



CORPORATE RESPONSIBILITY

Annual Update - 2019

Our mission is to deliver natural gas for a better tomorrow.

Our vision is to be a premier natural gas distribution company, creating exceptional value for our stakeholders.



OUR CORE VALUES



Safety

We are committed to operating safely and in an environmentally responsible manner.



Ethics

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 success.



Service

We set a standard of exceptional service and make continuous improvements in our pursuit of excellence.

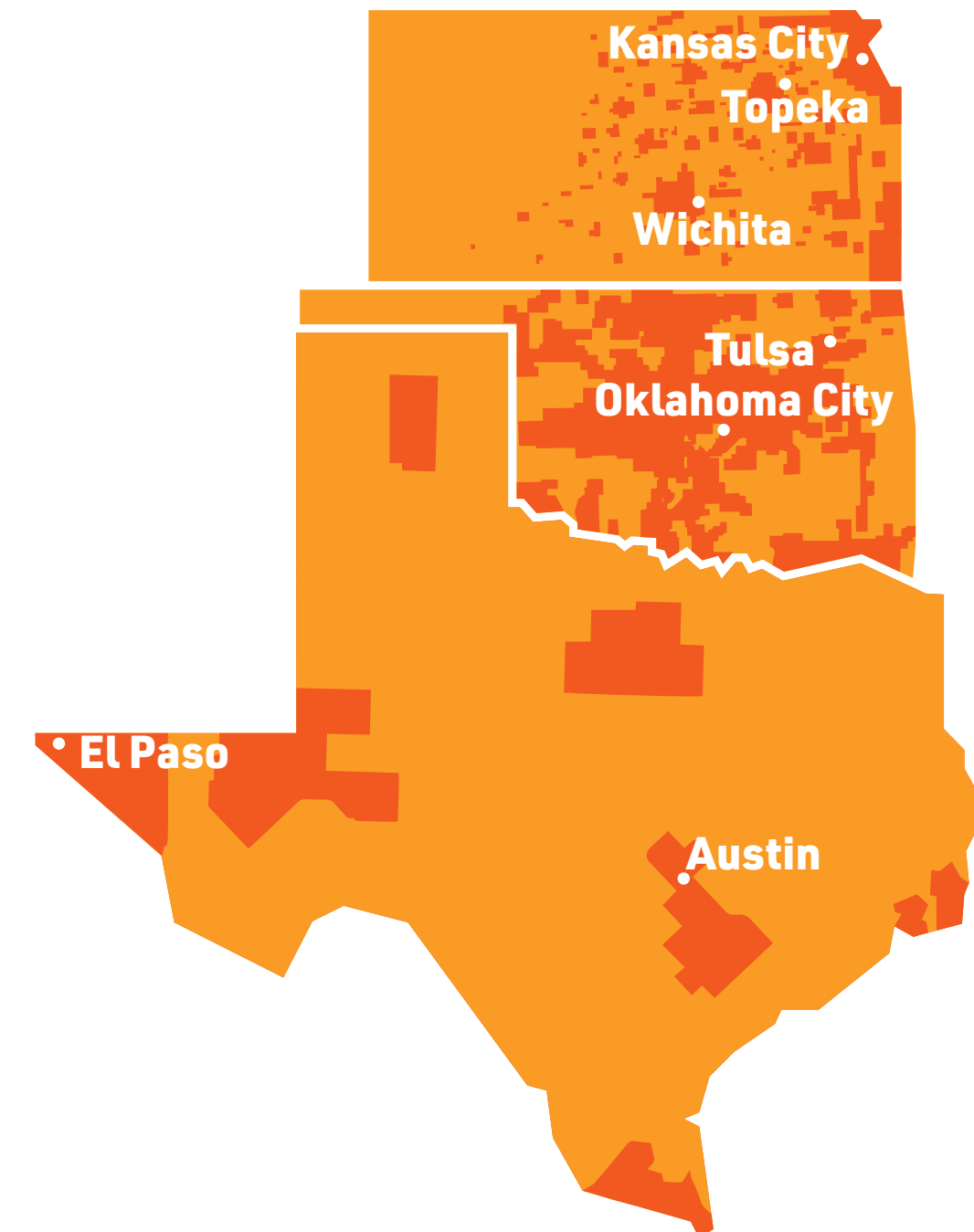



Value

We create value for all stakeholders, including our customers, employees, investors and communities.

We serve more than 2.2 million residential, commercial, industrial, transportation, wholesale and public authority customers in three states.

We are headquartered in Tulsa, Oklahoma. Our divisions include:

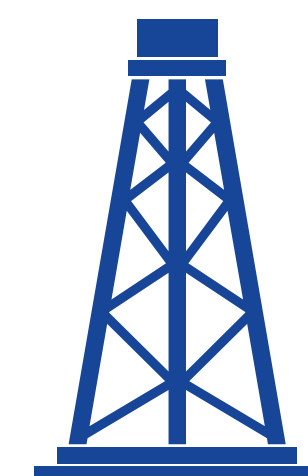


 **Kansas Gas Service**
640,000 customers

 **Oklahoma Natural Gas**
877,000 customers

 **Texas Gas Service**
663,000 customers

OUR FOCUS IS NATURAL GAS DISTRIBUTION TO CONSUMERS



WELLHEAD
FACILITIES /
FLOWLINES

GATHERING
SYSTEMS

GATHERING
FACILITIES

PROCESSING
FACILITIES

PIPELINE
TRANSPORTATION



ONE GAS NATURAL GAS DISTRIBUTION



CUSTOMER

FROM OUR CEO

At ONE Gas, we understand operating a sustainable business is important to our customers' quality of life, our employees' futures, and our shareholders' and bondholders' investments. Our focus continues to be on safely delivering natural gas with a responsibility to do the right thing. Our core values direct our actions and guide our behavior each day, helping us make decisions about our business that are thoughtful, careful and accountable – creating a better tomorrow for our customers and their families.

Our natural gas distribution business delivers affordable energy to millions of customers; we also care about being a proactive partner in the communities we serve while displaying our values through all areas of corporate responsibility.

As a national leader in the natural gas distribution industry, we recognize that the nature of our business and corresponding daily decisions have the potential to impact the environment, our employees, customers, investors and surrounding communities. We take that responsibility seriously and are committed to doing business the right way.

We believe in corporate stewardship, combined with strict adherence to our core values, to guide our views and decisions. The concept of stewardship is not new, and involves managing and caring for the environment, communities and people we serve.

We have a responsibility to care for resources in a way that sustains them for future generations. Aligned with that goal, our sustainability strategy can be summarized through four key areas of focus:

Safety

Are we being careful and keeping safety top of mind for our employees, our assets and the public?

Environmental

Are we being thoughtful and proactive in caring for the environment?

Social

Are we displaying responsible behavior and engaging with our communities and the people who live there?

Governance

Are we accountable for the work we are doing while having the proper oversight in place?

One of our key areas of focus continues to be enhancing our risk-based approach for infrastructure replacement. In 2018, we invested \$442 million in capital expenditures, of which 70% was for system integrity and reliability improvements. Investment in our systems not only produces a more reliable network of pipelines, but also reduces our environmental footprint.

We also work to provide a safe, diverse and inclusive workplace for employees while also making a positive impact in the communities where we operate. This report highlights some of our key contributions. It is our hope that you find confidence in all that we are doing to sustain our business, our environment and our future; it is the cornerstone of how we are providing service for a better tomorrow.

Best regards,

A handwritten signature in black ink, appearing to read "Pierce H. Norton II".

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



SAFETY

Safety is our number one core value and the foundation of what we do as a company.

SAFETY IS OUR FOUNDATION AND FOCUS

Keeping our employees, customers and communities safe is our top priority. ONE Gas ranked in the top quartile of the three key employee safety metrics that are tracked by the American Gas Association.

Our Days Away, Restricted or Transferred (DART) rate was lower than any other natural gas utility in the country.

The progression of a companywide culture where safety comes first – every day – is one our most valued achievements. We know that safety doesn’t just happen – it’s driven by 3,500 employees who have committed to a culture of zero harm. Evolving from a company-first culture focused on rules to a safety culture centered on the team, where everyone looks out for each other, has yielded positive results. We have seen fewer injuries as we continue our team-based approach to achieving zero harm.



OUR COMMITMENT TO SAFETY

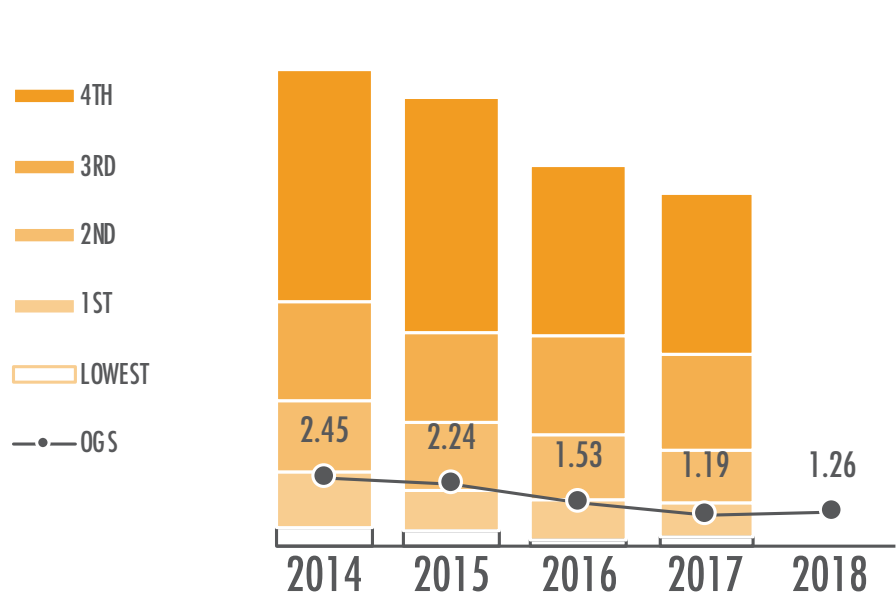
Sharing natural gas safety information with our stakeholders is a critical component of our commitment to safe operations. Public awareness and safety around natural gas transmission and distribution facilities extends from customers and emergency responders – like police and fire – to professional excavators and homeowners to children and educators in local school districts.

Our goal for public safety awareness is to provide timely and important information for how to interact around pipelines, natural gas meters and appliances in the home in a way that is safe for everyone.

Our programs are easy to understand and engage each audience with the information to help everyone make informed and safe decisions.

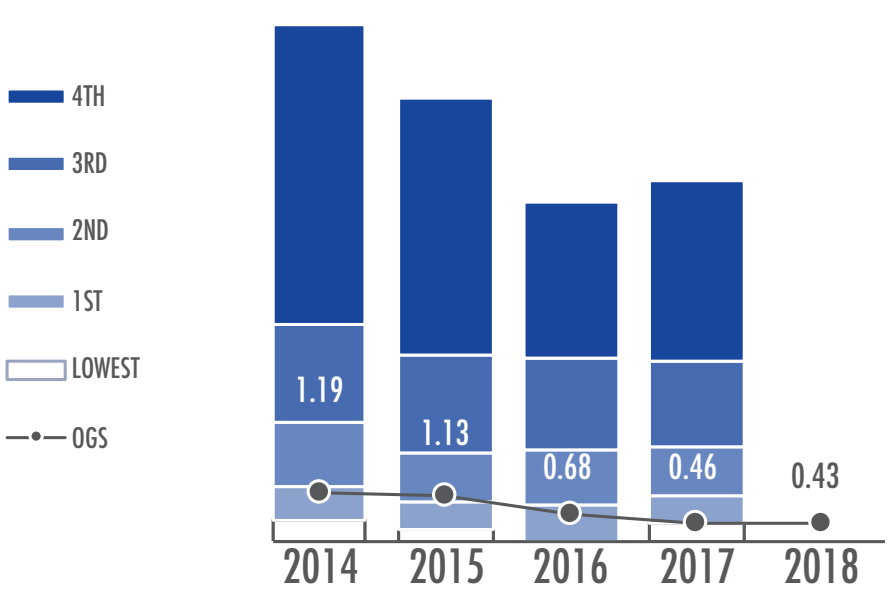
- Our programs include:
- 811 – CALL BEFORE YOU DIG**
Partnering with local One Call agencies to generate awareness of safe digging practices.
 - NATURAL GAS SAFETY**
Educating the public about how to detect a natural gas leak and what to do and not do if they suspect one.
 - METER SAFETY**
Equipping 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.

TRIR AMERICAN GAS ASSOCIATION QUARTILE DATA



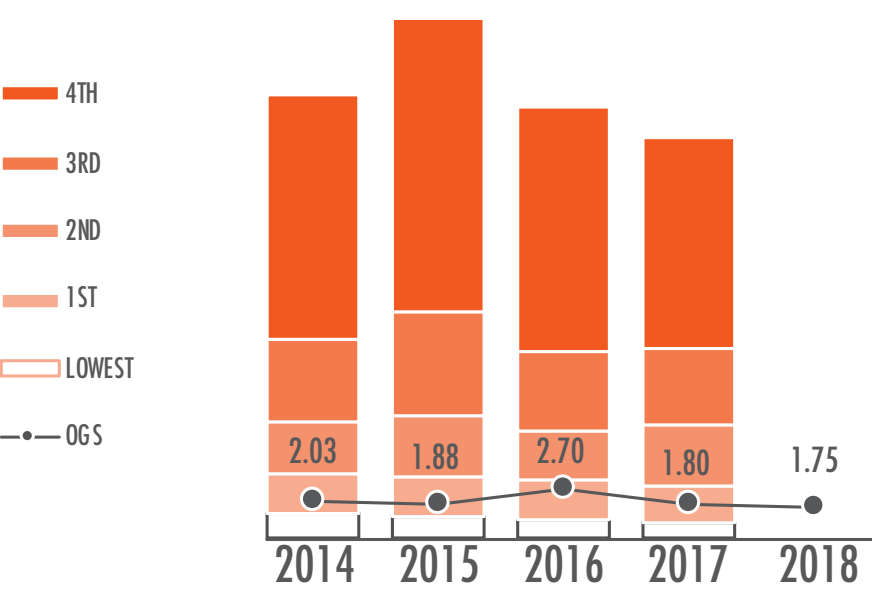
Total Recordable Incident Rate (TRIR) was 1.26 incidents per 200,000 work hours.

DART AMERICAN GAS ASSOCIATION QUARTILE DATA



Days Away, Restricted or Transferred (DART) was 0.43 incidents per 200,000 work hours.

PVIR AMERICAN GAS ASSOCIATION QUARTILE DATA



Preventable Vehicle Incident Rate (PVIR) was 1.75 incidents per million miles driven.

THE FOUR PILLARS OF SAFETY

Our commitment to ZERO begins with FOUR. Our strong safety culture is reliant on our employees understanding how to operate safely and then executing on that to make sure they're doing what is expected to keep themselves, their co-workers and our communities out of harm's way. To accomplish this, we've developed four safety-related focus areas along with specific behaviors outlining the actions all employees should take as we work toward achieving zero harm and zero incidents.



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

HOW WE WORK MATTERS

Accurate, Complete, Timely

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 in an effort 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.

We also established an Environment, Safety, Health & Compliance (ESH&C) Steering Committee. 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 the employees, the environment, and the communities we serve, as well as the systems focused on the safe design and operation of our system.

ENVIRONMENT, SAFETY, HEALTH & COMPLIANCE STEERING COMMITTEE



ESH&C STEERING COMMITTEE

- SENIOR VICE PRESIDENT***
Operations - Committee Chair
- SENIOR VICE PRESIDENT***
Administration, CIO
- SENIOR VICE PRESIDENT***
Chief Financial Officer
- SENIOR VICE PRESIDENT***
Commercial
- SENIOR VICE PRESIDENT***
General Counsel
- MANAGING VICE PRESIDENT**
Field Operations
- VICE PRESIDENT OF OPERATIONS**
Kansas
- VICE PRESIDENT OF OPERATIONS**
Oklahoma
- VICE PRESIDENT OF OPERATIONS**
Texas
- VICE PRESIDENT***
Communications and Public Affairs
- VICE PRESIDENT**
Customer Service
- VICE PRESIDENT**
Environment, Safety & Health
- VICE PRESIDENT**
System Integrity

PIPELINE INTEGRITY PROGRAM

Approximately 70% of our \$442 million in capital expenditures in 2018 was for system integrity and reliability.

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

One of the ways we leverage technology to provide reliability in our growing infrastructure is through the use of software modeling for system capacity planning. This modeling helps us support growth and reliability in expanding areas. By interfacing our customer service system with capacity modeling software, we can leverage metrics and data in our modeling processes for project planning. This allows us to efficiently distribute natural gas to the areas where demand is greatest through properly sized facilities.

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 it also 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.

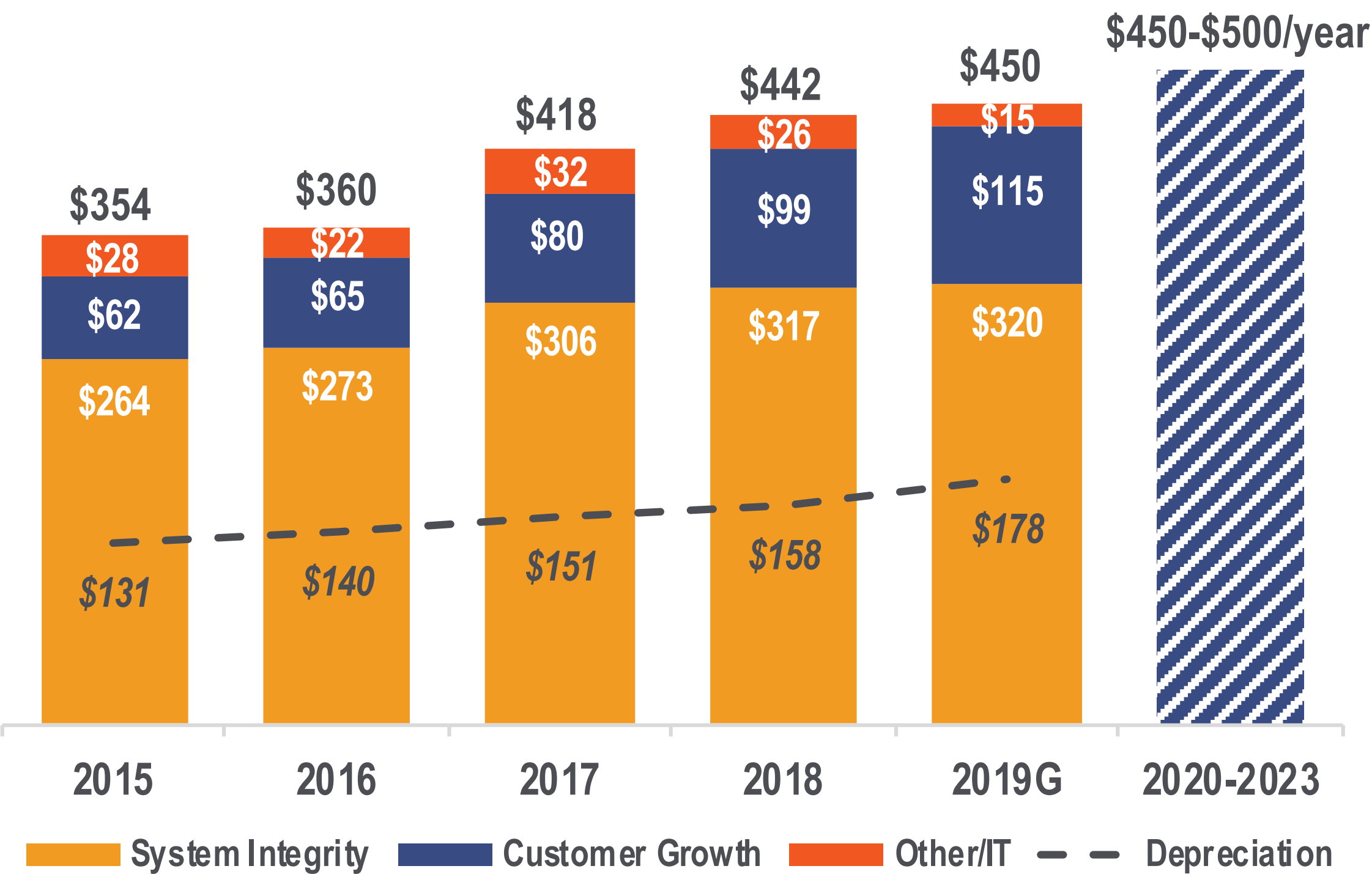
Routine surveys of our systems is just one way our pipeline safety program works toward our goal of zero incidents. Our leak detection and repair (LDAR) involves the performance of on-site surveys to identify leaks and other opportunities to improve the safety and reliability of our systems.





CAPITAL HORIZON & CLARITY

Well-defined capital investment plan: Spending \$2.4 billion from 2019-2023





ENVIRONMENTAL

We are thoughtful and proactive in caring for the environment.

LOWER GREENHOUSE GAS EMISSIONS

We are focused on finding ways to minimize the environmental impact from our operations as we work toward creating a sustainable future. The most significant way we accomplish this is through capital investment in our system’s integrity.

We have reduced our operational emissions from leaks associated with distribution mains and services and metering stations by 7.9 % across all three states since the onset of reporting in 2011. This reduction is equivalent to removing almost 1,000 passenger vehicles from the road per year since 2011.

Vintage pipeline materials account for most of the overall methane emissions released by natural gas distribution systems. By concentrating on replacing vintage assets with newer materials, we are committing to the health and long-term sustainability of our systems and reducing our carbon footprint. In 2018, we replaced 190 miles of vintage pipeline.

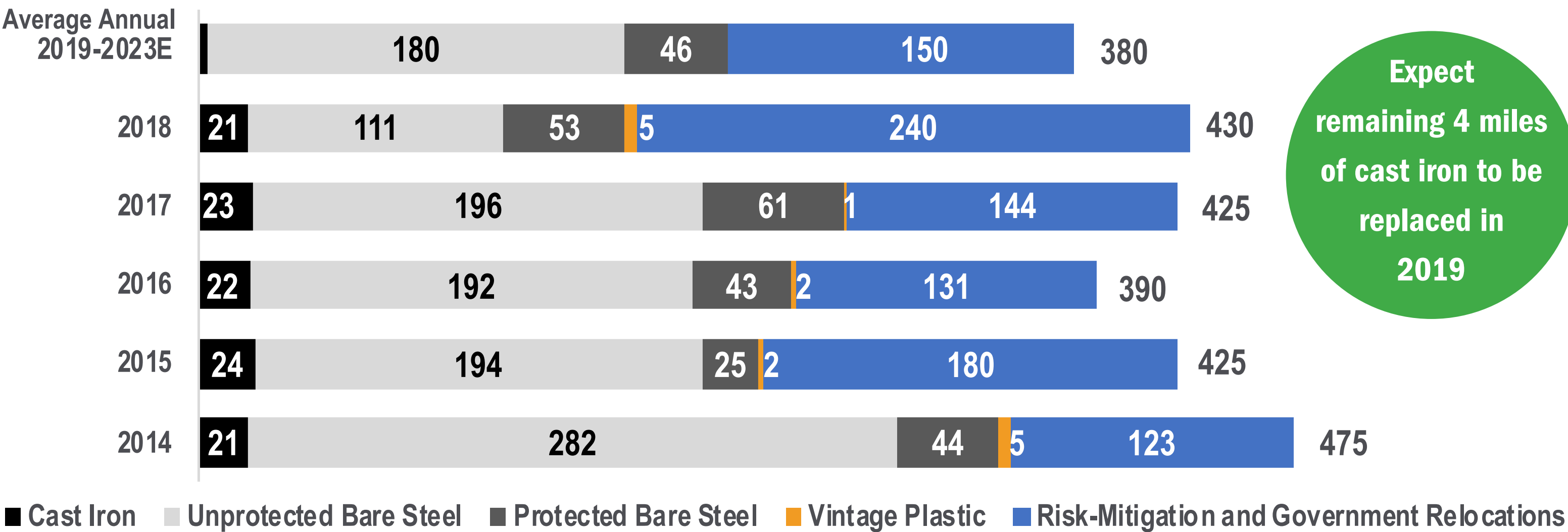
Excavation damage poses a significant threat to natural gas system safety, reliability and integrity, and is a source of methane emissions. Key initiatives underway to enhance damage prevention include improving natural gas safety messaging, implementing an enhanced One-Call ticket management system and employing enhanced observation and monitoring requirements during excavation activities.

Preventing the release of emissions from our operations begins with avoiding the venting of gas into the atmosphere during planned operational blow-downs.

We have reduced emissions across our operations by injecting gas into lower pressure pipelines or by using pump-down techniques to lower line pressure before maintenance, resulting in less gas venting into the atmosphere.

PIPELINE REPLACEMENT

Measured in Miles



Note: The vintage asset replacement program includes: cast iron, wrought iron, unprotected bare steel, protected bare steel and vintage plastic. Pipeline replacement due to future changes in state or federal regulations is not projected in this 5-year replacement estimate.



**Natural Gas STAR
Methane Challenge
Founding Partner**

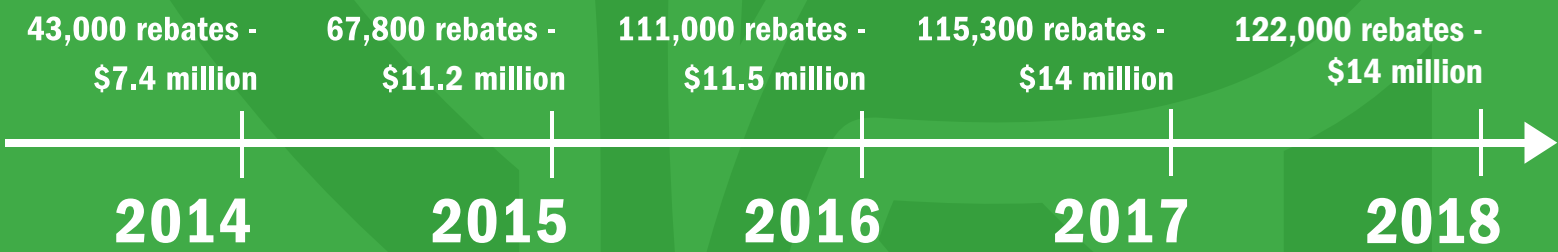
EFFICIENT USE OF ENERGY

Energy efficiency customer programs

Energy-efficient natural gas appliances help power lifestyles with convenience and affordability.

Energy-efficiency programs offer eligible customers more than 15 different rebates, helping them choose the most efficient natural gas appliances for their home and business needs.

TO DATE OUR ENERGY-EFFICIENCY PROGRAMS HAVE ISSUED MORE THAN 459,000 REBATES TOTALING \$58 MILLION



Natural gas vehicles displaced 52,000 metric tons of CO₂

Large fleets operating in our service areas, including two of the largest parcel package distribution companies in the country, continue to invest in compressed natural gas (CNG) vehicles and infrastructure to take advantage of the lower cost and environmental benefits of natural gas.

40% of our fleet is bi-fuel or CNG only. In 2018, we delivered 2.9 million dekatherms (Dth) to 151 CNG fueling stations. That’s equal to approximately 23 million gallons of gasoline not burned into the atmosphere.

Natural Gas Vehicle Rebate Program

In Oklahoma, we offer rebates to customers for the purchase of dedicated natural gas vehicles, bi-fueled natural gas vehicles (NGV) and home CNG fueling stations. Since 2014, this program has issued 868 rebates, including 799 toward the purchase of NGVs, totaling \$1.3 million.



We deliver the natural gas that fuels the fleet of CNG buses for Kansas City, Kansas Public Schools, helping the district save money while reducing its environmental impact.

PRESERVING TODAY FOR BETTER TOMORROWS

In addition to reducing emissions, we are also committed to conservation programs aligned with environmental partners to lessen the impact on land and wildlife.

Our commitment to land preservation goes above and beyond what is required. We follow the regulations and also make sure our subcontractors and consultants do the same.

Further, most of our pipeline replacement projects take place in urban and suburban areas where the overall impacts to the environment and wildlife are minimal.



As part of our commitment to protecting the Lesser Prairie Chicken, ONE Gas works to minimize project impacts to critical mating and nesting areas.

Feeding Fish with Aquatic Habitats

In recent years, our employees have volunteered to construct hundreds of aquatic habitat structures using recycled pipe to donate to the Oklahoma Department of Wildlife Conservation and Kansas Department of Wildlife, Parks and Tourism for use in area lakes. These small structures act as artificial reefs, providing food and shelter to diverse types of aquatic life, ultimately cultivating valuable and thriving fish habitats. The benefits of this project are twofold: it keeps our scrap pipe from ending up in a landfill and promotes biodiversity in our lakes.

Surveying for the 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.

Limiting Construction Impact for the Northern 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 Long-eared 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.

Bringing Back the 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.



SOCIAL RESPONSIBILITY

We use our financial resources responsibly to improve the quality of life for employees and customers in our communities.

COMMUNITY SUPPORT STARTS WITH COMMITMENT

A critical component of stewardship involves effectively managing resources. To execute our mission to deliver natural gas for a better tomorrow, deployment of both human and financial capital is required.

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 being 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, to provide energy assistance to customers in need whose immediate financial resources cannot cover their home-heating expenses.

While we are a for-profit business, part of stewardship is treating our financial resources as though they are not our own. We also use our financial resources to improve our communities through charitable giving through our ONE Gas Foundation, volunteerism and local partnerships.

2018 COMMUNITY INVESTMENTS



MATCHING GRANTS

\$961,000

EMPLOYEE, RETIREE
AND DIRECTOR PLEDGES



FOUNDATION GRANTS

\$1,153,000

NONPROFITS
AND PUBLIC SCHOOLS



COMMUNITY GIVING

\$842,000

CONTRIBUTIONS
AND SPONSORSHIPS

TAKING INITIATIVE IN 2018
**EMPLOYEE
DRIVEN IMPACT**

8,800

HOURS VOLUNTEERED



EMPLOYEES HELPING EMPLOYEES

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 2018
49 EMPLOYEES
RECEIVED
\$99,229
IN FINANCIAL
SUPPORT
AND
39 EMPLOYEES
USED
1,451 VACATION
HOURS

RESPONDING AFTER A CRISIS

The ONE to ONE Fund has helped employees after floods, tornadoes, hurricanes and fires. For example, impacted employees in Texas were supported by co-workers through the ONE to ONE Fund following Hurricane Harvey in 2017.



CHAMPIONING INCLUSION AND DIVERSITY

Inclusion and Diversity (I&D) is one of our core values and at the heart of creating an environment of trust that is open and welcoming to all people.

As a company, we are committed to the respect and appreciation of all our differences, while supporting one another in pursuit of our vision and mission. Our focus is on an ethical workforce where employees understand that how they accomplish the goal matters as much as the goal itself. We expect all employees to treat everyone with dignity and respect, even when opinions and viewpoints differ from their own.



I&D Council

Guiding and Advocating

Our I&D Council is chaired by our CEO along with five permanent members and 14 rotating members who serve two-year terms.

The Council assists the executive team with developing the company's I&D strategy, provides governance and guidance for implementing the strategy and models inclusive behavior while inspiring others to do the same.

EMPLOYEE RESOURCE GROUPS

These are voluntary, employee-led groups based on shared characteristics, interests or life experiences. Each of our ERGs support our corporate strategy through one or more of the following focus areas:

- Attraction, recruitment and retention
- Education and information
- Professional and leadership development
- Community involvement and customer engagement

- BLOG:** African-American Resource Group
- CAPABLE:** Disabilities and functional needs resource group
- La Voz:** Hispanic and Latino resource group
- Native ONE:** Native American resource group
- ONE Planet:** Environmental sustainability resource group
- VERG:** Veterans resource group
- We Are ONE:** LGBTQ+ resource group
- WE Lead:** Women's resource group

PARTNERSHIP FOR YOUTH SUCCESS PROGRAM

Our Veterans Employee Resource Group (VERG) was instrumental in bringing a new partnership opportunity to ONE Gas – the Partnership for Youth Success (PaYS). As a PaYS partner, we work with the United States Army to guarantee soldiers an interview and possible employment after their service to our country is complete.

The PaYS program partners with American corporations, companies and public sector agencies to provide new recruits with an opportunity to serve their country while preparing for their future careers, helping current military members to successfully transition to civilian careers.

"We are beyond excited to have ONE Gas as a Partner for Youth Success with the U.S. Army," said Lt. Col. John Garcia, battalion commander, Oklahoma City U.S. Army Recruiting Battalion. "Their commitment to supporting the U.S. Army and veterans across the country is what makes this partnership ideal. We look forward to building a lasting relationship with this outstanding community partner."



AN ENGAGED WORKFORCE

We work to foster an engaging environment where employees care as much about one another as they do the customers we serve. That's not merely an opinion – our employees agree. Since we began measuring employee engagement in 2016 using an independent national survey, we've seen a marked improvement in scores each year. Nearly 90% of ONE Gas employees responded to our most recent engagement survey.

Studies have shown organizations with highly-engaged employees have fewer safety incidents, less turnover and are more productive.



FUELING OUR EMPLOYEES' HEALTH

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

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

Mission: Inspiring you to achieve a healthier today for a better tomorrow

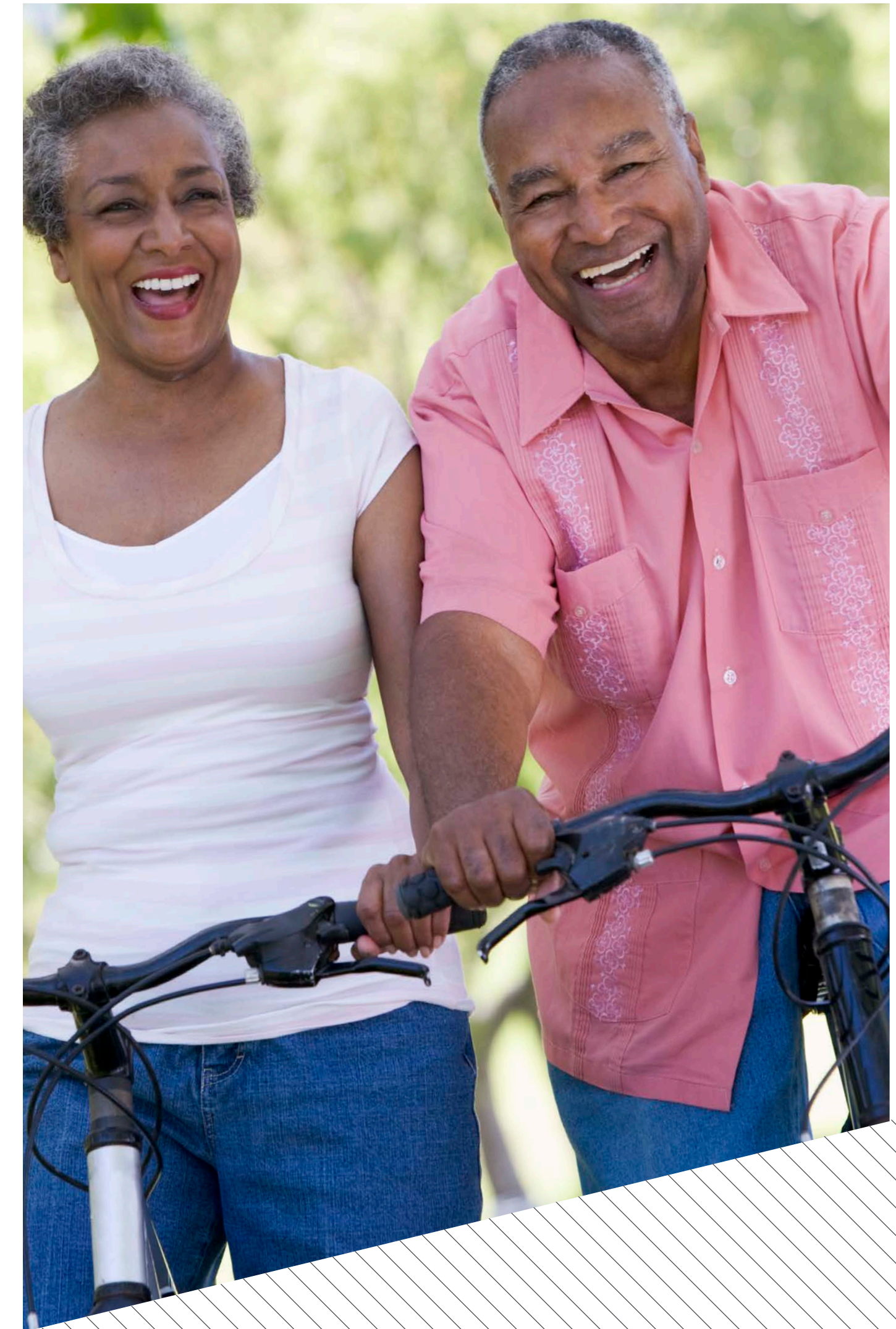
Four Pillars of Wellness:

Physical: Encourage healthy lifestyles where employees are aware of their state of health and opportunities for improvement

Social: Highlight the value of being part of a community and the importance of developing healthy relationships

Emotional: Promote, educate and support ways to overcome life challenges that can affect employee health, family life or job performance

Financial: Help employees prepare for the future by providing spending, saving and investing education





GOVERNANCE

We take ownership over our work and do what's right.

BALANCED OVERSIGHT

Accountability and good governance are integral to sustainability and stewardship. Our core values require that we do what's right, first and foremost. Decisions are made not only with financial acumen, but with a broader perspective as stewards for the company's resources.

We hold ourselves accountable and make decisions by evaluating outcomes through the lens of our core values. We strictly adhere to all federal and industry compliance standards, and strive to exceed them. We organize under the oversight of a Board of Directors with the appropriate level of independence and diversity of membership.

BOARD OVERSIGHT



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

CHAIR
Executive Committee



Tracy E. Hart
President
Tarlton Corporation

MEMBER
Audit Committee
Executive Compensation Committee
Corporate Governance Committee



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

MEMBER
Executive Committee



Arcilia C. Acosta
President and Chief
Executive Officer
CARCON Industries and
Construction

MEMBER
Audit Committee
Executive Compensation Committee
Corporate Governance Committee



Michael G. Hutchinson
Retired Partner
Deloitte & Touche

CHAIR
Audit Committee

VICE CHAIR
Corporate Governance Committee

MEMBER
Executive Committee
Executive Compensation Committee



Eduardo A. Rodriguez
President
Strategic Communication
Consulting Group

CHAIR
Corporate Governance Committee

MEMBER
Audit Committee
Executive Compensation Committee
Executive Committee



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

VICE CHAIR
Audit Committee

MEMBER
Executive Compensation
Committee

Corporate Governance
Committee



Pattye L. Moore
Chairman
Red Robin Gourmet Burgers

CHAIR
Executive Compensation
Committee

MEMBER
Audit Committee
Corporate Governance
Committee
Executive Committee



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

VICE CHAIR
Executive Compensation
Committee

MEMBER
Audit Committee
Corporate Governance
Committee

GOVERNANCE PRACTICES AT ONE GAS

Annual election of all directors by majority vote in uncontested elections

Diverse skills and qualifications of directors

- Board diversity**
- 33% Female
 - 22% 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

78% of directors are independent

Audit, Executive Compensation and Corporate Governance Committee members are independent

FORWARD-LOOKING STATEMENTS

Some of the statements contained and incorporated in this Corporate Responsibility Report that include company expectations or predictions should be considered forward-looking statements that are covered by the safe harbor provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934. It is important to note that the actual results could differ materially from those projected in such forward-looking statements. For additional information that could cause actual results to differ materially from such forward-looking statements, refer to ONE Gas' Securities and Exchange Commission filings.