

Southwest Airlines® Climate Advocacy

Southwest consistently advocates for public policies focused on achieving our goal of net zero carbon emissions by 2050.¹ 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. Whether it is working through Airlines for America (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 efficiently and use more sustainable aviation fuel (SAF).

To achieve net zero carbon emissions by 2050,¹ the aviation and fuels industries need government policies that enable air traffic control (ATC) modernization, new and more fuel-efficient aircraft, electric ground support equipment (GSE), and the scaling-up and deployment of SAF. This includes implementing or extending policies and incentives to reduce the cost of SAF and incentivize its production.

Southwest actively supports government programs and opportunities to create additional tax incentives for SAF production at federal and state levels. We believe that government policies to address carbon emissions 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 SAF.
2. Transitioning to much more fuel-efficient fleets, including advanced aircraft and engine technologies that are beyond anything available in the marketplace today.
3. Implementing a modern and fully staffed ATC system that is both network-centric and relies on satellite-based technologies.

Climate Goals

Southwest's sustainability strategy, Nonstop to Net Zero, outlines our path toward net zero carbon emissions by 2050¹ and a more sustainable future for air travel. This includes our interim 2035 carbon emissions intensity reduction target² that is based on scientific models and 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.

Southwest's Planet goals include:

- Achieve net zero carbon emissions by 2050¹
- Reduce our carbon emissions intensity by 50% by 2035 as compared with 2019²
- Replace 10% of our total jet fuel consumption with SAF by 2030³

¹ Our net zero carbon emissions 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 Our carbon emissions intensity reduction goal is compared against a 2019 baseline using metric tons of carbon dioxide equivalent (CO₂e) (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. Values have been recalculated on an available seat mile (ASM) basis; prior reported values were presented on a revenue ton kilometer (RTK) basis.

³ Southwest continues to evaluate opportunities to procure and support the scaled production of SAF. SAF supply and related opportunities are subject to a number of legal, regulatory, financial, technical, and commercial risks. Procuring increasing volumes of SAF for our operations is subject to a number of uncertainties outside our control, and while we may enter into various agreements for the offtake of, or investment in, the production of SAF, we cannot guarantee that the third parties we enter into these agreements with will ultimately be able to successfully deliver or produce sufficient volumes of SAF on commercially reasonable terms, if at all. Some SAF projects, including projects we have previously pursued or for which we have entered into offtake agreements, have not succeeded or could fail to succeed for reasons that may be outside our control, and we cannot guarantee that we will be able to successfully execute and/or commercialize future SAF-related opportunities. Any inability to procure SAF at sufficient volumes and on commercially reasonable terms could also impact our stated sustainability goals.

Direct Climate Advocacy

Southwest engages directly and indirectly with policymakers and other Stakeholders at the federal, state, local, and international levels to address aviation's carbon emissions 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 carbon emissions 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). The United States is participating in CORSIA's current voluntary phase, under which Southwest complies with applicable requirements for eligible international operations. This market-based measure uses a baseline that caps carbon emissions from international civil aviation at 85% of 2019 levels. Beginning in 2027, CORSIA will enter its second phase, when participation becomes mandatory for most ICAO Member States. 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 myriad 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 collectively are needed to reach net zero carbon emissions.

Recognizing the importance of SAF toward our industry and our own sustainability goals, Southwest has laid the foundation for long-term engagement on SAF policy developments and incentives designed to reduce the overall cost of SAF. This included actively engaging with policymakers to support the Federal government's ambition for three billion gallons of SAF by 2030 and 35 billion gallons of SAF by 2050 (which is expected to meet 100% of U.S. industry demand) through the SAF Grand Challenge⁴ and lobbying in support for the creation of the SAF Blender's Tax Credit (BTC) and the Clean Fuel Production Credit (CFPC), as well as grants for SAF as part of the Inflation Reduction Act. We've also advocated to extend the existing CFPC in order to provide long-term market certainty for SAF. Additionally, in 2024, we joined the SAF Coalition, a nonprofit, nonpartisan organization that unites stakeholders from across the SAF value chain to advocate for the incentives and policies needed to strengthen U.S. economic competitiveness in the growing SAF market and rapidly scale investment in SAF production.

⁴ See U.S. Department of Energy's SAF Grand Challenge Roadmap released September 2022

Additionally, we lobbied for funding for the U.S. Department of Energy's Bioenergy Technologies Office, which supports research, development, and demonstration of technologies to enable the sustainable use of domestic biomass and waste resources to produce biofuels, including SAF. We also lobbied for funding for the Federal Aviation Administration's (FAA) Continuous Lower Energy, Emissions and Noise (CLEEN) Program, the FAA's principal environmental effort to accelerate the development of new aircraft and engine technologies to reduce emissions and other environmental impacts. Finally, we 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 Environmental Protection Agency (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 (NextGen) technologies and procedures. If properly implemented, NextGen capabilities could help to reduce unnecessary fuel use and significantly reduce aviation emissions through more efficient flying (e.g., shorter routes), reduced airspace congestion, greater predictability, and fewer delays.

State

Southwest has long supported state-level policies intended to encourage the production and availability of Sustainable Aviation Fuel (SAF). Examples of recent efforts include Nevada's proposed Sustainable Aviation Fuel Incentive Program, support for California's 2024 agreement with Airlines for America designed to help increase SAF use in support of state climate objectives, and Illinois' SAF tax credit program, which supports SAF production and deployment.

States continue to evaluate a variety of policy approaches related to SAF development and commercialization, including tax incentives, grant programs, and other market-based mechanisms. Southwest monitors these developments and engages with policymakers and industry stakeholders, as appropriate, on issues that may impact the aviation sector and broader climate objectives.

As state SAF policies continue to evolve, Southwest will remain engaged on developments that support a reliable, competitive, and efficient aviation industry while advancing opportunities to reduce aviation emissions over time.

Indirect Climate Advocacy

Trade Association Climate Positions

Airlines for America (A4A):

A4A is an American trade association and lobbying group advocating for its member airlines on international, federal, state, and local policies.

A4A is committed to advancing climate policies that are in its member's best interest to address climate change. A4A has published the following goals:

- 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

U.S. Chamber of Commerce:

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. 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:

- 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

Areas of Alignment with Southwest's Climate Positions and the Paris Agreement

Both A4A's and Southwest's goal of net zero by 2050 align with the goal of the Paris Agreement.

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 2023-24, 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:

- 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

Southwest's climate goals align with the goal of the Paris Agreement. While the Chamber 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.