

SUSTAIN ability report



This report contains forward-looking statements. These statements are based on management's current expectations and information currently available. Although management believes that its expectations are based on reasonable assumptions, actual results may differ materially. Please refer to the discussion about the risks and uncertainties relating to forward-looking statements in Southwest Gas Holdings, Inc.'s latest Forms 10-K and 10-Q, which is available on the SEC's website at <http://www.sec.gov> and incorporated into this disclaimer.

SWGAS.COM

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SOUTHWEST GAS

Published January 2019

A MESSAGE

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

CELEBRATING MILESTONES AND BUILDING A SUSTAINABLE 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. Since 2016, customers saved an estimated 16 million therms of energy—this is equivalent to the amount of carbon dioxide emitted from more than 92.8 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. Our FUEL for LIFE employee giving program reached an all-time high of \$2.1 million in donations in 2018, and through corporate giving, more than \$1.76 million was distributed by the Southwest Gas Foundation from 2015 to 2017. 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. We will continue to enhance our best practices and work diligently to build a sustainable future for all.



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

SOUTHWEST GAS CORPORATE OFFICE AND OPERATING DIVISIONS



COMPANY
highlights

We are Southwest Gas — 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

More than 2 million customers including residential, business, commercial and large industrial.

2,300+
DEDICATED EMPLOYEES

More than 2,300 dedicated employees — averaging 12 years of service.

\$1.45 billion
GAS SYSTEM INVESTMENT

\$1.45 billion invested in our gas system in the past three years and nearly \$2 billion earmarked for the next three years.

most TRUSTED
UTILITY BRAND

Ranked a Most Trusted Utility Brand with residential customers by a 2018 Cogent Report.

\$9.69 million
PLEDGED OVER 6 YEARS

\$9.69 million pledged in the past six years through our FUEL for LIFE employee giving campaigns.

95%
CUSTOMER
Satisfaction Rating

In 2018, our customer satisfaction rating averaged 95%.

SATISFACTION

COMPANY
milestones

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

MORE THAN
80 YEARS
OF PROVIDING
SAFE AND
RELIABLE
SERVICE
TO OUR CUSTOMERS

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

1954 Expanded eastward into central Arizona and Henderson, Nevada.

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

1963 Completed 250-mile pipeline in northern Nevada.

1979 Acquired gas properties of Tucson Gas and Electric; nearly doubled customer base.

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

1984 Purchased gas properties of Arizona Public Service; doubled customer base.

1988 Formed Paiute Pipeline Company in northern Nevada.

2016 Completed Adobe Lateral in northern Nevada.

2017 Formed Southwest Gas Holdings, parent company of Southwest Gas Corporation and Centuri Construction.

and

Southwest Gas reached 2 million customers.

2018 Named a Most Trusted Utility and Utility Customer Champion by Cogent Reports™.



SUSTAINING
our communities

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 support our customers who need assistance and we're committed to advancing opportunities for diverse suppliers.

ENERGY SHARE™
Customer Giving
Powered by Southwest Gas

Our Energy Share program enables Southwest Gas customers 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.

\$2.9 million
Collected through customer donations from 2015 to 2017

LOW INCOME

Having active utility service is a necessity, especially in extreme climates like those we serve. 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 of our service territory can get the help they need.

2017
\$9.7 million
2016
\$9.8 million
2015
\$10.4 million

\$29.9 million
In bill assistance, discount programs and direct assistance.
Administrative dollars are not included.

SUPPLIER DIVERSITY™
Growing Opportunities
Powered by Southwest Gas

Southwest Gas is committed to providing procurement opportunities and building sustainable business practices with diverse suppliers. In doing so, we're proud to create a mutually beneficial, equitable and competitive environment.



Companywide spend with diverse suppliers
2017 \$193 million
2016 \$134 million
2015 \$148 million

We exceeded the California Public Utilities Commission's General Order 156 mandated goal of 21.5% spend in California with Clearinghouse-verified diverse suppliers.
2017 69% | 2016 62% | 2015 76%



EXCELLENCE IN
SUPPLIER DIVERSITY

2018 Professional Excellence Award – The Southern California Black Chamber of Commerce - High Desert Chapter honored Southwest Gas.

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.

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.

2016 Skyrocket Award – Western Region Minority Supplier Development Council (WRMSDC) recognition for launching new MBE development initiatives for sustainable growth.

Sponsorship and Membership Organizations



- 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



- Women's Business Enterprise Council-West
- Western Regional Minority Supplier Development Council

SOUTHWEST GAS
COMMUNITYCARE

Our employees are shaping the future with their commitment to improving the quality of life in our neighborhoods. With our Community Care suite of services, we strive to develop an environment of selflessness through programs such as volunteer efforts, employee payroll pledges and corporate giving.

More than
5,400
hours spent
volunteering



6,640
Meals Served to
Families in Need



18,965
Food Boxes Packed with
64,550
Pounds of Food



4,500
Children's Books Restored



325
Car Seats and
Booster Seats
Donated



3,000
Blankets and Clothing
Items Collected



600
Trees Planted



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.

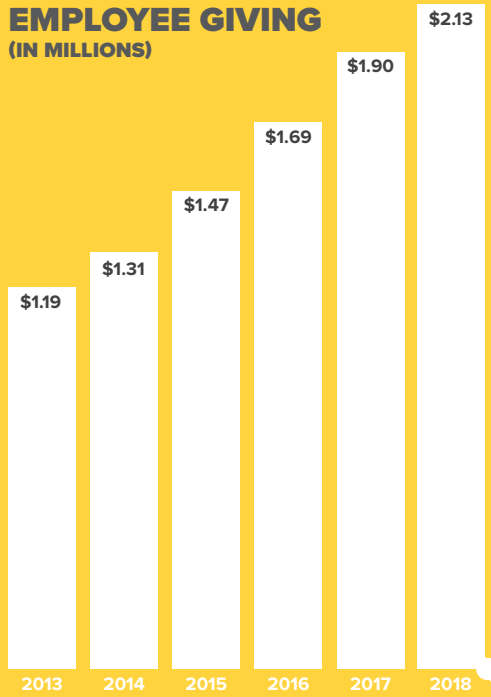
Southwest Gas employees, along with their families and friends, volunteer thousands of hours annually. Their time benefits a variety of non-profit agencies throughout our service territories.



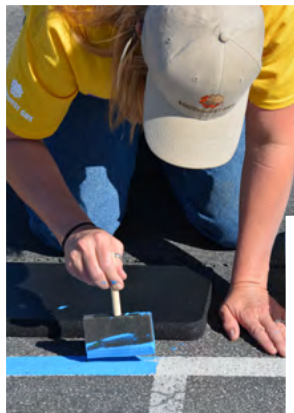
At Southwest Gas, giving back to the communities we serve has been ingrained in our company culture since day one.

FUEL for LIFE was introduced six years ago as 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 its inception, employees have responded enthusiastically by pledging an incredible \$9.69 million that provided direct financial support to non-profit organizations throughout the company's service territory. Countless lives have been positively impacted by the generosity of Southwesters, and we plan on continuing that legacy.

2013-2018
Total Employee Contributions:
\$9.69 Million to over 300 Agencies



2018 AVERAGE
DONATION
PER EMPLOYEE
\$1,153
Company Employee
Participation Rate:
81%



AGENCY TESTIMONIES



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."

Margy Bons, Founder and CEO



Heaven Can Wait Animal Society

"As we continue 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



FUEL GOOD™

Corporate Giving
Powered by Southwest Gas

As a corporate citizen, 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.

CORPORATE GIVING

2015 - 2017

2017

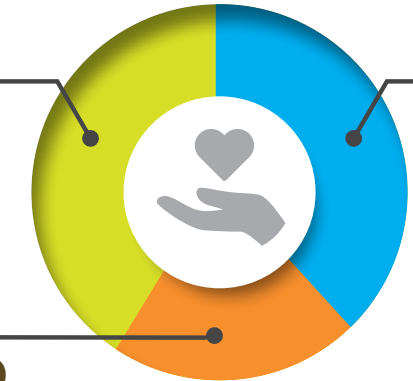
\$645,355

2015

\$628,683

2016

\$487,300



**2015-2017 TOTAL
\$1,761,338**

RECOGNITIONS



- 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.

PUBLIC SAFETY & EMISSIONS commitment

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.



Southwest Gas is proud to be a founding partner of the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Methane Challenge Program which launched in early 2016. Aligning with our commitment as an Energy Star Pollution Preventer, this program provides us the opportunity to reduce methane emissions using the Best Management Practice (BMP) Commitment. Our commitment, which focuses on the reduction of excavation damages, promotes the implementation of cost-effective technologies and practices through the year 2021.

DAMAGE prevention program

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.

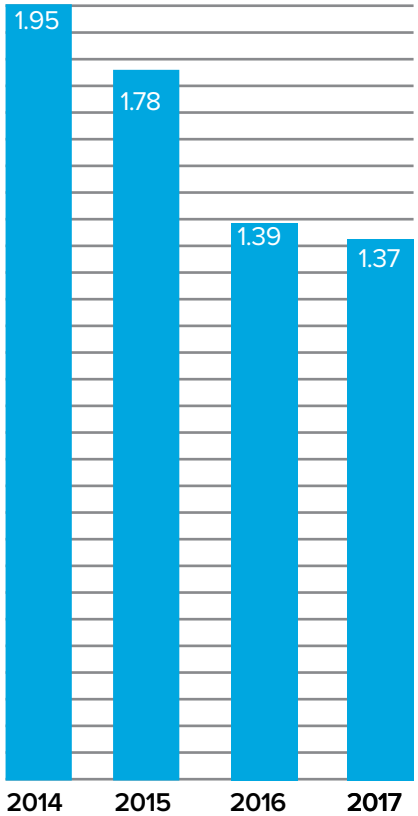
Between 2007 and 2016, Southwest Gas has seen a decrease in leaks of 28.3 percent for main pipelines and 20.2 percent for service lines. We were proud to have been identified as an AGA Top 10 company for excavation damage prevention in 2016.

Incidents & accidents

Safety permeates the culture at Southwest Gas. We're always striving for an accident- and injury-free work environment. Our reportable damage ratios per 1,000 tickets are consistently lower than AGA member companies' rates.

Damage Prevention

Damages per 1000 Tickets
(Rolling 12 months)



PIPELINE REPLACEMENT

Part of our commitment to system integrity is continuously replacing vintage pipe throughout our service territory. Since the launch of this project in 2007,

2,535
miles of vintage pipe
have been replaced.

This represents over 73% of vintage pipeline in our system.



PIPE REPLACEMENT

Conservation & energy efficiency

Between 2015 and 2017, Southwest Gas spent approximately \$24.7 million for Conservation and Energy Efficiency (CEE) programs, saving an estimated total of 16 million therms.

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

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

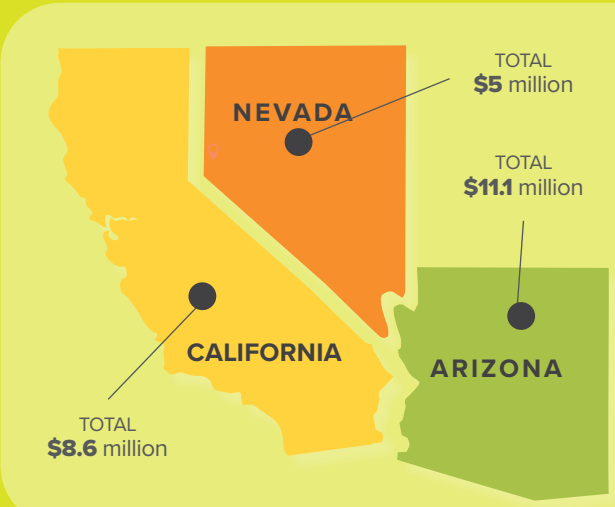
For commercial and industrial customers, we offered rebates on water- and space-heating equipment, food-service equipment, combined heat and power systems and solar thermal water-heating systems.

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

And, for homebuilders, rebates have been offered for building energy-efficient homes.

To learn more, visit: swgas.com/efficiency

CONSERVATION AND ENERGY EFFICIENCY REBATES OFFERED 2015-2017

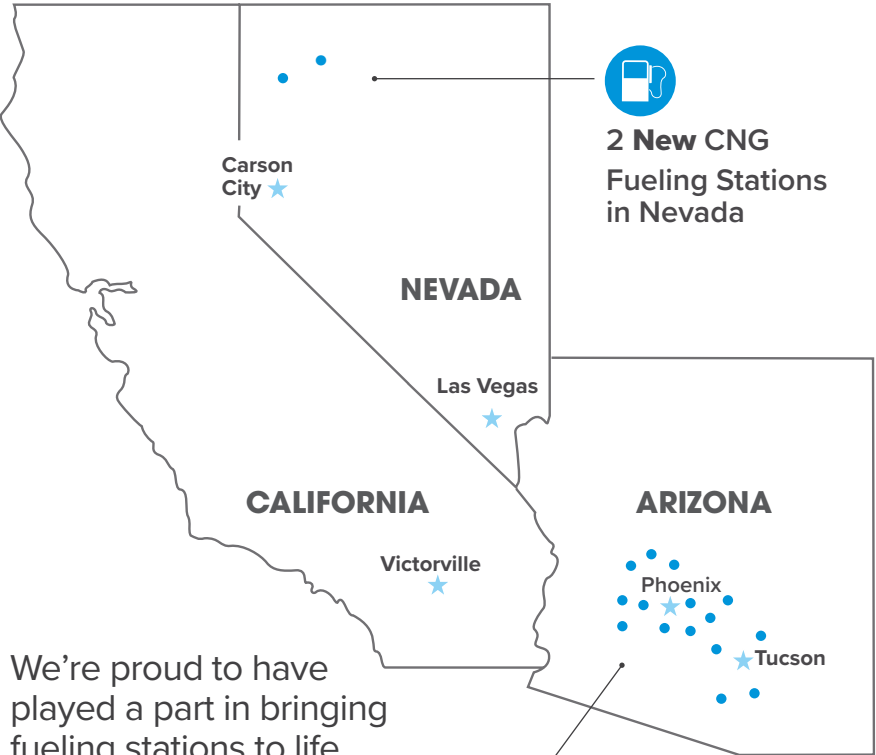


Our commitment to a sustainable future:

Using baselines established in 2015, our goal is to achieve an overall 20% reduction in greenhouse gas (GHG) emissions from fleet, facilities and other initiatives by the year 2025.



FROM FLEET, FACILITIES AND OTHER INITIATIVES



We're proud to have played a part in bringing fueling stations to life. In Arizona and northern Nevada, a total of **17 new CNG fueling stations** have begun fueling the future.

Our Fleet

While managing a fleet of nearly 1,700 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. In 2017, we added more than 30 additional CNG vehicles to our fleet. We'll continue to explore opportunities to incorporate more of these vehicles in the future.

shaping a sustainable
FUTURE

Southwest Gas continues to shape a responsible and sustainable footprint by implementing environmentally friendly practices. 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 implemented several key sustainability features into the design and construction of our new Sierra Vista, Arizona district office. This building successfully blends modern, yet practical energy-efficient elements.

Company-wide, additional measures taken throughout existing buildings include switching to LED lighting for more than 278,000 square feet of floor space across offices in Las Vegas, Victorville, and Yuma. The computerized heating, ventilating and air conditioning (HVAC) systems and exterior lighting controlled by astronomical clocks have also been incorporated in our commitment to minimize our environmental impact.

Further, we are utilizing an ENERGY STAR® recognized bill management software which enables us to track and manage energy usage at all locations. Using this software, we can continue to trend energy demand, establish benchmarks and determine long-term goals.

SOUTHWEST GAS - Sierra Vista, Arizona



Outdoors:

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



Indoors:

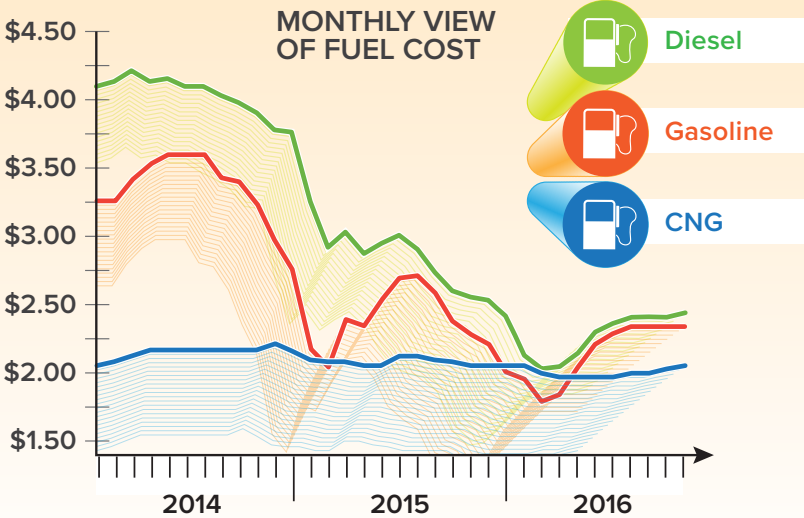
- Maximization and utilization of natural lighting
- Furniture and floor covering products made with sustainable materials
- Software-controlled LED lighting is utilized
- Daylight harvesting and motion sensors conserve energy
- Windows and coverings are strategically placed for optimum energy efficiency



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 have been relatively stable over the past three to four years, compared to gasoline, which have fluctuated dramatically. The long-term benefits of CNG—both in terms of cost savings and environmental impact—are significant, encouraging expansion of the CNG market across our service territory.

Southwest Gas is continually looking for opportunities to promote CNG vehicles and fueling stations in the communities we serve. We now provide compressed natural gas service to several fueling stations throughout our service territories.



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 workers to join our construction team.

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.

Colleges offering this curriculum include:

- College of Southern Nevada
- Estrella Mountain Community College of Central Arizona
- Pima Community College

Students at these community colleges now have access to job-relevant coursework that will prepare them for a career in the utility industry.

Our Work Experience Program 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 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.



Local Community College Partners



Local Contractor Partners



CHAMPIONING our employees

Employee Wellness

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.



Retirement

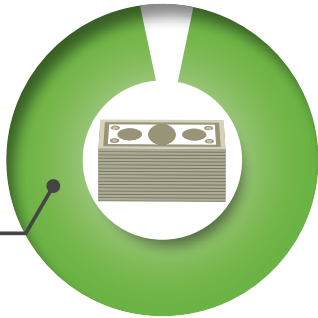
We also proudly help our future retirees prepare for a healthy financial future through participation in our 401K plan. Our 93% participation rate is 6% higher than the national average and shines a positive light on shaping sustainable and enjoyable retirement years.

CONTRIBUTIONS 401K

2016 - 2017

93%

Total
Employee
Participation



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-plus 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

SW Great!

EDUCATION assistance program

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



Company
Total Contribution
2017 - **\$234,923**
2016 - **\$260,320**
2015 - **\$284,285**

Tuition Reimbursement Participants
2017 - **89**
2016 - **103**
2015 - **112**

