

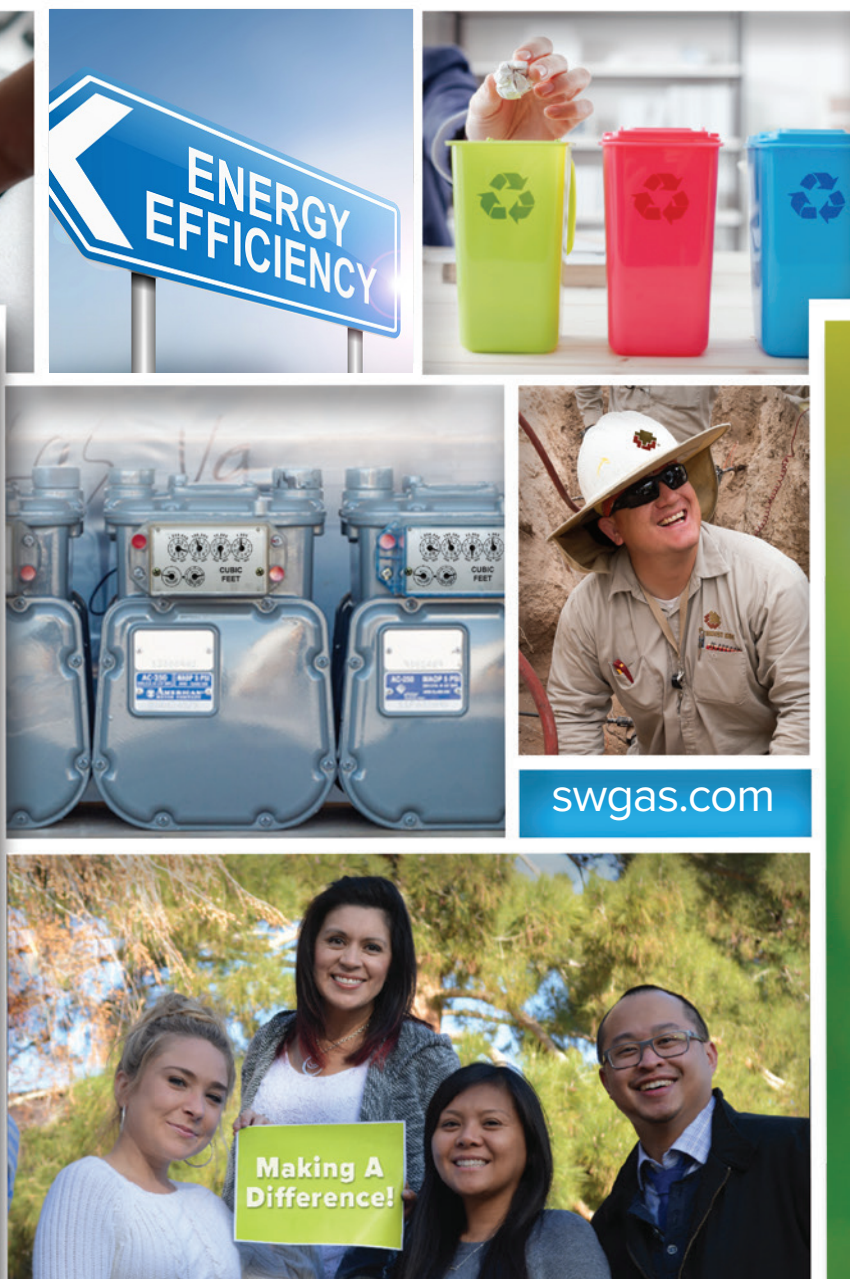
2017 SUSTAIN ability report

FORWARD-LOOKING STATEMENT

This report contains forward-looking statements. These statements are based on management's current expectations and information currently available and are believed to be reasonable and are made in good faith. However, the forward-looking statements are subject to future events, risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the statements. Factors that may make the actual results differ from anticipated results include, but are not limited to, weather conditions, rate of customer growth, the cost and availability of natural gas, competition from other energy providers, new legislation and regulations and application of existing laws and regulations, economic and capital market conditions, the cost and availability of labor and materials, operational interruptions; availability and cost of capital; federal and state fiscal, tax and monetary policy; ability of counterparties to meet their obligations to us and other uncertainties, all of which are difficult to predict and some of which are beyond our control. For these reasons, you should not place undue reliance on these forward-looking statements when making investment decisions. The words "expect," "believe," "may," "project," "anticipate," "intend," "should," "could," "will," "assume," "can," "estimate," "forecast," "future," "indicate," "outlook," "plan," "predict," "seek," "target," "would," and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only as of the date they are made and we do not undertake any obligation to update publicly any forward-looking statement, either as a result of new information, future events or otherwise. More information about the risks and uncertainties relating to these forward-looking statements may be found in Southwest's latest Forms 10-K and 10-Q, which are available on the SEC's website at <http://www.sec.gov>.

SWGAS.COM

5241 Spring Mountain Road | Las Vegas, Nevada 89150.0002



swgas.com



SOUTHWEST GAS

A
MESSAGE
from **john hester**
President and Chief Executive Officer



**BUILDING ON THE PAST.
SHAPING THE FUTURE.**

As an enduring part of the communities we serve, Southwest Gas strives to make a positive impact on our employees, customers and the environment.

Through sustainable and responsible business practices that protect the environment and support our local communities, we carefully steward our natural resources and make our planet stronger for the future. For example, our Conservation and Energy Efficiency programs help customers reduce their carbon footprint, while saving them money. In the past two years, customers saved an estimated 15 million therms of energy—this is equivalent to the amount of carbon dioxide emitted from more than 84.5 million pounds of burning coal.

Equally important is our commitment to improving the lives of those around us. We rise to meet this corporate responsibility by committing time and resources to non-profit agencies doing meaningful work in our communities. In 2016, our FUEL for LIFE employee giving program hit an all-time high of \$1.69 million, and through corporate giving, more than \$1.1 million has been distributed over the last two years. A spirit of generosity is alive and well at Southwest Gas as we continue to “fuel good” in our communities.

We’re proud of these accomplishments and pleased to share highlights with you in our latest corporate sustainability report. Together we’re working to build a sustainable future for our customers, employees, shareholders, community members and the environment, and we’ll continue to strive to make our best practices even better.

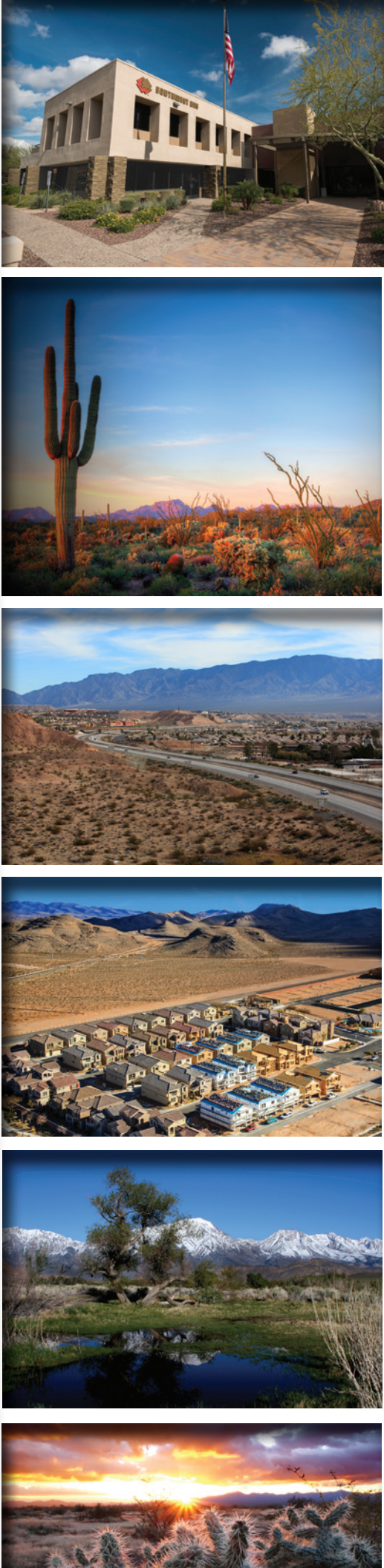


Southwest Gas has built an enviable reputation as a trusted natural gas provider and a leader in our field.

**SOUTHWEST GAS CORPORATION
AND
DIVISION
HEADQUARTERS**



- Corporate and Division Headquarters
- Division Headquarters
- LNG Facility
- Centuri Headquarters



COMPANY
highlights

We are **Southwest Gas**—a subsidiary of Southwest Gas Holdings Inc. serving parts of Arizona, California and Nevada

We're proud of the reputation we've earned as a trusted natural gas provider and work each day to build on our strong foundation while shaping a sustainable future for our customers, employees and communities.

2 million
CUSTOMERS

Nearly 2 million customers – including residential, business, commercial and large industrial

2,240
DEDICATED EMPLOYEES

2,240 dedicated employees – averaging more than 13 years of service

\$2.8 billion
GAS SYSTEM

\$2.8 billion invested in our gas system since 2005 and \$1.8 billion earmarked for the next three years

2nd
BRAND TRUST

2nd highest ranking nationwide for brand trust, based on a 2016 independent study by Cogent Energy Report

\$175 million
ANNUAL TAX REVENUES

\$175 million supports state and local government in annual tax revenues

93%
CUSTOMER
Satisfaction Rating

throughout 2016 and consistently in the 93rd percentile for the past ten years

SATISFACTION

OUR HISTORY HAS BEEN
HEATING THINGS UP

For Decades!

Southwest Gas Corporation was founded in 1931 and is a subsidiary of Southwest Gas Holdings Inc.

Our communities, and the nearly two million customers we serve, are the reasons why we've been heating things up for decades. Our growth in customer base, while impressive, took time to achieve. More than 80 years of providing safe and reliable service has made us who we are today. We couldn't have done it without you...our community of customers and stakeholders.

1931 A new fuel company is born in Barstow, California.

1954 Eastward expansion into central Arizona and Henderson, Nevada takes place.

1956 Becomes a publicly owned company on the New York Stock Exchange (NYSE).

1963 250-mile pipeline from Northern Nevada to Reno and Lake Tahoe is complete.

1979 Becomes SWX on the NYSE and acquires gas properties of Tucson Gas and Electric, nearly doubling customer base overnight.

1982 Harold G. Laub Liquefied Natural Gas Plant opens in Lovelock, Nevada.

1984 Customer base doubles again after purchase of Arizona Public Service gas properties.

1988 Forms Paiute Pipeline Company in Northern Nevada.

2014 Southwest Gas' wholly-owned subsidiaries acquire Link-Line and Brigadier Pipelines Inc.

2016 Completes Adobe Lateral in Northern Nevada. Stock closes at an all-time record high of \$79.58 per share.

2017 Southwest Gas Holdings is formed. Becomes parent company of Southwest Gas Corporation and Centuri Construction.



1931-2017

SAFETY | SERVICE | RELIABILITY

COMMUNITY highlights

Committed to Our Communities Low Income | Energy Share | Supplier Diversity

Southwest Gas promotes a culture of giving and community engagement. We're always looking for ways to be involved in the community and support our customers who need assistance. We're also committed to advancing opportunities for diverse suppliers. Through our philanthropic giving, employee volunteerism and work with diverse suppliers, we're working to create a better quality of life in the communities we serve.

Low Income

Having active utility service is a necessity, especially in extreme climates like those we serve in the southwest. So when funds are tight, we want to make sure our customers can still meet their basic needs. Through Southwest Gas' **assistance programs**, qualified customers in all parts of our service territory can get the help they need. More info at swgas.com.

2016
\$9.8 million

2015
\$10.4 million

*administrative dollars are not included

\$20.2 million

*in bill assistance, discount programs and direct assistance



ENERGY SHARE™

Customer Giving
Powered by Southwest Gas

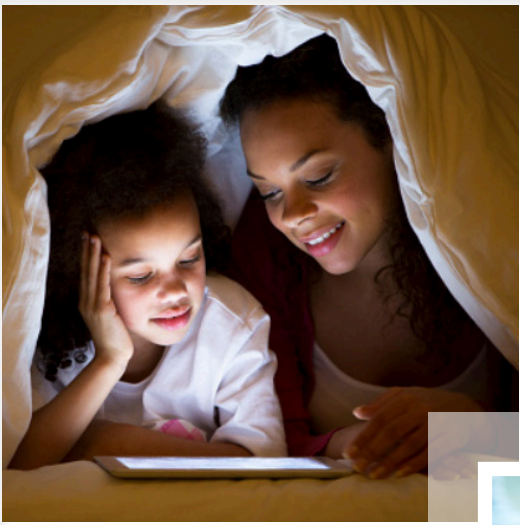
Our Energy Share program enables Southwest Gas customers and employees to contribute through their monthly gas bill to those who need bill assistance. Funds are distributed through partnerships with local assistance agencies and all contributions are tax deductible.

2016



\$991,193

Collected through customer donations/giving



SUPPLIER DIVERSITY™

Growing Opportunities
Powered by Southwest Gas

Southwest Gas is committed to promoting opportunities with diverse suppliers within our service territories. In 2016, we exceeded the California Public Utilities Commission General Order 156 mandated goal of 21.5 percent for procurement with diverse suppliers, achieving an overall diverse spend of 61.64 percent.

2016 
\$134,138,859

In company total procurement with certified diverse suppliers throughout our service areas.

HONORING OUR SUPPLIER DIVERSITY

Outreach-Sponsorship and Membership Organizations

2016 Arizona Million Dollar Circle of Excellence – recognition for annually spending a minimum of \$1 million with minority-owned suppliers in Arizona.

2016 Patriots Shield Award – Southwest Veterans Chamber of Commerce' (SWVCC) recognition for efforts to partner with veterans and veteran-owned businesses throughout our service territories.

2017 Skyrocket Award – Western Region Minority Supplier Development Council (WRMSDC) recognition for launching new MBE development initiatives for sustainable growth.

2017 Las Vegas Black Image Magazine Honor – recognizing Sharon Braddy-McKoy, VP/Human Resources, for her commitment to excellence as a warrior for diversity and inclusion.

2017 Diversity in Action Award – for making a difference in the community and demonstrating a commitment to the spirit of diversity by actively and positively embracing, celebrating and promoting cultural awareness in end-of-life care.

Regional Organizations

Women's Business Enterprise Council-West

Western Regional Minority Supplier Development Council



- Arizona Hispanic Chamber of Commerce
- Arizona Small Business Association
- Associated Minority Contractors of America
- Black Chamber of Arizona
- Pacific Southwest Minority Supplier Development Council
- Southwest Veterans Chamber of Commerce



- American Indian Chamber of Commerce of California
- High Desert Hispanic Chamber of Commerce
- Southern California Minority Supplier Development Council

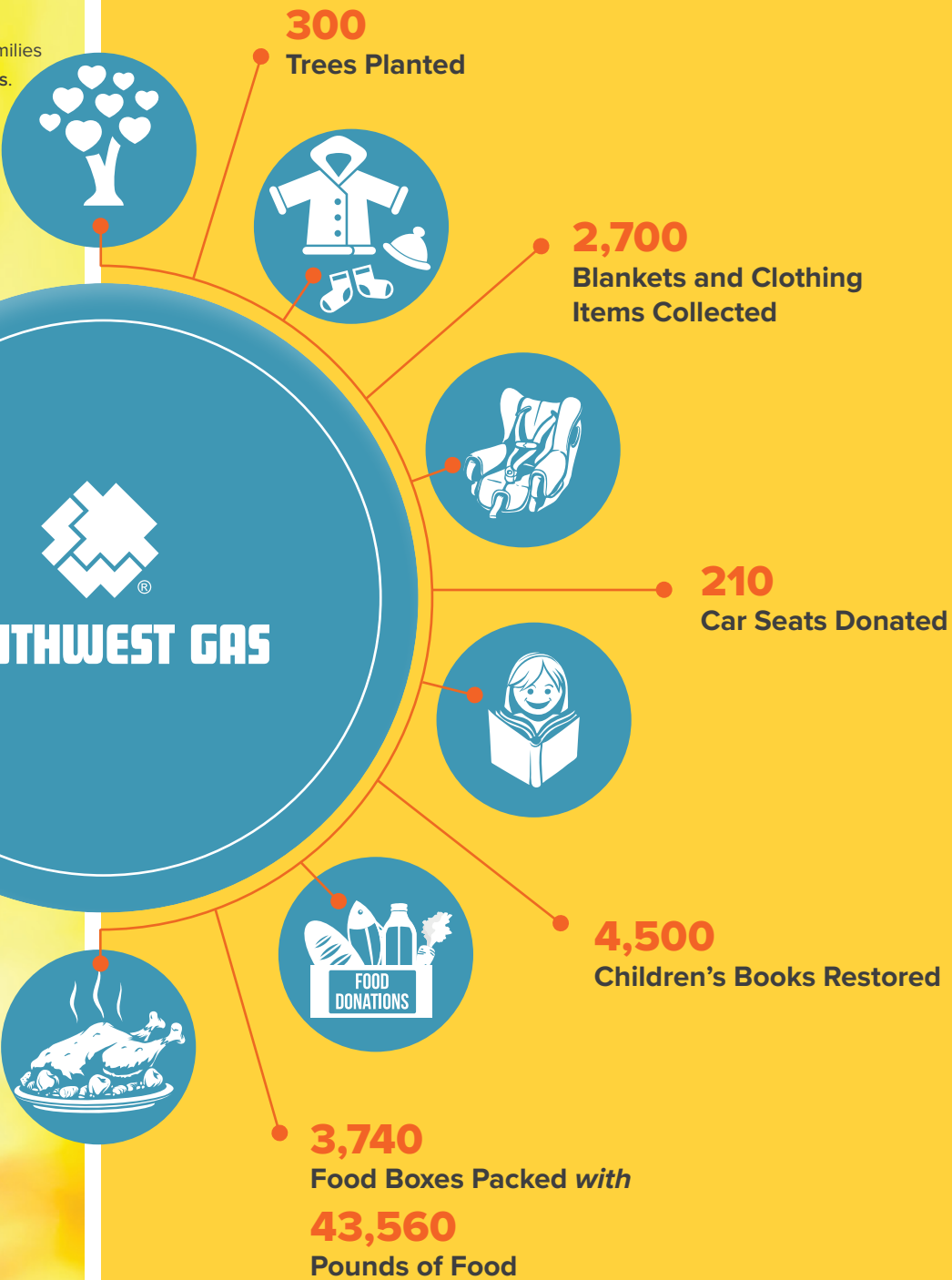


- Asian Chamber of Commerce
- Latin Chamber of Commerce
- SCORE
- Urban Chamber of Commerce

Our BLUE, *Building Lives Up Everywhere* employee volunteer program fosters a culture of service that inspires Southwesters to give back to their communities and make a positive difference in the lives of others.

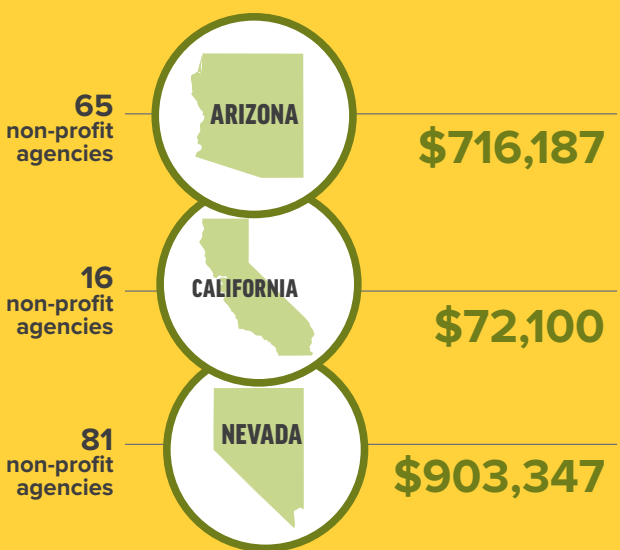
In 2016, our employees, along with their families and friends, volunteered a total of 2,750 hours. Their time benefitted 35 different agencies throughout our service territories.

We are Southwest Gas
an investor-owned natural gas utility serving parts of Arizona, California and Nevada.



At Southwest Gas, giving back to the communities we serve has been ingrained in our company culture since day one. FUEL for LIFE is a way for our employees to contribute to local non-profit organizations either by making a one-time gift or via ongoing payroll deduction. Since FUEL for LIFE inception, employees have responded enthusiastically and provide direct financial support to non-profit organizations throughout the company's service territories. Countless lives have been positively affected by the generosity of Southwesters, and we plan on continuing that legacy.

2016
PLEDGE BREAKDOWN
Per State



Total Employee Contributions:
\$1.69 Million to 162 Agencies

AVERAGE DONATION
\$1,018

Company Employee
Participation Rate:
74%

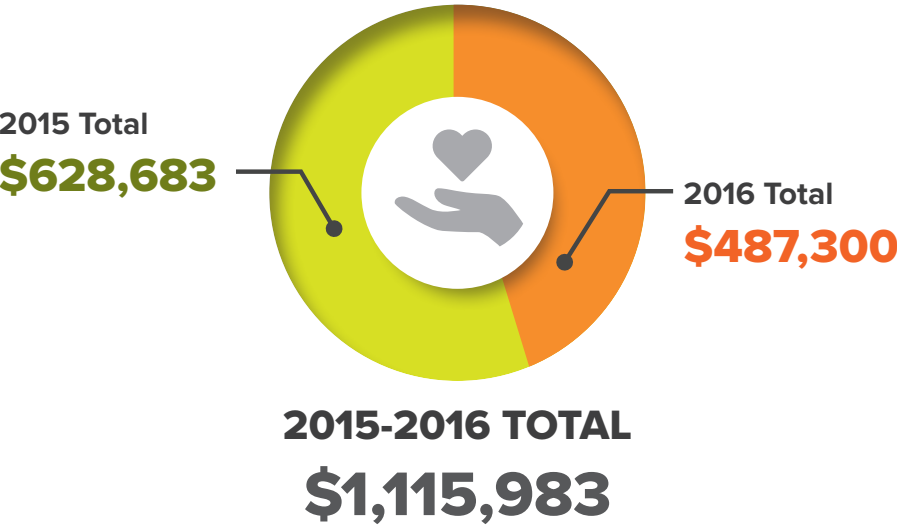
ELDER CARE SERVICES • AFTER SCHOOL PROGRAMS • PET ADOPTIONS • MILITARY PROGRAMS • WOMEN'S SHELTERS • HOMELESS SERVICES • FOOD BANKS



We're committed to assisting non-profit organizations that provide unique and invaluable services in the communities we serve. The Southwest Gas Foundation supports a variety of charitable 501(c)(3) organizations throughout our local communities and contributes to the quality of life across our service territories.

CONTRIBUTIONS
 FUEL GOOD

2015 - 2016



PARTNERSHIPS & AWARDS
 FUEL GOOD

2016



- Recognized by the Arizona Fallen Fire Fighters and Emergency Paramedics Memorial Commission for our commitment to safety and contribution to the Arizona Fallen Firefighters Memorial in Phoenix.
- Honored for corporate service by the Las Vegas Chapter of National Bar Association.

AGENCY
 TESTIMONIES

2016



Military Assistance Mission

Military Assistance Mission aka MAM has been honored to be the recipient of the Southwest Gas FUEL for LIFE campaign for a couple of years. It is so wonderful to feel the patriotism and support of our military, their families and our wounded heroes. The Southwest Gas employees and committee members continue to show their pride in our country and those defending it by choosing MAM as their conduit for military assistance.



Heaven Can Wait Animal Society

"As we go into our 3rd year with The FUEL for LIFE program I can't help but think how fortunate we are to be with such a great group of caring individuals. Even though the FUEL for LIFE program comes from the Southwest Gas Corporation, it is the employees that make this fantastic program a major difference maker in the communities they serve.

Our mission is to solve the pet overpopulation problem in the Las Vegas area. We are one of those groups that run a short leash [pardon the pun] and their monthly donations were a life saver and still are. We at Heaven Can Wait couldn't be prouder to be part of such a great group of employees who truly care about community!"

Harold Vosko, President



Friends in Service Helping

"Our partnership with Southwest Gas supports our primary mission of providing emergency services such as food, clothing, shelter and healthcare to more than 700 families per month in Carson City, Douglas, Lyon and Storey counties. In addition to your amazing monetary contributions through the Southwest Gas Foundation and the FUEL for LIFE program, Southwest Gas employees through your *BLUE – Building Lives Up Everywhere* team greatly assisted in preparing the new Richards Crossing apartment complex for move-in readiness by homeless veterans and other homeless within our community."

Jim Peckham, Executive Director

PUBLIC SAFETY & EMISSIONS

highlights

We take a proactive approach to managing and maintaining our pipeline systems and associated facilities. In many of our operational practices, we go above and beyond mandated pipeline safety requirements to ensure the safe and reliable delivery of natural gas to our customers.

Our relatively new distribution piping system is free of any cast iron or bare steel pipelines within our service territory. Even so, we continue to enforce strict guidelines through our pipeline integrity management process to ensure optimal operations of our pipeline system.

ENVIRONMENTAL MANAGEMENT

RESULTS

Emissions from local natural gas distribution systems throughout the U.S. have decreased to levels 36-70% lower than the current U.S. Environmental Protection Agency (EPA) inventory.

1995-2015
20-YEAR EMISSIONS STUDY

36-70%
decreased emissions

Emissions decreased during the same time 600,000 miles of distribution mains and service lines were added nationwide.

DAMAGE PREVENTION PROGRAM

2016

Proactive maintenance and replacement of pipe in our system, along with an ever-increasing commitment to pipeline safety, has led to an overall decrease in pipeline leaks. In the 10-year period between 2007-2016, Southwest Gas has seen a decrease in leaks for main pipelines of 28.3 percent and 20.2 percent for service lines.

Incidents & Accidents

Safety permeates the culture at Southwest Gas. We're always striving for an accident- and injury-free work environment. Our employee safety efforts continue to achieve a sustained reduction in on-the-job accidents, with both incident and vehicle accident numbers well below the industry average.

Southwest Gas
Reportable Accident Frequency Rates

2007	2.49
2008	2.31
2009	2.09
2010	1.77
2011	2.11
2012	2.07
2013	1.93
2014	1.95
2015	2.84
2016	3.01
year	rate



PIPE REPLACEMENT



Conservation & Energy Efficiency

For 2015 and 2016, Southwest Gas spent approximately \$10.2 million and \$8.7 million respectively (see below for total breakdown by state) for Conservation and Energy Efficiency (CEE) programs, saving an estimated total of 15 million therms of energy annually.

Our CEE programs are designed to help customers save energy and money through the use of energy-efficient equipment.

For residential customers, we offer rebates on water and space-heating equipment, weatherization improvements, low-flow water fixtures, and solar thermal water-heating systems.

For commercial and industrial customers, we offer rebates on water- and space-heating equipment, food-service equipment, combined heat and power systems and solar thermal water-heating systems.

For large commercial and industrial customers, we offer rebates in conjunction with performing an energy audit of their facilities and implementing energy-efficient improvements.

For homebuilders, we offer rebates for building energy-efficient homes.

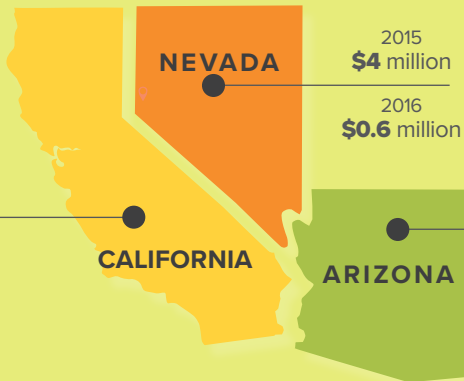
To learn more, visit: swgas.com

Part of our commitment to system integrity is to continuously replace vintage pipe throughout our service territory. In the last decade, we have replaced:

1,885
miles of vintage pipe

which represents more than half (58.1 percent) of the total vintage pipeline in our system.

2015
\$3.4 million
2016
\$3.1 million



FLEET

fuel comparison

Our Fleet

While managing a fleet of more than 1,500 vehicles companywide, Southwest Gas is driving towards a cleaner environment by implementing changes, both large and small. Our commitment to reducing greenhouse gas emissions includes continuously introducing alternative fueled vehicles (AFVs) to our fleet, and reducing unnecessary driving and idling times.

Annually, we replace up to 18% of the company fleet, based on a pre-established life-cycle schedule and are committed to utilizing CNG wherever feasible. For example, in 2016 we purchased four bi-fuel CNG Chevrolet Impalas and by the end of 2017, we'll have added more than 30 additional Compressed Natural Gas (CNG) vehicles to our fleet. We'll continue to explore opportunities to incorporate more of these vehicles in the future.

Beyond Our Fleet

Southwest Gas is continually looking for opportunities to promote CNG vehicles and fueling stations in the communities we serve. In 2016, we began providing natural gas service to three new CNG stations in Arizona:

1. United Parcel Service (UPS) in Phoenix, which will provide compressed natural gas to approximately 60 Class 8 tractors
2. Town of Gilbert
3. Waste Management in Marana

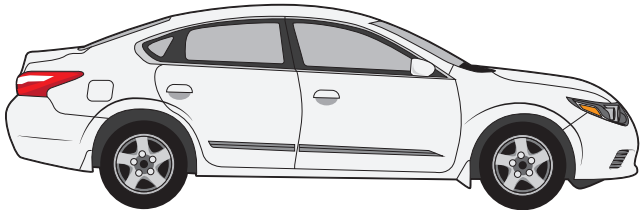
CNG Price Stability

The price stability of compressed natural gas (CNG) as a transportation fuel has made it an attractive option for fleet vehicle conversions, even in a market where gasoline prices have dropped. CNG prices are relatively where they were three to four years ago, compared to gasoline, which has fluctuated drastically. The long-term benefits of CNG—both in terms of cost savings and environmental impact—are evident, which has given rise to the CNG market across our service territory.

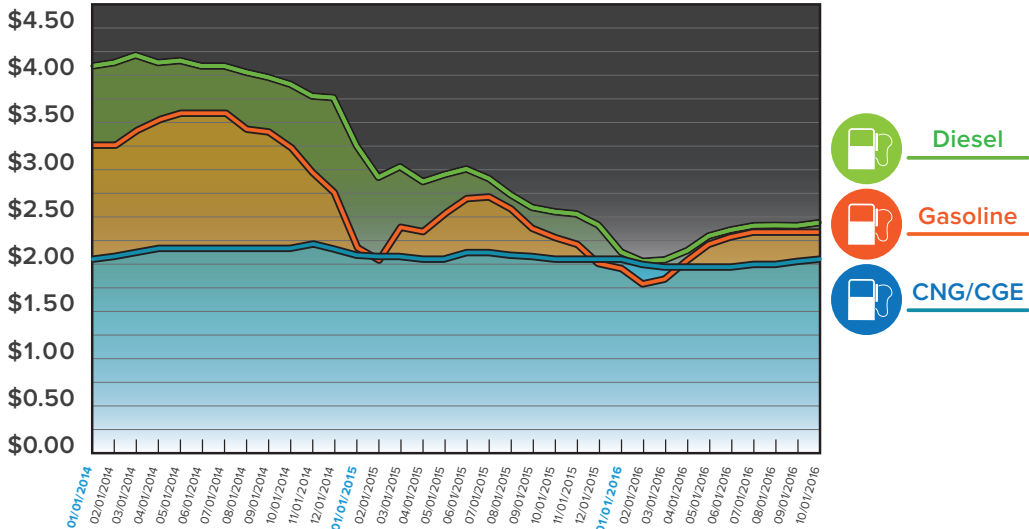
WILL REDESIGN GRAPH AFTER YEARS ARE SIMPLIFIED AND PROVIDED.



2014-2016	DIESEL	GASOLINE	CNG/GGE
01/01/2014	\$3.34	\$4.29	\$2.09
04/01/2014	\$3.65	\$4.82	\$2.15
07/01/14	\$3.70	\$4.56	\$2.17
10/01/2014	\$3.34	\$4.07	\$2.16
01/01/2015	\$2.30	\$3.12	\$2.11
04/01/2015	\$2.42	\$3.00	\$2.09
07/01/2015	\$2.82	\$3.33	\$2.12
10/01/2015	\$2.35	\$3.07	\$2.09
01/01/2016	\$1.98	\$2.42	\$2.09
04/01/2016	\$2.06	\$2.39	\$2.02



MONTHLY VIEW OF FUEL COST



OUR FACILITIES

Southwest Gas continues to shape a responsible and sustainable footprint by implementing environmentally friendly and conservation efforts. When planning new building projects, sustainability is top of mind with features such as:

- Energy-efficient windows
- Integrated building control systems
- Solar panels

Using many of the guiding principles shared in previous sustainability reports, we proudly put into action several key sustainability efforts into the design and construction of our new Sierra Vista, Arizona district office. The impressive result successfully blends modern, yet practical, cost-effective features that illustrate our commitment to building a sustainable future.

These efforts, individually or collectively, will serve as prototypes for other construction or remodeling projects companywide.

Other efforts since last publication include completing the extensive conversion of the administration buildings located in Yuma, Arizona, Victorville, California, and Las Vegas, Nevada (Corporate location) to LED lighting. This involved more than 278,000 square feet of floor space. Computerized Heating, Ventilating, and Air Conditioning (HVAC) control systems were installed for all facilities, and exterior lighting controlled by astronomical clock features have been incorporated.

Managing energy costs goes hand in hand with concrete sustainability measures. Acquiring utility bill management software in 2016 now offers us the ability to review historical and up-to-date energy usage at all locations, trend the demand, establish benchmarks, and determine long-term goals. This Energy Star recognized software will enable us to maximize our own conservation and energy-efficiency efforts for years to come.

Indoors:

- Maximization and utilization of natural lighting
- Furniture and floor covering products made with sustainable materials
- Software-controlled LED lighting is utilized
- Daylight harvesting and motion sensors conserve energy
- Window placement and coverings are strategically placed for optimum energy efficiency



SOUTHWEST GAS - Sierra Vista, Arizona



Outdoors:

- Building orientation
- Solar canopies are mounted on covered parking structures
- Rainwater collection systems stand ready
- Xeriscape techniques compliment the overall geographic location



BUILDING OUR talent pipeline

Southwest Gas recognizes that, as our industry advances, the demand for technically trained employees continues to grow. In today's environment, it's essential that we maintain a pipeline of qualified and skilled entry-level construction workers and develop alternate paths for training pipe joiners for both the company and our pipeline contractors.

We took this need directly to our local community college partners in Arizona and Nevada. Together, we developed a natural gas curriculum that gives students the tools and training needed for a technical field position at Southwest Gas. Students at these community colleges now have access to job-relevant coursework that will prepare them for a career in the utility industry:

- College of southern Nevada (CSN)
- Pima Community College (PCC) in southern Arizona
- Estrella Mountain Community College of central Arizona (EMCC)

Our Work Experience Program (WEP) in southern Arizona offers students who have successfully completed the Introduction to Natural Gas course, and who are continuing to pursue a certificate or Associate degree, the opportunity to gain hands-on experience and training while working on a Southwest Gas construction crew.

The internal College Collaboration Committee (C3) at Southwest Gas will continue to manage and grow our partnerships with local schools at the high school and college levels as we do our part to close the skills gap and grow our talent pipeline.



Partners Pipeline Contractors and Local Colleges:



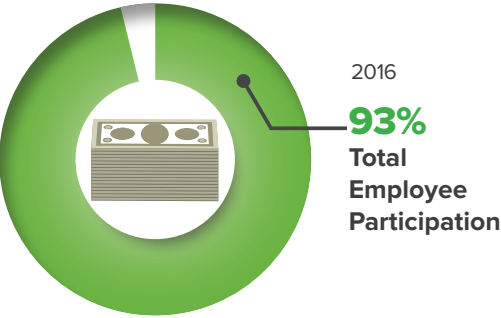
OUR EMPLOYEES

Our Healthbeat Wellness Program offers employees a variety of tools and resources to help maintain a healthy lifestyle. It's free to all employees and frequently provides annual incentives for participation in annual checkups or other wellness activities.



We also proudly help our future retirees prepare for a healthy financial future through participation in our 401K plan. Our 93% participation rate is 6% higher than the national average and shines a positive light on shaping sustainable and enjoyable retirement years.

CONTRIBUTIONS 401K



SW Great!

EDUCATION assistance program

Our Employee Education Assistance Program provides equal reimbursement up to **\$5,250** for approved undergraduate and graduate degrees. Covered expenses equal tuition, registration costs, book expenses and lab fees.

MILITARY leave



In our Bullhead District Office, **Superintendent/Operations, Aaron Durivage** has experienced military leave benefit first-hand.



We're proud to offer a Military Leave Program to our men and women in the Armed Forces. Our employees who are military reservists continue to receive their full pay, in addition to their reserve pay, when taking leave for training. When called for a long-term assignment, active-duty employees receive the difference between their military pay and Southwest Gas salary.

"I've been in the US Army Reserves throughout my entire ten+ year career with Southwest Gas. Through their Military Program and the support from leadership, I've never once had an issue when the Army has required me to miss time from my everyday duties. At the same time, because of this program, I've never had to worry about continuing to provide for my family while fulfilling my duties with the Army. This, in my opinion, is one of the many reasons why Southwest Gas is an amazing place to work."

SSG Aaron Durivage
S5 Plans NCO
US Army Reserves

