



OFFICE OF THE ILLINOIS STATE TREASURER MICHAEL W. FRERICHS

May 1, 2024

The Office of the Illinois State Treasurer (“Treasurer”) conducted multiple engagements related to human capital workplace safety practices at various domestic airlines. Please see below for an overview of specific engagements.

Southwest Airlines Engagement Update

The Treasurer filed a shareholder proposal at Southwest Airlines (“Southwest”) in December 2023 that called for Southwest to commission an independent audit assessing the health and safety practices related to its workers and contracted workers. In February, the Treasurer successfully negotiated a withdrawal agreement of the proposal with the company. Southwest committed to continue its efforts to join the IATA Operational Audit registry and undergo the IATA Operational Safety Audit, which is a third-party, independent audit that entails a review of the company’s safety policies and programs. Furthermore, Southwest committed to disclosing its OSHA Recordable (OSHA-R) rate, its Lost Time Injury rate (LTI) for its workers and exploring ways to enhance its disclosure pertaining to contracted worker health and safety.

The Treasurer looks forward to continued dialogue and collaboration with Southwest Airlines, with the goal to mitigate risks related to health and safety at the worker and contracted worker level.

American Airlines Engagement Update

The Treasurer filed a shareholder proposal at American Airlines (“American”) in November 2023, asking that the Board of Directors commission an independent audit of how effectively the airline is implementing its various commitments. This request was made to better inform investors to the extent of which American’s policies and commitments translate into concrete actions. Through our engagement dialogue, the disclosure of worker and contracted worker health and safety practices rose to the forefront as a material concern. The Treasurer negotiated a withdrawal agreement with American Airlines, where the company committed to publish regular reporting of either the *GRI Standard 414 1.1 Supplier Social Assessment*, or a materially similar disclosure framework on a regular basis going forward starting in 2026. This will allow investors to better assess how American Airlines is implementing its Safety Policy when it comes to contracted workers.

We look forward to continued dialogue with the company on these topics.

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