

FORABEILER DOBORTOR 2020 Sustainability Report





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ONE in Responsibility





A Message From Our President and CEO

We know who we are

At ONE Gas, our vision is to be a premier natural gas distribution company, creating exceptional value for our stakeholders – our employees, customers, investors and the communities we serve. Our mission is to deliver natural gas for a better tomorrow. We understand that operating a sustainable business is an essential component of creating a better tomorrow.

We know what we believe

Our core values – safety, ethics, inclusion and diversity, service and value – are the foundation for all that we do and guide our sustainability strategy. We are committed to safety because we value people. We hold ourselves accountable to the highest ethical standards and have a responsibility to do the right thing. We focus on inclusion and diversity because we believe that every employee makes a difference and contributes to our success. We believe that we share responsibility to protect our environment. We are committed to providing exceptional service and value, because our customers and communities rely on us to provide, safe, reliable, affordable, efficient energy to support their lives and businesses.

We know our areas of focus

With our mission of a better tomorrow in mind, we are committed to four key areas of focus and continuously improving upon them:

Safety

Safety is our number one core value and the foundation of what we do as a company. In 2019, we recorded the lowest number of safety incidents in company history. We also completed our 5-year accelerated cast iron replacement program ahead of schedule.



Protecting Our Environment

We are pleased to share with you highlights of our progress in 2019. It is our hope that you find confidence in all that we are doing to build a better tomorrow. Best regards, **Pierce H. Norton II**

Natural gas is a safe, efficient, affordable, and reliable energy source. As a leader in the natural gas industry, we have led by example when it comes to protecting our environment. Since establishing an emissions baseline in 2014, we have reduced pipeline emissions by 22.1% through 2019. We are committed to thoughtful innovation, end-use efficiency, and a proactive approach that will move us toward a low-carbon future.



Caring for Our Employees and Communities

To build a better tomorrow for everyone, we support our employees, customers and communities. Our employee engagement scores were among the top quartile of all companies in Gallup's database. In 2019, ONE Gas contributed nearly \$2 million and over 5,700 volunteer hours to non-profits in the communities we serve.

Governance

We take ownership over our work and do what is right. We are held accountable to the highest ethical standards and committed to compliance.



ONE Gas President and Chief Executive Officer















About ONE Gas

for a better tomorrow.

OUR CORE VALUES



SAFETY



ETHICS



SUCCESS.



SERVICE excellence.



VALUE communities.

- **Our MISSION** is to deliver natural gas
- Our VISION is to be a premier natural gas distribution company, creating exceptional value for our stakeholders.

- We are committed to operating safely and in an environmentally responsible manner.
- We are accountable to the highest ethical standards and are committed to compliance. Honesty, trust and integrity matter.

INCLUSION AND DIVERSITY

- We embrace an inclusive and diverse culture that encourages collaboration. Every employee makes a difference and contributes to our
- We set a standard of exceptional service and make continuous improvements in our pursuit of
- We create value for all stakeholders, including our customers, employees, investors and

- 100% regulated natural gas utility
- > One of the largest publicly traded natural gas distribution companies
- > 2.2 million customers in Kansas, Oklahoma and Texas
- More than 3,600 employees
- > Headquartered in Tulsa, Oklahoma
- Divisions include Kansas Gas Service, the largest natural gas distributor in Kansas; Oklahoma Natural Gas, the largest in Oklahoma; and Texas Gas Service, the third largest in Texas, in terms of customers







2019 Highlights

At ONE Gas, our goal is to continuously improve. We are pleased to present our 2020 Sustainability Report, covering environmental, social, and governance (ESG) progress and performance for calendar year 2019. We look forward to sharing some of our highlights with you. Please contact us at sustainability@onegas.com with questions or feedback.

Lowest number of safety incidents in company history



5-year cast iron replacement program completed **ahead** of schedule

increase in women in leadership roles since 2016



for the third year in all safety metrics tracked by the **American Gas** Association



29,040 metric tons of CO2e reduced annually as the result of our 2019 energy efficiency programs,

which is equivalent to removing 6,274 cars from the road



reduction in pipeline **CO2e emissions** through pipeline replacement programs since 2014



gallons of water saved through 2019 energy efficiency programs

1,500+ active members of our **Employee Resource** Groups



Top 25%

Employee engagement scores were in the top quartile of Gallup's Overall Company Database



Corporate Governance and Ethics

Code of Conduct

Our governance practices and policies reflect ONE Gas' strong commitment to our investors, employees, and community. We are committed to the highest level of ethical standards in everything we do and make decisions by evaluating outcomes through the lens of our core values.

Click here to read more about our corporate governance.

Our Code of Business Conduct and Ethics provides guidelines for ethical issues that may arise when dealing with fellow employees, customers, suppliers, competitors, federal and state agencies or officials, or the general public. We strictly adhere to all federal and industry compliance standards and strive to exceed them.

Click here to read our Code of Business Conduct & Ethics.

Proactive Policy Engagement

Changes in public policy at the federal, state and local levels can have a material impact on the company and the industry. Decision makers require accurate, reliable and timely information in order to make the best decisions. In a non-partisan approach, ONE Gas engages its elected officials, regulators, community leaders and other decision makers on key issues such as: emissions reduction; renewable natural gas; energy choice; pipeline safety and other operational and environmental issues. The goal of these efforts is transparency, collaboration and mutually beneficial outcomes for all stakeholders.

Board of Directors



John W. Gibson Non-executive Chairman ONE Gas, Inc.



Tracy E. Hart President and Chief Executive Officer Tarlton Corporation



Douglas H. Yaeger Retired Chairman, President and **Chief Executive Officer** Laclede Group, Inc. (now Spire Inc.) Laclede Gas Company

MEMBER Executive Committee

MEMBER

- Audit Committee **Executive Compensation**
- Committee
- **Corporate Governance** Committee

VICE CHAIR

Executive Compensation Committee

MEMBER Audit Committee **Corporate Governance** Committee



CHAIR Audit Committee **VICE CHAIR** Corporate Governance Committee **MEMBER Executive Committee Executive Compensation** Committee

Michael G. Hutchinson **Retired Partner Deloitte & Touche**



CHAIR **Corporate Governance Committee MEMBER** Audit Committee **Executive Compensation** Committee **Executive Committee**

Eduardo A. Rodriguez President Strategic Communication Consulting Group



VICE CHAIR Audit Committee MEMBER **Executive Compensation** Committee Corporate Governance Committee

Robert B. Evans Retired President and Chief Executive Officer Duke Energy Americas

CHAIR **Executive Compensation** Committee

MEMBER Audit Committee Corporate Governance Committee **Executive Committee**

Pattye L. Moore Retired Board Chair and Interim Chief **Executive Officer** Red Robin Gourmet Burgers



MEMBER Executive Committee



Pierce H. Norton II President and Chief Executive Officer ONE Gas, Inc.

ONE Gas Sustainability Report

Governance Practices at ONE Gas

Annual election of all directors by majority vote in uncontested elections	Diverse skills and qualifications of directors	 Board diversity 25% Female 12% Hispanic Age range 53-70
 Meaningful stock ownership requirements Directors 5x annual cash retainer CEO 6x base salary Officers 2-4x base salary 	Securities/Insider Trading policy and training in place	Lead independent director
Independent directors meet in executive session in conjunction with all regularly scheduled board meetings	75% of directors are independent	Audit, Executive Compensation and Corporate Governance Committee members are independent











Responsible Environmental Stewardship





Environmental Commitment

At ONE Gas, we believe we have a shared responsibility to care for our planet and are committed to finding ways to reduce emissions and engage in proactive conservation efforts, as we move toward a low carbon future.

Emissions and Risk Management

We are concentrated on reducing our operational emissions through three key areas of focus: accelerated infrastructure upgrades; multifaceted public awareness and damage prevention programs; and comprehensive leak prevention and repair strategies.

Infrastructure Upgrades

Our goal to continuously improve also applies to our risk-based approach for infrastructure replacement. Our system integrity



strategy uses an enterprise-wide technology to evaluate assets and projects through a consistent risk management framework to prioritize replacement projects. As a result, we are more efficient and effective in how we evaluate and plan for work, ensuring we are prudent with our capital expenditures.

Vintage pipeline materials account for most of the overall methane emissions released by natural gas distribution systems. Approximately 70% of our \$465 million in capital expenditures in 2019 was for system integrity and reliability. In 2019, we replaced 197 miles of vintage pipeline and completed our five-year accelerated cast iron replacement program ahead of schedule.

Emission Reduction from Pipeline Replacement



reduction in emissions

through our pipeline replacement program from a 2014 baseline, with the reduction expected to increase to **33%** by **2024** as we continue the program.



Public Awareness and Damage Prevention

Natural gas is a safe, reliable and cost-effective energy source. Safety of our customers, employees and communities is our top priority and number one core value. Our public awareness and damage prevention programs engage key audiences with information to help everyone make informed and safe decisions.

Our Programs Include:

> 811 – Call Before You Dig

Partnering with local One Call agencies to generate awareness of safe digging practices.

> Natural Gas Safety

Educating the public about how to detect a natural gas leak and what to do and not do if they suspect one.

> Meter Safety

Equipping customers with information on how to keep their meters safe.

> Pipeline Integrity

Working to ensure the integrity and safety of our pipelines and to comply with federal and state pipeline safety regulations.

Key Audiences Include:

- **Customers**
- > Emergency responders
- > Professional excavators
- **>** Homeowners
- **>** Children
- **>** Educators





G Oklahoma Natural Gas

f⊻in





Why is it important to call 811 before you dig?





ONE Gas Sustainability Report





System Management

Our service territories are situated near some of the world's largest natural gas basins. This provides a strategic advantage by keeping transportation costs low, and leads to significant risk reduction as it enables us to operate at lower pipeline pressures through strategic placement of city gates from multiple upstream gas suppliers.

Routine surveys help keep our pipelines safe and surveys of our systems are just one way our pipeline safety program works toward our goal of zero incidents. Our leak detection and repair (LDAR) includes on-site surveys to identify leaks and other opportunities to improve the safety and reliability of our systems.

Lowering Air Emissions

As a natural gas distribution company, we do not have significant non-greenhouse gas emissions, but we are committed to contributing to cleaner air through our vehicle fleet. Natural gas vehicles (NGV) are 90% cleaner than the Environmental Protection Agency's (EPA) current NOx standard and emit 21% fewer greenhouse gas emissions than comparable gasoline and diesel vehicles. At ONE Gas, more than 40% of our fleet is bi-fuel or compressed natural gas (CNG).









Technology and **End-Use Efficiency**

Technology is a major driver of true innovation. ONE Gas continues to invest in the development and adoption of innovative technology that improves operational and end-use efficiencies, and allows us to continue to provide safe, reliable, cost-effective service in a lowcarbon future.

We work closely with our customers to encourage end-use conservation through education campaigns and customer programs. Since 2015, we have provided more than 600,000 rebates, totaling \$81 million. While our programs and initiatives vary by state, they include:

- > Energy Efficiency Education Program
- **>** Low-Income Energy Efficiency Assistance Program
- > Home Improvement and Appliance Replacement Program
- > New Home Program
- **Commercial Direct Install Program**
- > Natural Gas Vehicle Rebate Program
- **>** Water Conservation Program

These programs have broad support from customers, contractors, builders, and regulators, and have garnered national acclaim. In 2019, Oklahoma Natural Gas' Low-Income Energy Efficiency Assistance Program was once again recognized by the American Council for an Energy Efficient Economy for its highly cost-effective impact. Since 2015, our programs have provided more than \$2.7 million in rebates for affordable housing properties and 877 natural gas appliances replaced for free for low-income families.

Results of Our 2019 Customer Programs

3.6 million

dekatherms of expected annual energy savings, which is equivalent to more than 60,000 homes





displaced by natural gas vehicles, which is equivalent to removing 10,914 cars from the road



29,040

metric tons of CO2e reduced annually as the result of our 2019 energy efficiency programs, which is equivalent to removing 6,274 cars from the road





ッッッ **Natural Gas Vehicle** rebates

ONE Gas Sustainability Report





gallons of water saved annually through our energy efficiency programs







Biodiversity Protection and Conservation

Protecting the ecosystems around our facilities and infrastructure is an integral part of our continuous improvement. We undertake conservation and restoration programs that protect habitats and species. Our primary goal is to avoid impact on natural resources. Where that is not possible, we develop avoidance and minimization measures to reduce impacts to natural resources.

Lesser Prairie Chicken

We are an active member of the Lesser Prairie Chicken Range-Wide Conservation Plan, a strategy that identifies, coordinates and commits to a joint effort of the state agencies, industry and local landowners to help support the survival and development of the once-endangered chicken throughout its habitat for the next 50 years.



American Burying Beetle

During its active season from May to September, we survey habitat areas before construction and maintenance activities to lessen the impact on the beetles. Additionally, we survey these areas to confirm their lack of presence during planned winter construction to avoid any habitat disturbance.





Another creative solution is recycling polyethylene pipe by sending it to a facility where it is pelletized and reused for nonfood grade plastic installations including pallets, containers and other useful products for consumers.

Long-Eared Bat

Listed as a threatened species in 2015, this bat can be affected by construction projects in areas of Oklahoma and Kansas. During the spring and summer, the Northern Longeared Bat roosts in trees. To help conserve this species, tree removal from May to August is limited and field surveys are conducted to verify no bats are present during removal projects.



ONE Gas Sustainability Report





Caring for Our Employees

ONE Gas Sustainability Report





Engaged Workforce

Advancing a safe, ethical, inclusive and diverse culture for our 3,600 employees creates a high-performing workforce and an environment where top talent wants to work. Our employees care as much about one another as they do the customers we serve.

In 2019, we again had record-breaking participation in our annual employee engagement survey, with more than 90% of employees providing feedback. Employee engagement scores were in the top quartile of Gallup's Overall Company Database.

Environmental, Safety, Health and Compliance

Safety is our number one core value and at the foundation of everything we do. In 2019, this commitment resulted in the lowest number of safety incidents in our company's history. ONE Gas also ranked in the top quartile of all three safety metrics tracked by the American Gas Association (AGA).





^{1.04} incidents per 200,000 work hours.

Safety doesn't just happen. It's driven by our 3,600 employees who have committed to a culture of zero harm. Success is reliant on continuous education and training, real time reporting and shared responsibility that ensures our employees know what is expected to keep themselves, their teammates, our customers and communities safe.

was 0.25 incidents per 200,000 work hours.

incidents per million miles driven



ONE Gas experienced the **lowest** number of safety incidents in company history.





Steering Committee

Our safety efforts are overseen by our Environment, Safety, Health & Compliance (ESH&C) Steering Committee, whose primary purpose is to provide vision, leadership, direction, and oversight of our ESH&C programs, processes, and management systems for the protection of the employees, the environment, and the communities we serve, as well as the systems focused on the safe design and operation of our system.

ESH&C Steering Committee SENIOR VICE PRESIDENT* VICE PRESIDENT OF Operations - Committee Chair OPERATIONS Texas **INTEGRITY SENIOR VICE PRESIDENT*** Administration, CIO **VICE PRESIDENT Commercial Activities SYSTEM SENIOR VICE PRESIDENT*** CFO **VICE PRESIDENT* Communications, Public Affairs** SENIOR VICE PRESIDENT* and Inclusion & Diversity Commercial **PROGRAM VICE PRESIDENT SENIOR VICE PRESIDENT* REVIEWS Customer Service General Counsel VICE PRESIDENT** MANAGING VICE PRESIDENT **Environment, Safety & Health Field Operations VICE PRESIDENT VICE PRESIDENT OF Resource Management OPERATIONS** Kansas **VICE PRESIDENT**

VICE PRESIDENT OF OPERATIONS Oklahoma

System Integrity

*Reports to CEO

ENVIRONMENT, SAFETY, HEALTH & COMPLIANCE STEERING COMMITTEE





Our Safety Pillars



PAY ATTENTION

- Focus on the task at hand
- Drive using The Smith5Keys[®]
- Don't walk and text
- Complete
 360-walkarounds
- Eliminate distractions



AVOID RISK

- Use the right tool for the job
- Wear all personal
 protective equipment
- Keep work areas clean and clutter free
- Be weather aware
- If you see something, say something

THINK AHEAD

- Know the goal
- Identify the right outcome
- Consider the options
- Develop a plan of action
- Develop an alternative plan of action



TAKE CARE OF EACH OTHER

- Stop unsafe practices
- Watch out for your co-worker
- Ask for help
- Offer help
- Accept help



Pipeline Safety Compliance Program

Our Pipeline Safety Compliance Program supports the company's commitment to safety. Through this program, we have established the framework and processes to achieve compliance with safety and operational regulations and requirements to continuously improve. Our Pipeline Safety Compliance Group (PSCG) works alongside Operations to review procedures, records and documentation to verify compliance with laws and regulations that govern our industry.

As part of these efforts, we are in the process of incorporating a systematic framework that aligns with American Petroleum Institute (API) 1173, for pipeline safety which utilizes a Plan-Do-Check-Act cycle and allows for continuous improvement. The framework includes10 key elements:

- Leadership Commitment
- Stakeholder Engagement 2.
- **Risk Management**
- **Operational Controls**
- **Incident Investigation**
- Safety Assurance 6.
- **Continuous Improvement**
- **Emergency Preparedness** 8.
- **Competence and Training**
- **10. Documentation and Recordkeeping**

ONE Gas Safety Management System (OSMS)









Inclusion and Diversity

To build a better tomorrow for everyone, we have created a culture that embraces inclusion and diversity and encourages collaboration.

In 2020, we are challenged by world events, including racial injustices. At ONE Gas, we stand AGAINST inequity and injustice. We also believe, that to find solutions, we must stand FOR something.

At ONE Gas, we stand FOR inclusion and diversity. We stand FOR equality. We stand FOR the value and voice of every employee. We stand FOR listening to understand and learning from what we hear. As a leader in our industry and the communities we serve, we are committed to listening, learning and leading.

As part of our commitment, our Inclusion and Diversity (I&D) Council is chaired by our CEO and includes five permanent members and 14 rotating members who serve two-year terms. The Council provides governance and guidance for implementing our I&D strategy and sharing our vision of an inclusive and diverse workforce.

To promote a diverse workforce, we take active steps including monitoring and training. We regularly monitor the diversity of our

workforce across roles and seniority levels. We have instituted a Managing Bias course that provides unconscious bias training to all employees.

Our voluntary, Employee-led Resource Groups (ERGs) are based on shared characteristics, interests or like experiences. ERGs support our corporate strategy through one or more of the following focus areas:

- > Attraction, recruitment and retention of employees
- > Education and information for employees

Our ERGs include

BLOG: Black employee resource group **CAPABLE:** Disabilities and functional needs resource group La Voz: Hispanic and Latino resource group **Native ONE:** Native American resource group **VERG:** Veterans resource group **We Are ONE:** LGBTQ+ resource group WE Lead: Women's resource group

Inclusion and Diversity Highlights

active members of our **7 Employee Resource** Groups representing 976 employees

33% increase in women in **leadership roles** since **2016**

25% female Board of Directors

> Professional and leadership development for members > Community involvement and customer engagement



of our IT professionals





Fueling Our Employees' Health

We are committed to a supportive culture of physical, financial, emotional and social wellness for employees. Fueling Your Health is a total health and wellness program to support and inspire employees to make healthy personal and professional lifestyle choices.

Fueling Your Health Vision:

To be a company that fosters a culture of physical, social, mental and financial wellbeing

Fueling Your Health Mission:

Inspiring employees to achieve a healthier today for a better tomorrow

Four Pillars of Wellness:

- **> Physical:** Encourage healthy lifestyles where employees are aware of their state of health and opportunities for improvement
- > Financial: Help employees prepare for the future by providing spending, saving and investing education
- **Emotional:** Promote, educate and support ways to overcome life challenges that can affect employee health, family life or job performance
- **Social:** Highlight the value of being part of a community and the importance of developing healthy relationships





ONE to ONE Fund is a voluntary, charitable organization created by employees to help each other in times of personal crisis. It is administered by an elected, eight-member board of directors. They are ONE Gas employees elected for four-year terms. The mission of the ONE to ONE Fund is to provide assistance in times of crisis, such as natural disasters, unexpected illnesses and associated health care expenses, or other hardship situations for ONE Gas employees.

In 2019 85 employees received \$168,767 in financial support

ONE to **ONE** Fund Employees Helping Employees









Supporting Our Communities









Social Responsibility

At ONE Gas, social responsibility begins with understanding the needs of our employees and our communities. And we're dedicated to doing just that. Our commitment to be a responsible and engaged corporate citizen means we contribute to the well-being of the communities where we operate and where our employees live and work.

We partner with community programs, like the Salvation Army's Share the Warmth and the Low-Income Home Energy Assistance Program (LIHEAP/LIEAP), to provide energy assistance to customers in need whose immediate financial resources cannot cover their home-heating expenses.

We also use our financial resources to improve our communities through charitable giving through our ONE Gas Foundation, community giving, volunteerism and local partnerships.







2019 Community Investments



in matching grants (employee, retiree and director pledges)

\$1,003,584

in Foundation Grants

(nonprofits and public schools)



(contributions and scholarships)







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Response to COVID-19

As part of our culture of safety, we've closely monitored the coronavirus and have taken precautions to continue to provide safe, reliable service while protecting our employees, customers, and communities.

We never shut down

Throughout this pandemic, we have continued operating safely and efficiently. Our business continuity plan allowed us to quickly establish a cross-functional pandemic task force representative of the entire organization. Collectively, we developed a multi-tiered response plan that adjusts how we work based on the risk level of the virus-related activity in our operating areas.

We protected our employees

Nearly half of our 3,600 employees transitioned to working remotely. For those who remained in the field, we implemented social distancing and hygiene guidelines and added additional Personal Protective Equipment.

We are here for our customers

To ease financial burdens resulting from the pandemic, we've offered a variety of options to make payments or set up alternative payment plans. We also temporarily suspended disconnects to ensure our customers continued to have safe and reliable service as we adjusted to the impact the pandemic had on people's lives.

We supported our communities

We've also donated financial support through the ONE Gas Foundation to nonprofits in Kansas, Oklahoma and Texas to provide emergency relief assistance to residents impacted by COVID-19.



and Texas to provide emergency relief assistance to residents impacted by COVID-19.

Visit our COVID-19 response website for ongoing updates at www.onegas.com/coronavirus

The ONE Gas Foundation has donated

\$250,000

to non-profit organizations in

Oklahoma,

Kansas



Forward-Looking Statements

LITIGATION REFORM ACT OF 1995

This Sustainability Report contains forward-looking statements, which are based on our current assumptions and expectations. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "intend," "plan," "believe," "should," "goal," "target," objective," "strategy," "opportunity," "seek," "pursue," "forecast," "guidance," "could," "will," "should," "may," "continue," "might," "potential," "scheduled," "budgets," "outlook," "trends, "focus," "on schedule," "on track," "poised," "is slated" and other words and terms of similar meaning. The principle forward-looking statements in this report include our sustainability commitments and programs; our business plans, initiatives and objectives; and our assumptions and expectations. All such forward-looking statements are intended to enjoy the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, as amended. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations and assumptions will be achieved. The most important factors that could cause our actual results to differ from our forward-looking statements are described under Part I, Item 1A, Risk Factors, and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation, Forward-Looking Statements, in our annual report on Form 10-K for the fiscal year ended December 31, 2019, which should be read in conjunction with the forward-looking statements in this report. Forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update any forward-looking statement.

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES









