,387MWh • Other fuels: 180,658 MWh • Steam not captured due to de minimis impact <p>We did not sell any electricity, heating, cooling, or steam in 2023.</p> <p>Heating and electricity data is captured through an energy bill aggregation tool which compiles utility data, capturing the electricity, natural gas, and water consumed in our operations. We maintain detailed records of our actual jet fuel and ground fuel consumption per Station for all scheduled and unscheduled flights. GSE fuel is tracked and aggregated by fuel type, including auto gas, diesel fuel, dyed diesel fuel, propane fuel, and compressed natural gas.</p> <p>Planet Data Table</p>
302-2	Energy consumption outside of the organization	<p>Energy consumption outside of the organization is reported under Scope 3 emissions in the Planet table. We report this in metric tons of CO₂e rather than in joules to maintain consistency with the Greenhouse Gas Protocol (GHGP).</p> <p>Planet Data Table</p>
302-3	Energy intensity	<p>The energy intensity ratio includes the MWh associated with all Jet A, gasoline, diesel, propane, CNG, natural gas, and electricity consumed within our operations, divided by our revenue ton kilometers.</p> <p>Planet Data Table Climate Risks & Impacts Planning our Path to Net Zero</p>

Indicator	Description	2023 Response
302-4	Reduction of energy consumption	<p>Given that jet fuel emissions make up more than 99% of our total Scope 1 and 2 emissions, our tracking is focused on fuel saving initiatives. Since 2019, we have captured a total of 1.6 million MWh of fuel savings as a result of fuel conservation efforts.⁵⁴</p> <p>Fuel savings (gallons) are tracked through a combination of direct measurements and estimates for several ground-, air-, and weight-related fuel efficiency initiatives. The fuel gallons savings in 2023 were summed and converted to MWh using typical TJ/Gg values for Jet A per CDP guidance.</p> <p>Carbon Climate Risks & Impacts Planning our Path to Net Zero</p>

302-5	Reductions in energy requirements of products and services	<p>The Company's ASMs per gallon of fuel consumed was 79.5 in 2023, representing a 5% increase in fuel efficiency over our 2019 baseline levels.</p> <p>Our fuel consumption and fuel saving programs are closely tracked and monitored in order to understand the incremental savings such initiatives yield each year. We track initiatives such as APU utilization, single engine taxiing, central monitoring, RNP, cost index, and weight saving initiatives.</p> <p>Carbon Planet Data Table Climate Risks & Impacts Planning our Path to Net Zero</p>
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Emissions

305-1	Direct (Scope 1) GHG emissions	<p>The baseline 2019 and current 2023 Scope 1 emissions can be found in the Planet Data Table, as are our relevant biogenic CO₂ emissions in 2023.</p> <p>Southwest follows The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol) guidance to collect activity data and calculate emissions. Our 2023 greenhouse gas inventory was assessed by a third-party and completed in accordance with ISO standards, obtaining reasonable assurance of</p>
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Indicator	Description	2023 Response
305-1	Direct (Scope 1) GHG emissions	<p>our Scope 1, Scope 2 and certain Scope 3 categories. In 2023, we made several updates to the emission factors applicable to our Scope 1 emissions, including our fuel density figure to align with ICAO standards. These updates resulted in a <1% change in our emissions compared with prior reporting.</p> <p>Southwest follows the operational control approach defined by the GHG Protocol, accounting for emissions from operations over which we have complete authority to apply operating practices. We calculate and incorporate the relevant carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) emissions from our operations. Emissions are consolidated and disclosed in metric tons of carbon dioxide equivalent (CO₂e) using the 100-year time horizon global warming potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5). Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF₃), and sulfur hexafluoride (SF₆) were found to be de minimis, and therefore not reported in association with our operations.</p> <p>Planet Data Table Carbon Southwest Airlines CDP Submission</p>

305-2	Energy indirect (Scope 2) GHG emissions	<p>The baseline 2019 and current 2023 location-based and market-based Scope 2 emissions can be found in the Planet Data Table.</p> <p>Planet Data Table Carbon Southwest Airlines CDP Submission</p>
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305-3	Other indirect (Scope 3) GHG emissions	<p>The baseline 2019 and current 2023 Scope 3 emissions can be found in the Planet Data Table. We report on the five categories relevant to our operations: Category 1: Purchased Goods and Services, Category 2: Capital Goods, Category 3: Fuel- and Energy-Related Activities, Category 5: Waste Generated in Operations, and Category 7: Employee Commuting.</p> <p>Planet Data Table Southwest Airlines CDP Submission</p>
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Indicator	Description	2023 Response
305-4	GHG emissions intensity	<p>We measure intensity by emissions including all Scope 1, Scope 2, and Scope 3 Category 3 (upstream emissions of jet fuel) per revenue ton kilometer (RTK), which includes the use of SAF and excludes the use of carbon offsets. This includes all jet and GSE fuel, as well as the heating and electricity emissions associated with buildings and structures under our operational control.</p> <p>Planet Data Table Climate Risks & Impacts Planning our Path to Net Zero Southwest Airlines CDP Submission</p>
305-5	Reduction of GHG emissions	<p>Given that Southwest reports on the relevant CO₂, CH₄, and N₂O associated with our operations only, reported as CO₂e, we measure our reduction of GHG emissions with this same scope of gases included. We measure reductions in the form of an emissions intensity reduction (Scope 1, Scope 2, and Scope 3, Category 3: upstream emissions of jet fuel) per RTK from our baseline 2019. In 2023, our emissions intensity reduced 0.5% compared to the 2019 baseline. Since 2019, fuel saving initiatives are estimated to have saved more than 42 million incremental gallons of jet fuel, equivalent to 490,000 MT of well to wake carbon emissions. These incremental savings came largely from closely tracked single engine taxiing, central monitoring, flight optimization, and weight saving initiatives.</p> <p>Carbon Planet Data Table Climate Risks & Impacts Planning our Path to Net Zero Southwest Airlines CDP Submission</p>
305-6	Emissions of ozone-depleting substances (ODS)	<p>One of the most important issues surrounding chemical management is the use of ozone-depleting substances. The ozone layer prevents harmful ultraviolet light from passing through the atmosphere, and the use of these substances can cause a decrease in the total volume of the ozone layer. Potential ozone-depleting substances Southwest presently uses include refrigerants found in the HVAC systems and appliances of Southwest operated buildings and the air conditioning systems of Company vehicles. Based on an upper-bound assumption of the expected losses that would occur from Southwest facilities, in 2019, we determined that the emissions from these refrigerants represented less than 0.02% of our total GHG emissions. We do not produce or import ozone-depleting substances in Southwest operations.</p>

Indicator	Description	2023 Response
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Planet Data Table
Waste		
306-3	Waste generated	<p>Maintaining a comprehensive analysis of all waste generation across all Stations is a hurdle that we are working to address. We work to track waste generation through multiple sources and third parties, with reports collected for each year aimed at providing a summary of our waste disposal across our Stations. Material data collected includes scrap metal, batteries, e-waste, light bulbs, shredded paper, municipal waste, and all maintenance and cleaning agents (e.g., oil filters, glycol, solvents, paints). Forms of waste are broken out by hazardous and non-hazardous categorization, energy recovery status, quantity of material, and total weight for tracking purposes.</p> <p>Planet Data Table Circularity</p>
306-4	Waste diverted from disposal	<p>Maintaining a comprehensive analysis of all waste generation across all Stations is a hurdle that we are working to address. We work to track waste generation through multiple sources and third parties, with reports collected for each year aimed at providing a summary of our waste disposal across our Stations. Material data collected includes scrap metal, batteries, e-waste, light bulbs, shredded paper, municipal waste, and all maintenance and cleaning agents (e.g., oil filters, glycol, solvents, paints). Forms of waste are broken out by hazardous and non-hazardous categorization, energy recovery status, quantity of material, and total weight for tracking purposes. In 2023, 4,207,288 lbs of waste was recycled and 77,000 lbs of material was reused through our Repurpose with Purpose program.</p> <p>Planet Data Table</p>
306-5	Waste directed to disposal	Planet Data Table
Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	<p>Our supplier questionnaire is a crucial part of our procurement vetting process where we expect suppliers to comply with applicable laws.</p> <p>Supply Chain Responsibility</p>

Indicator	Description	2023 Response
308-2	Negative environmental impacts in the supply chain and actions taken	Southwest collaborates with EcoVadis to assess the sustainability impacts of top 200 suppliers (based on spend) through the EcoVadis ESG ratings platform. Supply Chain Responsibility
Employment		
401-1	New employee hires and employee turnover	People Data Table
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Compensation, Benefits, & Health - Benefits People Data Table Employee Benefits and Perks Guide
401-3	Parental leave	For qualifying Noncontract Employees, Southwest offers six weeks paid leave for a custodial birth parent (mother or father), the spouse or committed partner of a custodial birth parent at the time of birth, a surrogate parent, or a newly adoptive parent. The leave must be taken on a consecutive basis (not intermittent) within 12 months of the date of birth of the child or the date the child is placed for adoption in the Employee's home. This benefit for eligible Employees begins 90 days after the Employee's last date of hire. Our Flight Attendants', Dispatchers', and Meteorologists' (Covered Employees) CBAs also contain parental leave provisions. Except for those Covered Employees who qualify for Maternity Leave or Post Maternity Leave of Absence, a covered Employee that is the biological parent of a child, adopts, or becomes a permanent legal custodial caregiver to a dependent child that formerly was not, but will be living in their home, will be granted a leave of absence for a period not to exceed 12 consecutive weeks and will retain and accrue seniority for all purposes during such leave and will not lose insurance coverage. Covered Employees have the option to use their Sick Leave or vacation pay during this leave. The leave must be taken in its entirety within 12 calendar months from the date the child begins living in the Covered Employee's home. Any applicable federal, state, or local leaves will run concurrently.

Indicator	Description	2023 Response
401-3	Parental leave	Beginning in 2024, for qualifying Pilots, Southwest offers two weeks paid leave and ten additional weeks unpaid leave for a biological parent, a newly adoptive parent, or a parent who becomes a permanent legal custodial caregiver to a dependent child living in their home. The leave must be taken on a consecutive basis (not intermittent) within three months of the date of birth of the child or the date the child is placed for adoption in the Employee's home. A Pilot who is the custodial birth mother of a child newly born or who experiences a loss of pregnancy after twenty weeks is eligible for between six to eight weeks of paid leave. Eligible Pilots may also receive extended unpaid bonding leave upon request to their Chief Pilot. People Data Table Employee Compensation, Benefits, & Health
Labor and Management Relations		
402-1	Minimum notice periods regarding operational changes	To create the best possible work environment, we strive to provide our Employees with advanced notice of significant policy or expectation changes through proactive communication. Notice is provided to Contract Employees and/or their respective Unions per the terms of our CBAs.
Occupational Health and Safety		
403-1	Occupational health and safety management system	Safety
403-2	Hazard identification, risk assessment, and incident investigation	Safety
403-3	Occupational health services	Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety

Indicator	Description	2023 Response
403-5	Worker training on occupational health and safety	Safety People Data Table - Training Hours by Topic
403-6	Promotion of worker health	Employee Compensation, Benefits, & Health - Benefits
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety People Data Table - Training Hours by Topic
403-8	Workers covered by an occupational health and safety management system	Safety
Training and Education		
404-1	Average hours of training per year per employee	People Data Table
404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training, Education, & Career Development
404-3	Percentage of employees receiving regular performance and career development reviews	Employee Training, Education, & Career Development People Data Table
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	People Data Table Governance Data Table

Indicator	Description	2023 Response
405-2	Ratio of basic salary and remuneration of women to men	Employee Compensation, Benefits, & Health - Compensation
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Freedom of Association & Collective Bargaining
Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain Responsibility Human Rights & Anti-Trafficking Human Rights Policy
Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Responsibility Human Rights & Anti-Trafficking Human Rights Policy
Security Practices		
410-1	Security personnel trained in human rights policies or procedures	Third-party security personnel receive initial training that includes the following topics: <ul style="list-style-type: none"> • Security officer authorities and limitations • Security officer and law enforcement arrest authority • Dealing with disturbed persons and respecting individuals • Use of force and use of force continuum • Safety • Emergency responses <p>Security officers are required to pass a written exam at the conclusion of the above training. Additionally, monthly sustainment training regarding pertinent topics is conducted including: workplace diversity, de-escalation techniques, and harassment and discrimination.</p>

Indicator	Description	2023 Response
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Southwest collects impact reports from community partners to understand each organization's overall impact and programmatic outcomes based on Southwest's contributions and/or grants to advance the mission of each organization. Impact assessments are administered to all annual partners. Indirect Economic Impact Community Outreach Operational Performance Southwest Airlines Community Blog
Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Our supplier questionnaire is a crucial part of our procurement vetting process where we expect suppliers to comply with applicable laws. Supply Chain Responsibility
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Responsibility
Public Policy		
415-1	Political contributions	Political Contributions
Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Safety

Indicator	Description	2023 Response
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SASB TR-AL-540a.3
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints concerning breaches of customer privacy and losses of customer data during 2023.



SASB Index

Topic	Code	Metric	Category	Unit of Measure	2023 Response
Greenhouse Gas Emissions	TR-AL-110a.1	Gross global Scope 1 emissions	Quantitative	MT CO ₂ e	20,670,103 Planet Data Table Planet Goals
	TR-AL-110a.2	Discussion of long- 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	Planet Goals Carbon Climate Risks & Impacts
	TR-AL-110a.3	(1) Total fuel consumed, (2) percentage alternative and (3) percentage sustainable	Quantitative	Megawatt-hours, Percentage (%) ⁵⁵	Total jet fuel consumed in 2023 was 83,699,387 MWh with 0.04% alternative and sustainable fuels consumed.
Labor Practices	TR-AL-310a.1	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	Approximately 83%
	TR-AL-310a.2	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, Days idle	0 & 0
Competitive Behavior	TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	Reporting currency	\$0
Accident & Safety Management	TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System	Quantitative	N/A	Safety
	TR-AL-540a.2	Number of aviation accidents	Quantitative	Number	“Accidents” is defined according to the International Civil Aviation Organization (Annex 13) and the National Transportation Safety Board (Part 830). The two accidents involved one Crew Member injury during inflight turbulence and one accident related to aircraft damage.
	TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	No FAA legal enforcement actions.

Activity Metrics⁵⁶

Metrics that quantify the scale of a company's business and are intended for use in conjunction with accounting metrics to normalize data and facilitate comparison.

Code	Activity Metric	Category	Unit of Measure	2023 Response
TR-AL-000.A	Available seat miles	Quantitative	ASM	170,323 million
TR-AL-000.B	Passenger load factor	Quantitative	Rate	80.0%
TR-AL-000.C	Revenue passenger miles	Quantitative	RPM	136,256 million
TR-AL-000.D	Revenue ton kilometers	Quantitative	RTK	24.3 billion
TR-AL-000.E	Number of departures	Quantitative	Number	1,459,427 (measured as Trips Flown)
TR-AL-000.F	Average age of fleet	Quantitative	Years	11



TCFD Index

	Description of TCFD Disclosure Requirement	Complete TCFD Disclosure Requirement	2023 Response
Governance	Degree of Board oversight	Describe the Board's oversight of climate-related risks and opportunities.	Governance and Oversight of ESG
	Management's role	Describe management's role in assessing and managing climate-related risks and opportunities.	Governance and Oversight of ESG – Management Oversight and Committees
Strategy	Climate-related risks and opportunities	Describe the climate-related risks and opportunities the organization has identified over the short-, medium-, and long-term.	Climate Risks & Impacts
	Impacts of risks and opportunities	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate Risks & Impacts
	Resilience of the organization's strategy	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C-or-lower scenario.	Climate Risks & Impacts
Risk Management	Climate risk identification process	Describe the organization's processes for identifying and assessing climate-related risks.	Climate Risks & Impacts Risk & Crisis Management
	Climate risk management process	Describe the organization's processes for managing climate-related risks.	Climate Risks & Impacts Risk & Crisis Management
	Integration with other risk-management processes	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate Risks & Impacts Risk & Crisis Management
Metrics & Targets	Identify risk-assessment metrics	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk-management process.	Planning our Path to Net Zero Carbon
	Identify GHG emissions	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	Planet Data Table
	Identify targets and risk metrics	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Planning our Path to Net Zero Carbon Climate Risks & Impacts

United Nations Sustainable Development Goals

The SDGs are a set of 17 goals created as a call to action to address pressing global challenges. While Southwest supports all 17 SDGs, we have identified eight goals where we have the opportunity to have the greatest impact. These goals help inform our Citizenship strategy and help us leverage our People and resources to tackle pressing global challenges. Our work and impact made to support the progress of reaching these goals is detailed in the following pages.



SDG	Target	Relevance	Key Topics
	<p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing</p> <p>3.5 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol</p>	<p>As an organization committed to connecting People to what's important in their lives, Southwest is uniquely positioned to connect our Employees, Customers, and communities to the support and services they need to live healthy lives.</p>	<p>Employee Compensation, Benefits, & Health</p> <p>Community Outreach</p> <p>Collaboration</p>
	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship</p> <p>4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development</p>	<p>Southwest is dedicated to providing quality training and development that inspires Employees to realize their full potential. We strive to foster authentic connections and inclusion in the workplace and are committed to providing Employees with an environment where they feel comfortable bringing their authentic selves to work. Southwest continues to look for opportunities to reflect the communities we serve and welcome applicants with diverse thoughts, backgrounds, and experiences.</p>	<p>Community Outreach</p> <p>Diversity, Equity, & Inclusion</p> <p>Employee Retention & Recruitment</p> <p>Employee Training, Education, & Career Development</p> <p>Indirect Economic Impact</p>
	<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation</p>	<p>Southwest proudly puts People first—which extends to our Employees, Customers, community members, and business partners. Our support of human rights transpires in a variety of ways, including our recruitment efforts; how we train, treat, and equip our Employees; our commitment to Hospitality and civility; our dedication to an ethical supply chain, and the support we provide to a variety of organizations in service to our communities.</p>	<p>Employee Recruitment & Retention</p> <p>Supply Chain Responsibility</p> <p>Human Rights & Anti-Trafficking</p> <p>Collaboration</p>
	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation including through a focus on high-value added and labor-intensive sectors</p> <p>8.4 Improve progressively through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation in accordance with the 10-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead</p> <p>8.7 Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers, and by 2025 end child labor in all its forms</p>	<p>Southwest strives to deliver consistent economic performance by generating profitability while pursuing operational efficiencies and strategies that show our Heart for the Planet and People. We remain dedicated to building on our momentum, leveraging network optimization, efficiency gains, and sustainable action, to achieve viable growth.</p>	<p>Carbon</p> <p>Circularity</p> <p>Human Rights & Anti-Trafficking</p> <p>Network & Growth</p> <p>Operational Performance</p>

SDG	Target	Relevance	Key Topics
	<p>10.1 By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p> <p>10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality</p>	<p>Attracting and retaining top talent is key to our continued success. We focus on growing the Southwest Family with individuals who share our Company Values, offering them a competitive Total Rewards package, comprehensive on-the-job training, and the resources they need to succeed. We strive to offer fair and market-competitive pay for all Employees that recognizes and rewards performance, and positions our Company to successfully retain our People.</p>	<p>Diversity, Equity, & Inclusion</p> <p>Employee Compensation, Benefits, & Health</p> <p>Employee Retention & Recruitment</p> <p>Employee Training, Education, & Career Development</p>
	<p>11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations</p> <p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<p>Assessing our risk is a part of building our organizational resilience. At Southwest, we partner with airports, Employees, communities, Customers, and others to work toward our goal of net zero carbon emissions by 2050¹ and a more sustainable future.</p>	<p>Carbon</p> <p>Circularity</p> <p>Climate Risks & Impact</p> <p>Community Outreach</p>
	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<p>Southwest takes pride in being the airline with Heart and that includes supporting a more sustainable future for air travel. To guide our approach, we are working to make progress across our strategic areas of focus which include: address our carbon emissions through fuel and operational efficiency initiatives, support the development of sustainable aviation fuel (SAF), electrification of eligible ground support equipment², and energy conservation; work towards improving sustainability in our operations through sourcing, recycling, and upcycling; and partner with organizations whose work complements our efforts to achieve our goals.</p>	<p>Carbon</p> <p>Circularity</p> <p>Collaboration</p>
	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>We know our Path to Net Zero cannot be achieved alone. Partnerships play a crucial role in our sustainability efforts. Southwest partners with different organizations, nonprofits, policymakers, airports, suppliers, Customers, and other cross-industry partners whose work complements our efforts to achieve our goals and advance our environmental sustainability efforts.</p>	<p>Carbon</p> <p>Circularity</p> <p>Collaboration</p> <p>Climate Risks & Impact</p>

Glossary

Term	Acronym	Definition
Active, Full-time Equivalents	FTE	Active, full-time equivalent Employees as of December 31, for specific calendar year. Active full-time equivalent Employees figure includes an adjustment to count all part-time Employees as a 0.5 full-time equivalent Employee. The Company utilizes active full-time equivalent Employees to measure productivity and efficiency, so it has chosen to not include inactive Employees in the figure. (Included less than 250 and 10,421 Employees participating in Extended Emergency Time Off program as of December 31, 2021 and 2020, respectively).
Air Operations		Includes Pilots, Flight Attendants, Dispatchers, Meteorologists, Simulator Technicians, and Training Instructors.
Aircraft Utilization		The hours and minutes in a day an aircraft is in the air.
Available Seat Mile	ASM	One seat (empty or full) flown one mile. Also referred to as “capacity,” which is a measure of the space available to carry Passengers in a given period.
Average Length of Passenger Haul		Average distance paying Passengers are flown, calculated in miles.
Average Passenger Fare		The average amount of Passenger Revenue per Revenue Passenger carried.
Average Stage Length		The average distance flown per aircraft departure, calculated in miles.
Biogenic Emissions		CO ₂ emissions from the combustion or biodegradation of biomass.
Biomass		The term biomass refers to the biodegradable fraction of products, waste, and residues from biological origin (e.g. from agriculture, forestry and related industries including fisheries and aquaculture), as well as the biodegradable fraction of industrial and municipal waste. Bioenergy refers to all energy produced from biomass, including biofuels. It can be used either directly (wood energy) after methanogenesis (biogas) or new chemical transformations (biofuel).

Term	Acronym	Definition
Book and Claim		Book and Claim is a chain of custody model that allows for the ‘de-coupling’ of specific attributes, like for example, the environmental benefits from the physical product and the ability to transfer them separately via a dedicated registry in the form of a ‘credit.’ This approach has been already successfully implemented in the renewable electricity sector but is still being developed for SAF.
Carbon Dioxide Equivalent	CO₂e	Measure used to compare the emissions from various greenhouse gases on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential.
Carbon Emissions Intensity	CI	Carbon intensity measures how much GHG, or in particular CO ₂ , is emitted relative to some metric (e.g., electricity produced, fuel consumed, or dollars generated). For example, the U.S. Energy Information Administration (EIA) defines CI as the “amount of carbon by weight emitted per unit of energy consumed.” The EPA defines CI as the “relative amount of carbon emitted per unit of energy or fuels consumed.”
Carbon Offset		Carbon offsets are tradeable rights generated from projects that reduce, capture, or avoid a certain amount of emissions.
Circularity		Circularity at Southwest means working toward reducing waste through maximizing the value of resources by keeping products and materials in circulation as long as possible. This can be through reusing, recycling, and considering what happens to a product at the end of its lifecycle from the time that sourcing begins.
Completion Factor		The percentage of scheduled flights that are completed, or the number of scheduled flights that arrive without cancellation or diversion divided by the number of scheduled flights.

Term	Acronym	Definition
Contrails		Contrails (also known as aviation-induced cirrus clouds) are trails of condensed and frozen water vapor emitted from aircraft engines at high altitude under certain atmospheric conditions. Contrails are not formed on all flights, and instead only when certain atmospheric conditions, including temperature and humidity levels, are present.
Carbon Offsetting and Reduction Scheme for International Aviation	CORSIA	A market-based mechanism developed by ICAO (International Civil Aviation Organization—the UN’s governing body for aviation) to cap growth in international emissions.
Direct Air Capture	DAC	Direct air capture technologies extract CO ₂ directly from the atmosphere at any location, unlike carbon capture which is generally carried out at the point of emissions, such as a steel plant. The CO ₂ can be permanently stored in deep geological formations or used for a variety of applications.
Enplaned Passengers		One Passenger, originating or connecting, boarded on an aircraft.
Executives		All People Leader positions at Southwest at and above the Vice President (VP) level.
Fuel Efficiency		Calculated as gallons of jet fuel consumed divided by ASMs.
Generation		Generations are defined as follows: Silent (1928-1945); Baby Boomers (1946-1964); Generation X (1965-1980); Millennial (1981-1996); Generation Z (1997 and after). Calculated based on Employee birthdate.
Greenhouse Gas	GHG	Gases in the earth’s atmosphere that trap heat. These consist of six gases listed in the Kyoto Protocol: CO ₂ ; methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆). The greenhouse gas effect is a process that occurs when gases in the earth’s atmosphere trap the sun’s heat, making the planet warmer. Gases that trap heat in the atmosphere are called greenhouse gases, and the main greenhouse gases are carbon dioxide, methane, nitrous oxide, and fluorinated gases.

Term	Acronym	Definition
Greenhouse Gas Emissions - Scope 1, 2, and 3		Scope 1: Emissions from operations that are owned or controlled by Southwest Airlines Co. Scope 2: Indirect emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by Southwest Airlines Co. Scope 3: All other indirect emissions (not included in Scope 2) that occur in the value chain of Southwest Airlines Co., including both upstream and downstream emissions.
Ground Support Equipment	GSE	The support equipment found at an airport, usually on the apron, the servicing area by the terminal. Examples include belt-loaders, pushback tugs, baggage carts, etc.
Hazardous Waste		A waste with properties that make it dangerous or capable of having a harmful effect on human health or the environment. Hazardous waste is generated from many sources, ranging from industrial manufacturing process wastes to batteries and may come in many forms, including liquids, solids gases, and sludges.
Intergovernmental Panel on Climate Change	IPCC	The Intergovernmental Panel on Climate Change is an intergovernmental body of the United Nations. Its mission is to advance scientific knowledge about climate change caused by human activities.
Intensity Ratio		These ratios express the impact (e.g., energy, emissions, etc.) per unit of activity, output, or any other organization specific metric. Intensity ratios are often called normalized environmental impact data.
Lifecycle Basis		A fuel’s ‘lifecycle’ refers to all GHG emissions produced during the fuel’s entire process, from extracting or collecting the feedstock to refining, transporting, and ultimately using the fuel.
Location-Based Scope 2 Emissions		A method to quantify Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries.
Market-Based Scope 2 Emissions		A method to quantify Scope 2 GHG emissions based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own.

Term	Acronym	Definition
Mishandled Bags		Baggage which is damaged, delayed, lost or pilfered.
Neat SAF		Sustainable Aviation Fuel that is entirely free of all fossil fuels and is not blended.
Net Promoter Score	NPS	Calculated from Customer survey results.
Net Zero Carbon Emissions		The balance between the amount of GHG that's produced and the amount that's removed from the atmosphere.
New Hires		External hires into Southwest.
Non-Employee Workers		Workers retained by Southwest through third-party agencies to provide temporary, non-collective bargaining agreement (CBA) staff augmentation services (e.g., coverage for noncontract Employees out on leave, supplementary staffing for project work, etc.). Does not include personnel of professional and managed services organizations engaged by Southwest.
Ontime Performance	OTP	According to the U.S. Department of Transportation (DOT), a flight is considered "on time" if it arrives at the gate within 15 minutes of its scheduled arrival time, or departs from the gate within 15 minutes of its scheduled departure time.
Ontime Net Promoter Score		Calculated from Customer survey results excluding trips that do not arrive ontime.
Operating Expenses per ASM	CASM	Calculated as operating expenses divided by ASMs. Also referred to as "unit costs" or "costs per available seat mile," this is the average cost to fly an aircraft seat (empty or full) one mile, which is a measure of cost efficiencies.
Operating Expenses per ASM, Excluding Fuel		Calculated as operating expenses minus fuel and oil costs divided by ASMs. Also referred to as "non-fuel unit costs" this is the average cost, excluding fuel and oil costs, to fly an aircraft seat (empty or full) one mile, which is a measure of cost efficiencies.

Term	Acronym	Definition
Operating Expenses per ASM, Excluding Fuel and Oil Expense, Special items, and ProfitSharing	CASM-X	Calculated as operating expenses minus fuel and oil, special items, and ProfitSharing costs divided by ASMs. This is the average cost, excluding fuel and oil, special items, and ProfitSharing costs, to fly an aircraft seat (empty or full) one mile, which is a measure of cost efficiencies. ³⁰
Operating Revenue Yield per ASM	RASM	Calculated as operating revenues divided by ASMs. Also referred to as "operating unit revenues", this is the average operating revenue from flying an aircraft seat (empty or full) one mile during a particular period, which is a measure of operating revenue production.
Other Leaders		Other Leaders refers to all People Leader positions at Southwest below the VP level.
Passenger Load Factor		Calculated as RPMs divided by ASMs which measures the percentage of available seating capacity that has been filled with paying Passengers.
Passenger Revenue Yield per RPM		Calculated as Passenger revenue divided by RPMs. Also referred to as "yield," this is the average cost paid by a paying Passenger to fly one mile, which is a measure of revenue production and fares.
Production Activity		Unit of activity, output, or other organization specific metric.
Renewable Energy Certificate	REC	A type of energy attribute certificate defined as representing the property rights to the generation, environmental, social, and other non-power attributes of renewable electricity generation.
Revenue Passenger Mile	RPM	One paying Passenger flown one mile. Also referred to as "traffic," which is a measure of demand for a given period.
Revenue Passengers Carried	O&Ds	Number of paying Passengers traveling O&D, or from origin to destination, regardless of routing, Nonstop, through, and connecting Passengers traveling from A to B represent a single O&D.
Revenue Ton Kilometer	RTK	A revenue ton kilometer is one U.S. ton of revenue traffic (Passenger and cargo) transported one kilometer.

Term	Acronym	Definition
SAF Grand Challenge		Part of the US Climate Action Plan includes an aspirational goal to increase SAF production domestically to 3 billion gallons by 2030 and enough to meet domestic airlines' expected jet fuel consumption by 2050 (~35 billion gallons). 26.3 million gallons of SAF were produced or imported into the US in 2023.
SAF Pathways		There are several approved pathways to convert feedstocks into SAF, including: Hydroprocessed fatty acid esters and fatty acids (HEFA) converts fats, oils, and greases (FOGs) into jet fuel; Alcohol-to-jet (ATJ) converts ethanol or isobutanol made from biomass into jet fuel; and Gasification/Fischer-Tropsch (FT) converts biomass into jet fuel. FT can also be used to convert carbon from direct air capture (DAC) into jet fuel (Power-toLiquids (PtL), synfuel, or e-fuel).
Scheduled Service		Flights in the published schedule, domestic and international. Excludes ferries and charters.
Scientific Models		Based on the modeling of the International Energy Agency (IEA)'s Energy Technology Perspectives report.
Senior Leadership		Director and Managing Director positions at Southwest.
Senior Management Committee	SMC	See Executives.
Special Items		Expenses or sources of income not regularly part of of Southwest's ongoing operations (e.g., the change in market value for our hedging portfolio).

Term	Acronym	Definition
Sustainable Aviation Fuel	SAF	SAF is fuel produced from non-fossil fuel sources that can result in lower greenhouse gas (GHG) emissions than conventional jet fuel on a lifecycle basis.
Total Employees		Active and inactive Employees as of designated period end.
Total Energy Consumption		Calculated as total fuel consumed (non-renewable and renewable) plus electricity, heating, cooling, and steam purchased for consumption.
Turnover		Employees who terminated from Southwest during the period. Includes retirements, voluntary and involuntary terminations, etc.
Turnover Rate		Turnover divided by Total Employees at period end.
Value Chain		A value chain is the complete journey of a product or process, covering all stages from material sourcing to end-of-life. It includes sourcing, production, distribution, and disposal, highlighting the interconnectedness of each step.
Value of Employee Volunteer Hours		Based on Independent Sector's value of volunteer time of \$31.80 per hour (updated April 2023).
WN		Southwest Airlines' unique two-character airline code assigned by the International Air Transport Association; pronounced "win."
Water Consumption		Water usage at our domestic facilities.
Well-to-Wake Emissions		CO ₂ e emissions resulting from the production, logistics, and combustion of jet fuel.

Endnotes

Number	Endnote Description
1	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. Our net zero by 2050 goal includes Scope 1, Scope 2, and Scope 3 Category 3 emissions only and excludes any emissions associated with non-fuel products and services, such as inflight service items.
2	Includes baggage tugs, belt-loaders, and pushbacks.
3	Incremental is additional fuel saved in a year compared to prior year through fuel savings initiatives. Nominal is total fuel saved within that year. Southwest's 2025 goal is the sum of incremental gallons saved from 2019 - 2025, and its 2035 cumulative goal is the sum of nominal gallons saved from 2019 to 2035.
4	Weight compared to a 2022 baseline and includes plastics for inflight service. Elimination goal is dependent on the availability of operationally and commercially feasible alternatives.
5	Compared to a 2022 baseline.
6	Includes Employees who are members of unions, but are serving in Leadership and Individual Contributor positions.
7	Includes Southwest's contributions to Employee health and welfare plans, workers' compensation insurance, and employer payroll taxes. 2020 includes one-time accrual for Employees participating in voluntary separation programs.
8	Reported figures are from prior year to facilitate calculation of return to work and 12-month retention rates.
9	Calculated as total number of Employees that returned from parental leave divided by total number of Employees that took parental leave in the prior year.
10	Calculated as total number of Employees that returned from parental leave and were still employed 12 months after their return divided by total number of Employees returning from parental leave in the prior year.
11	Representative of 2023 performance only, and prior performance does not guarantee that the Company will be able to meet its stated sustainability goals. Intensity reduction percentages represent reductions as of December 31, 2023. The SAF percentage is based on contracted gallons of SAF expected to be utilized in 2030 (as of December 31, 2023). Southwest is working to procure greater volumes of SAF, and to the extent applicable, those volumes will be captured in future reporting of this metric after the agreements for those volumes are executed by the parties.

Number	Endnote Description
12	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, 2023.
13	See U.S. Department of Energy's SAF Grand Challenge Roadmap released September 2022.
14	Verified 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.
15	Fuel with a carbon emissions intensity of zero (0) gCO ₂ e/MJ or lower on a lifecycle basis.
16	Calculated by Neste Oyj with established LCA methodologies, such as CORSIA methodology and based on neat (not blended) SAF.
17	The 737 MAX8 is approximately 14% more fuel-efficient than the 737-800. The 737 MAX7 is expected to produce comparable fuel efficiency improvement compared with the 737-700.
18	Southwest has capital commitments associated with our firm orders with Boeing for additional aircraft. Please refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, and any additional filings with the SEC for information about the Company's capital commitments and risks.
19	A quantitative impact analysis wasn't part of this scope of work. And given the estimates, assumptions, timelines, and nature of this qualitative analysis, at this time Southwest cannot accurately predict the impact of any potential losses or costs associated with the physical and transitional effects of climate change. 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, 2023.
20	Exposure means the likelihood and magnitude of chronic and acute physical climate impacts to Southwest regions. The exposure scores use multiple sources of publicly available, peer-reviewed climate science data and confidence levels to reflect the potential acute and chronic changes to the climate. A high impact means a high likelihood of significant changes to the physical climate in the region. This doesn't consider each Southwest region's ability to change, adapt, and continue to operate, nor does it factor in Southwest's and a community's adaptive capacity and resilience measures.

Number	Endnote Description
21	Exposure means the likelihood and magnitude of transition activities' impact to Southwest. The exposure scores leverage information provided by Southwest about the present-day exposure and consider how these risks will change over time according to the International Energy Agency (IEA) scenarios. The sensitivity scoring is specific to Southwest and was developed through internal Stakeholder interviews, a review of relevant project materials, as well as disclosures from Southwest's and peers' public risk disclosures.
22	1973 through 2019 annual profitability.
23	Water consumption is primarily for domestic use at our facilities.
24	In 2023, as part of our move to reasonable assurance in accordance with ISO standards, we made updates to the emission factors applicable to our scope 1 and scope 3 category 3 emissions, including our fuel density figure to align with ICAO standards. These updates resulted in a <1% change in our emissions compared with prior reporting. To ensure consistency in how we measure progress against our emissions intensity goal with a baseline year of 2019, we have restated prior year metrics using these updated factors.
25	Emissions from refrigerant losses are not included in our emissions inventory due to their de minimus impact on our overall emissions.
26	Represents the gross biogenic product CO ₂ emissions from the combustion of sustainable aviation fuel, which are outside of all scopes.
27	Stationary NOx and SOx emissions are reported in our annual emissions inventories for our DAL and PHX facilities. We are not currently required to prepare emissions inventories at locations other than DAL and PHX. As a result, NOx and SOx emissions are not calculated for these locations. In the event we are required to prepare emissions inventories at locations other than DAL and PHX, those emissions will be included in future reporting.
28	Waste and material recycled from aircraft and select facilities as part of Southwest's waste management and co-mingled recycling programs. Data is not available for all locations where Southwest operates. Does not include international flights due to regulations that require waste from international flights to be sterilized.
29	Free same-day change/standby. Same-day change: On the day of travel, a Customer can switch free of airline charges to another flight with space available departing on the same calendar day between the same origin airport and destination airport as their original flight. With the exception of A-List Preferred and A-List Members, Customers who purchase Wanna Get Away® fares are not eligible for free same-day change. Same-day standby: A Customer can list for same-day standby on an earlier flight via a Southwest Customer Service Agent at the airport or the Southwest app or mobile web. The Customer will receive a message based on the contact preference selected during booking if they are cleared on the flight.

Number	Endnote Description
29	For both same-day change and same-day standby, a Customer must change their flight or request to be added to the same-day standby list at least 10 minutes prior to the scheduled departure of their original flight or the no-show policy will apply. If using the app or mobile web for standby, the Customer must list their name 30 minutes ahead of scheduled departure. The Customer will be required to pay any government taxes and fees associated with these itinerary changes but refunds will be provided. The Customer's original boarding position is not guaranteed. Southwest Business Customers booked through travel agencies may need to see a Southwest agent at the airport for both a same-day change or standby listing. See Southwest.com/standby for more details.
30	<p>The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These GAAP financial statements may include (i) unrealized noncash adjustments and reclassifications, which can be significant, as a result of accounting requirements and elections made under accounting pronouncements relating to derivative instruments and hedging and (ii) other charges and benefits the Company believes are unusual and/or infrequent in nature and thus may make comparisons to its prior or future performance difficult.</p> <p>As a result, the Company also provides financial information in this report that was not prepared in accordance with GAAP and should not be considered as an alternative to the information prepared in accordance with GAAP. The Company provides supplemental non-GAAP financial information (also referred to as "excluding special items"), including results that it refers to as "economic," which the Company's management utilizes to evaluate its ongoing financial performance and the Company believes provides additional insight to investors as supplemental information to its GAAP results. The non-GAAP measures provided that relate to the Company's performance on an economic fuel cost basis include: operating income, non-GAAP, net income, non-GAAP, adjusted operating income, non-GAAP, and income tax rate, non-GAAP.</p> <p>The Company's economic fuel and oil expense results differ from GAAP results in that they only include the actual cash settlements from fuel hedge contracts - all reflected within fuel and oil expense in the period of settlement. Thus, fuel and oil expense on an economic basis has historically been utilized by the Company, as well as some of the other airlines that utilize fuel hedging, as it reflects the Company's actual net cash outlays for fuel during the applicable period, inclusive of settled fuel derivative contracts. Any net premium costs paid related to option contracts that are designated as hedges are reflected as a component of Fuel and oil expense, for both GAAP and non-GAAP (including economic) purposes in the period of contract settlement. The Company believes these economic results provide further insight into the impact of the Company's fuel hedges on its operating performance and liquidity since they exclude the unrealized, noncash adjustments and reclassifications that are recorded in GAAP results in accordance with accounting guidance relating to derivative instruments, and they reflect all cash settlements related to fuel derivative contracts within fuel and oil expense. This enables the Company's management, as well as investors and analysts, to consistently assess the Company's operating performance on a year-over-year or quarter-over-quarter basis after considering all efforts in place to manage fuel expense. However, because these measures are not determined in accordance with GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, the aforementioned measures, as presented, may not be directly comparable to similarly titled measures presented by other companies.</p>

Number	Endnote Description
30	<p>Further information on (i) the Company's fuel hedging program, (ii) the requirements of accounting for derivative instruments, and (iii) the causes of hedge ineffectiveness and/or mark-to-market gains or losses from derivative instruments is included in Note 11 to the Consolidated Financial Statements on Form 10-K for the fiscal year ended December 31, 2023.</p> <p>The Company's GAAP results in the applicable periods may include other charges or benefits that are also deemed "special items," that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends. Financial measures identified as non-GAAP (or as excluding special items) have been adjusted to exclude special items. For the periods presented, in addition to the items discussed above, special items include:</p> <ul style="list-style-type: none"> • Incremental expense associated with the recently ratified Pilot and Flight Attendant contracts. The change in estimate recognized in 2023 relates to additional compensation for services performed by Employees outside of the applicable fiscal period; • A charge associated with a settlement reached with the DOT as a result of the Company's December 2022 operational disruption; • A charge associated with a tentative litigation settlement regarding certain California state meal-and-rest-break regulations for flight attendants; and • Unrealized mark-to-market adjustment associated with certain available for sale securities. <p>Because management believes special items can distort the trends associated with the Company's ongoing performance as an airline, the Company believes that evaluation of its financial performance can be enhanced by a supplemental presentation of results that exclude the impact of special items in order to enhance consistency and comparativeness with results in prior periods that do not include such items and as a basis for evaluating operating results in future periods.</p> <p>The following measures are often provided, excluding special items, and utilized by the Company's management, analysts, and investors to enhance comparability of year-over-year results, as well as to industry trends: operating income, non-GAAP, net income, non-GAAP, adjusted operating income, non-GAAP, and income tax rate, non-GAAP. The Company has also provided its calculation of return on invested capital, which is a measure of financial performance used by management to evaluate its investment returns on capital. Return on invested capital is not a substitute for financial results as reported in accordance with GAAP and should not be utilized in place of such GAAP results. Although return on invested capital is not a measure defined by GAAP, it is calculated by the Company, in part, using non-GAAP financial measures. Those non-GAAP financial measures are utilized for the same reasons as those noted above for Net income, non-GAAP and Operating income, non-GAAP.</p>

Number	Endnote Description
30	<p>The comparable GAAP measures include charges or benefits that are deemed "special items" that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends, and the Company's profitability targets and estimates, both internally and externally, are based on non-GAAP results since "special items" cannot be reliably predicted or estimated. The Company believes non-GAAP return on invested capital is a meaningful measure because it quantifies the Company's effectiveness in generating returns relative to the capital it has invested in its business. Although return on invested capital is commonly used as a measure of capital efficiency, definitions of return on invested capital differ; therefore, the Company is providing an explanation of its calculation for non-GAAP return on invested capital in the accompanying reconciliation in order to allow investors to compare and contrast its calculation to the calculations provided by other companies.</p> <p>Information regarding special items and reconciliation of reported amounts to amounts excluding special items are included in the accompanying reconciliation tables in the Performance section.</p>
31	<p>Where available. Available only on WiFi-enabled aircraft. Limited-time offer. Internet access for \$8 per device from takeoff to landing. Price is subject to change. May not be available for the full duration of flight. In order to provide a top-notch Internet experience, we prohibit access to certain high-bandwidth applications and websites. We also prohibit access to certain obscene or offensive content.</p>
32	<p>Included four and six Boeing 737 Next Generation aircraft in temporary storage as of December 31, 2022 and 2021, respectively and 60 Boeing 737 Next Generation aircraft in long-term storage as of December 2021 and 2020. Also included 32 and 34 Boeing MAX8 aircraft in long-term storage as of December 31, 2020 and 2019, respectively.</p>
33	<p>Represents changes in estimate related to the contract ratification bonus for the Company's Flight Attendants as part of the tentative agreement reached in October 2023 with TWU 556. The Company began accruing for all of its open labor contracts on April 1, 2022, and this incremental \$180 million expense extends the timeframe covered by the ratification bonus to the date the Flight Attendant contract became amendable on November 1, 2018, to compensate for missed wage increases over that time period. The Company's consolidated financial statements for the year ended December 31, 2023 include market rate wage accrual for all workgroups with open collective bargaining agreements. See the Note Regarding Use of Non-GAAP Financial Measures for further information.</p>
34	<p>Represents changes in estimate related to the contract ratification bonus for the Company's Pilots as part of the tentative agreement reached in December 2023 with SWAPA. The Company began accruing for all of its open labor contracts on April 1, 2022, and this incremental \$354 million expense represents an increase in retroactive pay associated with wage rates for purposes of calculating the ratification bonus agreed to for Pilots for periods prior to 2023. See the Note Regarding Use of Non-GAAP Financial Measures for further information.</p>

Number	Endnote Description
35	See Note 11 to Consolidated Financial Statements contained in the 2023 Form 10-K for further information.
36	Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item.
37	Net adjustment related to presumption that all aircraft in fleet are owned (i.e., the impact of eliminating aircraft rent expense and replacing with estimated depreciation expense for those same aircraft). The Company makes this adjustment to enhance comparability to other entities that have different capital structures by utilizing alternative financing decisions.
38	The GAAP full year tax rate as of December 31, 2023, was 26.5%, and the full year Non-GAAP tax rate was 23.5%. See Note Regarding Use of Non-GAAP Financial Measures for additional information.
39	Calculated as an average of the five most recent quarter end balances or remaining obligations. The Net present value of aircraft operating leases represents the assumption that all aircraft in the Company's fleet are owned, as it reflects the remaining contractual commitments discounted at the Company's estimated incremental borrowing rate as of the time each individual lease was signed.
40	The Equity adjustment in the denominator adjusts for the cumulative impacts, in Accumulated other comprehensive income and Retained earnings, of gains and/or losses that will settle in future periods, including those associated with the Company's fuel hedges. The current period impact of these gains and/or losses is reflected in the Net impact from fuel contracts in the numerator.
41	Due to changes in the operations in 2020 from circumstances at the time, results from 2020 do not provide a meaningful yearly performance comparison.
42	First and second checked bags. Weight and size limits apply.
43	If a Customer needs to change an upcoming flight itinerary, they'll only pay the difference in fare (if one applies). Failure to cancel a reservation at least 10 minutes prior to scheduled departure may result in forfeited travel funds.
44	Flight credits will be issued as long as the flight is canceled at least 10 minutes prior to the scheduled departure. Flight credits don't expire and are non-transferable. For travel booked with Rapid Rewards® points: starting July 1, 2023 (12:00 a.m. Central Time), for Wanna Get Away® or Wanna Get Away® Plus reward travel reservations (booked with points): If a Customer does not cancel their reservation at least 10 minutes before the flight's original scheduled departure time, any points used for booking will be forfeited, along with any taxes and fees associated with the Customer's reward travel reservation.

Number	Endnote Description
45	Effective November 6, 2023, on flights traveling 176 miles or more, A-List Preferred Members receive up to two complimentary premium drinks per leg. Flights traveling 175 miles or less only serve water. Drink coupons are subject to availability. Service may also be limited at Southwest's discretion and are non-exchangeable for other goods or services. Drink coupons are invalid after expiration date and will not be updated or replaced. Members must be 21 or older to consume alcoholic beverages and alcohol purchased with drink coupons must be consumed onboard the aircraft. Beverage options may change at any time and are subject to availability.
46	Cash + Points will allow Rapid Rewards® Members to combine Points with other eligible forms of payment to purchase flights, starting in the spring of 2024. Not all Customers will see Cash + Points as an available payment option during the initial rollout. Cash + Points bookings will not earn Rapid Rewards® points, tier qualifying points for A-List or A-List Preferred status, or Companion Pass qualifying points.
47	As long as a Customer cancels their reservation at least ten (10) minutes prior to the scheduled departure of their flight. If a Customer cancels, they are eligible to receive 100% of their ticket value as a refund to their original form of payment. A Southwest flight credit from a previous reservation that is applied toward a Business Select® or Anytime fare will be refunded as a Transferable Flight Credit™. For travel booked with Rapid Rewards® points, if canceled, points will be returned to the Rapid Rewards® account holder who booked the ticket. *Starting July 1, 2023 (12:00 a.m. CT), for Wanna Get Away® or Wanna Get Away Plus® reward travel reservations (booked with points): If a Customer does not cancel their reservation at least 10 minutes before the flight's original scheduled departure time, any points used for booking will be forfeited, along with any taxes and fees associated with their reward travel reservation. For Anytime or Business Select® reward travel reservations: the points used for booking will be redeposited to the purchaser's Rapid Rewards® account, and any taxes and fees associated with the reward travel reservation will be converted into a Transferable Flight Credit™ for future use. Transferable Flight Credits™ allow a Customer to transfer their flight credit to someone else. Both must be Rapid Rewards® Members and only one transfer is permitted. Transferable Flight Credits™ unexpired on or created on or after July 28, 2022, do not expire and will show an expiration date until our systems are updated. A Transferable Flight Credit™ with an expiration date on or before July 27, 2022, is expired in accordance with its existing expiration date. For bookings made through a Southwest® Business channel, there is a limitation to transfer only between employees within the organization.
48	As measured by the Department of Transportation O&D Survey for the twelve months ended September 30, 2023, based on domestic originating passengers boarded.
49	Based on U.S. Dept. of Transportation quarterly Airline Origin & Destination Survey since Q1 2021.

Number	Endnote Description
50	<p>U.S. Department of Transportation. (2023, March “updated”). Air Travel Consumer Report (ATCR): A Product of the Office of Aviation Enforcement and Proceedings, Aviation Consumer Protection Division. Washington, D.C. The Department of Transportation (DOT) ranks all U.S. carriers based on the lowest ratio of complaints per 100,000 passengers enplaned, as published in the DOT Air Travel Consumer Report (ATCR). As a result of significant operational disruptions experienced at the end of December, Southwest finished sixth in Customer Satisfaction among U.S. Marketing Carriers based on a cumulative 6.75 ratio of the DOT complaints per 100,000 enplaned passengers for 2022. A Marketing Carrier is an airline that advertises under a common brand name, sells reservations, manages frequent flyer programs, and is ultimately responsible for the airline’s consumer policies. Operating Carriers only handle the flight operations, passenger check-in/boarding, and baggage handling for the respective Marketing Carriers they serve—Operating Carriers are not responsible for the DOT complaints related to policies, procedures, and advertising associated with the Marketing Carrier’s brand.</p>
51	<p>Since April 2023, the DOT has suspended publishing the traditional Customer Satisfaction results for all carriers until a new Airline Consumer Enforcement Reporting System (ACERS) is launched. The DOT does not plan to publish the Customer Satisfaction results/rankings for June – December 2023.</p>
52	<p>Based Director nominees' voluntary self-disclosure. For additional information on the slate of nominees for election to the Board at the Company's 2024 Annual Meeting of Shareholders, please see Southwest's 2024 Proxy Statement.</p>
53	<p>Based on Board of Directors members' voluntary self-disclosure. Includes active Board of Directors members as of December 31, for specific calendar year.</p>
54	<p>In 2023, we updated our fuel saving calculations to align with our new goals, and we are now reporting the total incremental fuel savings since our baseline year of 2019. We converted the gallons saved to megawatt hours using typical TJ/Gg values for Jet A per CDP guidance.</p>
55	<p>Southwest reports our energy consumption in megawatt-hours (MWh), rather than gigajoules as outlined in the SASB metrics.</p>
56	<p>As a U.S. based company, Southwest Airlines Co. is subject to GAAP accounting practices as required by the U.S. Securities and Exchange Commission. Given these requirements, we have aligned with the 2018 SASB Framework, which follows GAAP accounting practices.</p>



Cautionary Statement Regarding Forward-Looking Statements

The 2023 Southwest Airlines One Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on, and include statements about, the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for the future and are not guarantees of future performance. Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, statements related to (i) the Company's Vision; (ii) the Company's goals, plans, strategic priorities, initiatives, and focus areas, in particular with respect to Customer Experience initiatives; operational and performance goals; People and Hospitality goals; diversity, equity, and inclusion goals; and environmental sustainability goals, including with respect to achieving net zero carbon emissions, reducing carbon emissions intensity, replacing conventional jet fuel with sustainable aviation jet fuel, offsetting carbon emissions, engaging with third parties, reducing energy consumption at the Company's Corporate Campus and Dallas Maintenance Hanger, reducing single-use plastics, and electrifying the Company's ground support equipment; (iii) the Company's plans and expectations regarding environmental sustainability investments, contracts, and capital expenditures and opportunities; (iv) the Company's plans associated with the management of SAFFiRE; (v) the goals and focus areas of Southwest Airlines Renewable Ventures LLC and SAFFiRE Renewables LLC and their investments; (vi) the Company's and SAFFiRE's expectations regarding SAFFiRE technology; (vii) the Company's and SAFFiRE's plans and expectations associated with the development and utilization of a pilot plant, as well as expectations with respect to the capabilities of the expected plant; (viii) the Company's and SAFFiRE's expectations with respect to technology license usage; (ix) the Company's and SAFFiRE's plans and expectations associated with the conversion of ethanol into SAF; (x) the plans, goals, and expectations of SARV, SAFFiRE, and Southwest associated with the available volume of SAF and the quality, components, and affordability of SAF; (xi) the Company's expectations regarding working with companies and organizations to develop technology; (xii) the Company's expectations with respect to SAF offtake agreements; (xiii) the Company's expectations with respect to LanzaJet and LanzaJet technology; (xiv) the Company's network and capacity plans and expectations, including with respect to the optimization of the Company's network; (xv) the Company's plans, expectations, and goals regarding its fleet, fleet delivery schedule, fleet modernization, and fuel efficiency, including with respect to deliveries, retirements, and capabilities and factors and assumptions underlying the Company's plans and expectations; (xvi) the Company's plans for glycol tank expansion at Chicago Midway; (xvii) the Company's plans with respect to the use of electric ground power and preconditioned air for aircraft at the gate; (xviii) the Company's plans and expectations with respect to circularity, recycling, and upcycling; (xix) the Company's plans and expectations with respect to climate risk mitigation; (xx) the Company's estimated fuel costs, hedging activity, and fuel efficiency and the assumptions underlying the Company's fuel-related expectations and estimates, including expectations related to the Company's fuel derivative contracts; (xxi) the Company's goals with respect to conservation and water management; (xxii) the Company's financial and operational outlook, expectations, goals, plans, and projected results of operations, including factors and assumptions underlying the Company's expectations and projections; (xxiii) the Company's goal to enhance Shareholder value; (xxiv) the Company's plans, goals, and expectations with respect to enhancing and improving the Customer Experience, including upgrades to WiFi hardware, larger overhead bins, in-seat power installations, and associated expected expenditures; (xxv) the Company's safety goals and initiatives; and (xxvi) the Company's plans and expectations with respect to cybersecurity, data privacy, and risk management. These forward-looking statements are based on the Company's current estimates, intentions, beliefs, expectations, goals, strategies, and projections for

the future and are not guarantees of future performance. Forward-looking statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the impact of fears or actual outbreaks of diseases, extreme or severe weather and natural disasters, actions of competitors (including, without limitation, pricing, scheduling, capacity, and network decisions, and consolidation and alliance activities), consumer perception, economic conditions, banking conditions, fears or actual acts of terrorism or war, sociodemographic trends, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (ii) the Company's ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives; (iii) the emergence of additional costs or effects associated with the cancelled flights in December 2022, including litigation, government investigation and actions, and internal actions; (iv) the Company's dependence on Boeing and Boeing suppliers with respect to the Company's aircraft deliveries, fleet and capacity plans, operations, maintenance, strategies, and goals; (v) the Company's dependence on Boeing and the Federal Aviation Administration with respect to the certification of the Boeing MAX 7 aircraft and Boeing production volumes; (vi) the impact of fuel price changes, fuel price volatility, volatility of commodities used by the Company for hedging jet fuel, and any changes to the Company's fuel hedging strategies and positions, on the Company's business plans and results of operations; (vii) the Company's dependence on other third parties, in particular with respect to its technology plans, its plans and expectations related to operational excellence and reliability, fuel supply, maintenance, environmental sustainability; technology licensing, Global Distribution Systems, and the production, transport, storage, blending, and distribution of SAF, and the impact on the Company's operations and results of operations of any third party delays or non-performance; (viii) the impact of governmental regulations and other governmental actions on the Company's business plans, results, and operations, including with respect to carbon emissions, SAF, SAF tax credits, environmental compliance requirements, and other sustainability matters;; (ix) the Company's ability to obtain and maintain adequate infrastructure and equipment to support its operations and initiatives; (x) the impact of labor matters on the Company's business decisions, plans, strategies, and results; (xi) the Company's ability to timely and effectively prioritize its initiatives and focus areas and related expenditures, including its ability to implement and maintain the necessary processes to support the utilization of sustainable aviation fuel; (xii) the Company's dependence on its workforce, including its ability to employ and retain sufficient numbers of qualified Employees to effectively and efficiently maintain its operations; (xiii) any negative developments in any phase of SAFFiRE's business development from current concept to commercialization, including limitations on the availability of feedstock, transportation, and refinery availability; (xiv) any negative developments in any phase of LanzaJet's business development; (xv) the continuation of government support for SAFFiRE's and LanzaJet's objectives and renewable fuels generally, including SAF; (xvi) the consequences of competition with other existing and new sources of aviation fuel, whether or not sustainable; (xvii) the ability to obtain and protect intellectual property rights relating to the development and commercialization of technology, including with respect to converting corn stover to renewable ethanol and converting ethanol to SAF; and (xviii) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2023.

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