Task Force on Climate-related Financial Disclosures (TCFD)

Preface

We have prepared this report following TCFD recommendations to provide information on our approach to climate-related risks and opportunities. Please refer to the accompanying 2023 ESG Report for additional information on the disclosures and metrics that are summarized below, and our most recent Annual Report on Form 10-K as updated by the most recent Quarterly Reports on Form 10-Q and as filed with the SEC for information relevant to investment in ONE Gas securities.

Introduction

At ONE Gas, we focus every day on delivering safe, reliable and affordable natural gas to our customers. Our Core Values guide our commitment to implementing sustainable business practices to create long-term value for our stakeholders.

Because we are a 100% regulated natural gas utility, our greatest climate-related risks, impacts and opportunities arise from Scope 1 and 3 emissions. Our Scope 1 emissions make up approximately 3% of our total emissions profile, and primarily consist of fugitive emissions from our system. Our Scope 3 emissions are the bulk of our emissions profile and consist of upstream emissions from gas supply (estimated at just under 20% of emissions) and customer emissions (approximately 80% of emissions).

We have the most control over our Scope 1 emissions because they come directly from our assets. We have set a goal to reduce our Scope 1 emissions due to leaks from our distribution pipeline system by 55% by 2035, measured from a 2005 baseline and including projected growth. This goal is driven by our pipeline replacement and protection program. The primary focus of that program is to increase system safety and integrity. We do this by investing capital to replace vintage pipe with pipe made of more modern materials. The program also supports our climate-related goals because the new pipe has a lower emissions profile. Reducing emissions through our pipeline replacement program aligns with our Core Values and our capital strategy and has strong regulatory support.

In considering our strategy for reducing Scope 3 emissions, we are mindful that we provide an essential service and must consider customer needs in any decision we make. We have thus taken a customer-focused approach to Scope 3 emissions reduction. We are actively working to take advantage of opportunities to assist our customers in reducing their emissions, primarily by expanding our energy efficiency and education programs, which help customers use less energy, and by making alternative fuels, such as renewable natural gas (RNG), available to customers who are willing and able to pay more to further reduce their emissions. Upstream, we have regulatory approval to add RNG to our system in Oklahoma and are continually evaluating opportunities to purchase responsibly sourced gas (RSG), which can reduce the carbon intensity of our gas supply.

With the guidance of our Board, ONE Gas employees and management work hard to meet our emissions reduction goals, take advantage of opportunities related to alternative fuels and strive to ensure that customers have a safe and reliable source of heat and energy.

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Governance

Board Oversight of Climate-Related Risks and Opportunities

Our Board of Directors oversees an enterprise-wide approach to risk management. Management provides the Board with periodic briefing and informational sessions on the significant risks our company faces and how our management team controls and mitigates those risks. The Board reviews risks related to climate and environmental performance and the company's strategy for mitigating those risks as part of its risk oversight responsibilities.

Our full Board is actively involved in overseeing, reviewing and guiding our corporate environmental, social and governance (ESG) strategy in both regular meetings and as part of our annual strategic planning process. This includes evaluating climate-related risks and opportunities.

To enhance its understanding of climate-related issues and their impact on the business, the Board has taken part in informational sessions on ESG materiality (which includes concepts and considerations that go beyond the federal securities law definition of "materiality"), stakeholder expectations around climate and ESG and the role of a corporate board in ESG governance, including governance of climate-related issues. The Board is regularly updated on our Scope 1 emissions reduction goal and the progress we are making towards achieving that goal, as well as our efforts around RNG and alternative fuels.

While our entire Board remains responsible for ESG oversight, certain Board committees also have ESG or climate-change-related oversight responsibilities, as follows:

- **Audit**
  - Oversees the company's Enterprise Risk Management (ERM) assessment, which includes evaluation of climate-related risk
  - Reviews compliance with the company's code of business conduct and legal and regulatory requirements, including environmental and reporting requirements
- **Executive Compensation**
  - Considers and recommends to the Board, as appropriate, compensation and incentive structures, policies, procedures and related matters that support the company's environmental, social and governance goals and objectives
- **Corporate Governance**
  - Identifies and recruits individuals qualified to become directors and recommends director nominees to the Board
  - Reviews and approves the company's policies on and responses to important shareholder issues and proposals, which may include climate-related concerns
  - Considers and recommends to the Board, as appropriate, governance programs and policies, and approaches to legislative affairs activities and political action committees that support the company's environmental, social and governance goals and objectives

Our Board and management team work together to set emissions reduction targets, measure progress and drive accountability for our climate-related and other sustainability goals.

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Management's Role in Assessing and Managing Climate-related Risks and Opportunities

Our senior leadership, including our chief executive officer (CEO), regularly reviews risks and opportunities, including those related to emissions and climate, and decides how to apply policies and strategies to address those risks and opportunities throughout the business. Each year, our leadership team reviews our strategic plan and considers the results of our ERM process to determine whether to make changes to the plan. This review has led us to incorporate "clean energy solutions" as a pillar of our strategic plan. We believe that our assets are essential to a clean energy future, and we are focused on reducing our own emissions and supporting our customers' emissions reduction efforts. Our pipeline assets can be used to transport other gaseous fuels (such as hydrogen or RNG) if demand for such fuels grows.

Steering Committees

We have established two steering committees that are led by executive management and focus on safety and environmental practices and climate and ESG strategy.

Our Environment, Safety, Health and Compliance (ESH&C) Steering Committee is chaired by our chief operating officer (COO) and includes other members of our management team and senior operations personnel. The primary purpose of the ESH&C Steering Committee is to provide vision, leadership, direction and oversight of our ESH&C programs, processes and management systems for the protection of our employees, the environment and the communities we serve. The ESH&C Steering Committee reviews ONE Gas' pipeline integrity program, which includes the pipeline replacement and protection program that is driving our current Scope 1 emissions reduction goal. The ESH&C Steering Committee also oversees the development and implementation of our environmental programs, which include biodiversity protection and environmental compliance.

In 2021, ONE Gas created the ESG Steering Committee, which reviews and recommends climate-related and other ESG policies and practices that are important to our internal and external stakeholders. In 2022, the Committee was chaired by our chief financial officer (CFO), who regularly reported the Committee's activities to the executive leadership team and updated the Board on significant issues that came before the Committee. In 2023, the vice president, corporate development and investor relations became chair of the committee and assumed those responsibilities. The primary purpose of the ESG Steering Committee is to provide vision, leadership, direction and oversight of our ESG programs, strategy, processes and disclosures, as we continue to focus on integrating sustainable practices into our business while creating long-term shareholder value. The ESG Steering Committee makes recommendations for new and enhanced disclosures around climate initiatives, metrics and emissions targets and enhances the company's understanding and integration of ESG practices, including emissions reduction, into everyday business activities. This committee is part of our commitment to a focused effort to integrate sustainability risks and opportunities into business and risk management strategies.

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This effort includes input and collaboration throughout the enterprise and helps ensure that information around climate and our emissions reduction strategy is shared with all levels of management. To foster a high level of collaboration, the committee includes officers from the following operational areas:

- **System Integrity** – responsible for management of the pipeline replacement and protection program, evaluation of alternative fuels and carbon capture technologies from an engineering perspective and development of related processes and procedures
- **Resource Management** – responsible for supply chain, contractor management and fleet
- **Environmental and Safety** – responsible for environmental compliance, biodiversity protection and safety
- **Corporate Development and Investor Relations** – responsible for identifying and exploring new business opportunities and meeting investors' need for information
- **Commercial and Rates and Regulatory** – Responsible for developing business opportunities, meeting customer needs and executing regulatory strategy
- **Treasury** – responsible for managing finances and access to capital
- **Customer Service** – responsible for meeting customer needs and customer engagement strategies
- **Legal** – responsible for advising on risk and compliance, including environmental and regulatory compliance
- **Operations** – responsible for the safe operation of our pipelines, which includes our replacement and protection program and practices and procedures to reduce operational emissions
- **Human Resources, IT and Enterprise Services** – responsible for facilities (Scope 2 emissions), employee engagement and technology solutions

Execution of Climate Strategy

Management executes our sustainability strategy, which is described below. Our current emissions reduction goal for emissions due to leaks on mains and service lines is dependent upon successful execution of our pipeline replacement and protection program. This program is overseen by our vice president of system integrity and carried out by our Field Operations employees.

Our Resource Management and Fleet teams are working to reduce fleet emissions by maximizing our use of compressed natural gas (CNG) to the extent possible given current supply chain restraints. These teams are also developing guidelines for our field employees to reduce unnecessary vehicle idling, thereby reducing emissions.

Working with our Rates and Regulatory and Legal teams, our Commercial team is developing pathways to offer alternative fuels to customers. Our energy efficiency team is working with our regulators and legislators to allow us to offer expanded programs across our service territory.

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This section discusses climate-related risks and opportunities that ONE Gas has identified and which are included in this report in accordance with TCFD guidelines. This report does not address all risks facing ONE Gas; instead, it summarizes certain risks and our current expectations under the TCFD framework. Similarly, these risks are not necessarily all material for purposes of our reporting under federal securities laws, and the risks included herein may therefore be more expansive than those identified in our SEC reporting. Please note the forward-looking statement, important notes and disclaimers at the end of our 2023 ESG Report, which applies to this TCFD report as well, and review our most current Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission for further details and a listing of additional risks, considerations and assumptions. The reports can also be accessed at onegas.com.

Strategy

We are a 100% regulated natural gas distribution company. As such, our primary climate-related risks and opportunities are transition-related risks and relate to reducing our methane emissions and giving our customers cleaner energy pathways. We are also exposed to some physical risks associated with climate change. We have robust programs in place to identify and mitigate climate risks and to take advantage of the clean energy opportunities that a transition to a cleaner energy future presents, as described below and in our 2023 ESG Report.

Transition Risks

Public Policy and Reputational Risk

As a gas utility, we compete primarily with other energy alternatives, such as electricity, to supply energy for space and water heating, cooking and clothes drying. Carbon neutral, energy-efficiency or other legislation or regulations intended to address climate change could increase our operating costs or restrict our opportunities in new or existing markets.

Our strategy to address these risks is to reduce our operational greenhouse gas (GHG) footprint (Scope 1 and 2 emissions), reduce the carbon intensity of the gas we transport by integrating lower-carbon fuels, educate our customers about the value of natural gas, engage with policymakers and regulators and help our customers use less energy.

These risks also come with opportunities to expand energy efficiency programs and to make lower-carbon fuels such as RNG and hydrogen available for customers who want them, and we are developing the infrastructure and knowledge to do that without putting capital at risk through direct investment in RNG or hydrogen production. Instead, we are working with RNG feedstock owners such as dairy farms and wastewater treatment facilities to help connect them with RNG developers. We have completed our interconnection design for RNG projects and have also developed gas specifications for RNG so that we are prepared to interconnect when projects are ready. We are participating in the H2@Scale project in Austin, Texas, and in other hydrogen industry partnerships to increase our knowledge around hydrogen blending and utilization so we are able to provide this service when customers are ready.

- **Reducing Scope 1 Emissions**

We are working to reduce our operational emissions through our pipeline replacement and protection program, enhanced damage prevention programs and execution of timely leak detection and repair (including the deployment of the latest technology for finding leaks and repairing Grade 3 leaks within 30 months).

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We project that our pipeline replacement and protection program will allow for a 55% reduction in emissions due to leaks from mains and services by 2035, measured from a 2005 baseline and including the continued growth we expect to see in our system. This program is fully integrated into our capital and system integrity strategies and has strong regulatory support.

We also reduce emissions from our system through timely leak detection and repair and through damage prevention programs that are designed to reduce third-party damage to our pipelines. These activities are further detailed in our 2023 ESG Report. We are taking part in GTI Energy's Veritas project, which aims to develop a protocol to capture emissions reduction achieved through these activities.

We are working to reduce emissions from our fleet through increased usage of CNG, which can reduce tailpipe emissions by about 20% compared to gasoline, and by implementing operational practices that increase fuel efficiency, such as reducing unnecessary idling time.

- **Reducing energy use in our buildings**

We have implemented software to allow us to measure our Scope 2 emissions from purchased electricity and are evaluating setting a goal to reduce those emissions. We have also incorporated sustainability considerations into our building standards for the construction of new facilities to reduce our environmental impact, as further detailed in our 2023 ESG Report.

- **Integrating low-carbon fuels**

RNG and hydrogen technologies offer potential opportunities to secure new gas supply sources that could be transported through our pipelines. Our evaluation of these technologies and opportunities includes: (1) establishing interconnection guidelines for delivery of alternative fuels to our system, (2) working directly with developers and end-use customers to identify potential alternative fuel supply projects, (3) analyzing pipeline system integrity and gas supply implications, including sourcing opportunities, related to hydrogen use in our system, (4) partnering with industry groups to identify opportunities for hydrogen blending and utilization, and (5) evaluating the opportunity to reduce greenhouse gas emissions through the use of alternative fuels. In Oklahoma, we have regulatory authorization to spend up to $5 million annually to purchase RNG as part of our natural gas supply portfolio and recover the cost through our purchased gas-cost mechanism. We are taking part in more than two dozen RNG projects that are in various stages of development. In addition, we are participating in the Clean Hydrogen Future Coalition, which advocates for policies that are supportive of hydrogen project development, the Open Hydrogen Initiative, which seeks to develop practices and protocols around hydrogen deployment, and the H2@scale project, which is a collaboration of GTI Energy, the University of Texas and industry partners to demonstrate the development and utilization of hydrogen to meet multiple energy needs.

- **Educating customers and investors about the value of natural gas**

The natural gas supply disruption due to the war in Ukraine and historic cold weather events across the United States have demonstrated the value of having a secure, diversified source of energy, especially for heating homes and essential businesses when extreme cold weather strikes. As customers look for a reliable source of heat and energy, demand for natural gas continues to grow within our service territory. Through customer communications, community engagement, discussions with investors and support of trade organizations such as the American Gas Association (AGA), we are working to promote our customers,

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communities, stockholders and potential investors' awareness of the benefits of natural gas, the continued and growing demand within our service territory and the supportive regulatory environment in which we operate.

- **Engaging with policymakers**

Our state legislatures, governors and regulators understand the importance of natural gas to our local economies. We engage with our elected and appointed officials to help keep them informed about issues that are important to our business and our customers. The legislatures in all three of the states in which we operate have passed energy choice legislation, which prohibits local governing bodies from banning any single fuel source. Our Community Relations specialists engage directly with local governing bodies to help them understand the benefits of an affordable, reliable and diverse array of energy options for their communities.

- **Helping our residential and commercial customers reduce their emissions**

In Oklahoma and the Central-Gulf and Rio Grande Valley service areas in Texas, we have energy efficiency programs that allow us to offer rebates to offset part of the cost of replacing customers' appliances with options that are more efficient. In addition, we educate customers throughout our service territory about using less energy. We are working to expand our energy efficiency programs throughout our service territory through regulatory and legislative engagement, because using less energy helps customers save money and lessen their impact on the environment.

We are also working to help our transportation customers reduce their emissions by connecting them with a supply of RNG, which is currently treated as carbon-neutral at combustion and, in some cases, carbon-negative due to the capture of methane that would otherwise vent to the atmosphere.

In addition to these actions, we are investing and taking part in research and industry partnerships focused on emissions reductions and low carbon technologies including:

- ONE Future
- H2@Scale
- Clean Hydrogen Future Coalition
- Open Hydrogen Initiative
- Oklahoma Hydrogen Production, Transportation and Infrastructure Task Force
- Carbon Utilization Research Council
- Research and development conducted by the Gas Technology Institute

Compliance and Legal Risk

We are subject to environmental legislation and regulations, including those intended to address climate change, which could increase our operating costs, adversely affecting our financial results, growth, cash flows and results of operations.

We aim to mitigate those risks by monitoring changes in laws and regulations and by using internal and external resources to monitor the environmental impact of our activities and stay in compliance with applicable laws and regulations. Our participation in the AGA and other industry groups helps us stay abreast of changes in the law and to provide input for proposed regulations that affect our business. We engage with our elected and appointed officials to help keep them informed about issues that are important to our business and our customers.

Please see our 2023 ESG Report for more information.

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Physical Risks

Our primary physical risks related to climate change arise from severe weather events, such as hurricanes, floods, thunderstorms, tornados or sustained extreme temperatures. These severe weather events could increase in number or severity due to climate change. Extreme weather conditions in general require increased system resiliency, adding to costs, and can contribute to increased system stresses, including service interruptions. Weather conditions outside of our operating territory could also have an impact on our revenues and cash flows by affecting natural gas prices. Prolonged periods of extreme cold or warmer than usual winter temperatures can affect customer demand for natural gas.

We aim to mitigate physical climate risks related to system strain by investing in system integrity and reinforcement and creating redundancies within our system. In recent years, we have focused on improving the resilience of our system to be better prepared for events like Winter Storm Uri in 2021 and Winter Storm Elliott in 2022. Since ONE Gas became an independent company in 2014, we have completed 22 projects that provide new transmission and distribution supply points, allowing for increased diversity of our natural gas supply, and 127 interconnections, reinforcement or regulation projects to reinforce our system.

We aim to mitigate physical climate risks related to natural gas prices by having a diverse gas supply profile that includes physical hedging such as storage, financial options and flexible purchasing strategies, including buying a portion of our supply at fixed prices. Our gas supply plans are prepared annually and furnished to our state regulators. We do not anticipate problems with securing natural gas supply to satisfy customer demand; however, if supply shortages were to occur, we have curtailment provisions in our tariffs that allow us to discontinue natural gas service to large industrial users and to request that residential and commercial customers reduce their usage to an amount necessary for public health and safety.

We also aim to mitigate the risk of outages due to extreme weather with advanced planning so we can deploy needed resources quickly and efficiently. We have contracts that allow us to access CNG via mobile trailers so that we can quickly add supply where needed when traditional sources of natural gas are unavailable.

Metrics and Targets

Please see the accompanying 2023 ESG Report for our metrics and targets, including:

- Total estimated 2022 Scope 1 emissions, calculated using the GHG Inventory Protocol
- Estimated 2022 Scope 1 emissions due to leaks from mains and services
- Estimated reductions in emissions due to leaks from mains and services as of December 31, 2022
- Target reduction in emissions due to leaks from mains and services by 2035, accounting for projected system growth
- Estimated emissions avoided through Energy Efficiency Programs
- Estimated emissions avoided through the use of CNG in vehicles
- Estimated Scope 2 emissions for owned and occupied facilities

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Risk Management

We use an integrated Enterprise Risk Management (ERM) framework to identify, assess and manage risks. Through this framework, we determine risk appetite and apply it to strategic planning, formulating business goals, prioritizing risks and developing risk monitoring activities and risk responses. The framework also enables us to evaluate risks, including those related to climate, both broadly across the business, as well as more specifically within business functions. This provides us with an aggregated view of risk, allowing us to analyze interactions between risks and coordinate distinct risk responses.

Our 2022 ERM process included a roundtable focused specifically on climate-related risks, both transitional and physical. The roundtable included participants from Supply Chain, Gas Supply, Operations, Legal, Engineering, Rates and Regulatory, Commercial and Sustainability. The risks identified informed our prioritization of risk and management of risk through the strategies described here and in our 2023 ESG Report.

Our Board of Directors monitors risk and communicates with management about the capabilities and efficacy of our ERM framework. Regular discussions occur between the Board and management related to risk appetite, key risks affecting our strategy and business aims, and the effectiveness of management's risk responses. The Board and management also use the ERM framework as a basis for developing, considering and adopting alternative strategies due to changing internal and external risks.

Management prioritizes risks and assesses the severity of risks through the ERM framework, which enables the selection and deployment of risk responses based on risk appetite, tolerance, and strategic or business goals. Risk assessments and responses are reviewed periodically by management and revised, if necessary, to reflect changing risks and business priorities.

Our CFO oversees the performance of our ERM framework with the aid of our internal audit team, who utilizes the risk assessment in the development of the internal audit plan. To maintain independence, the director of our internal audit team reports functionally to the Audit Committee of the Board of Directors and administratively to our CFO.