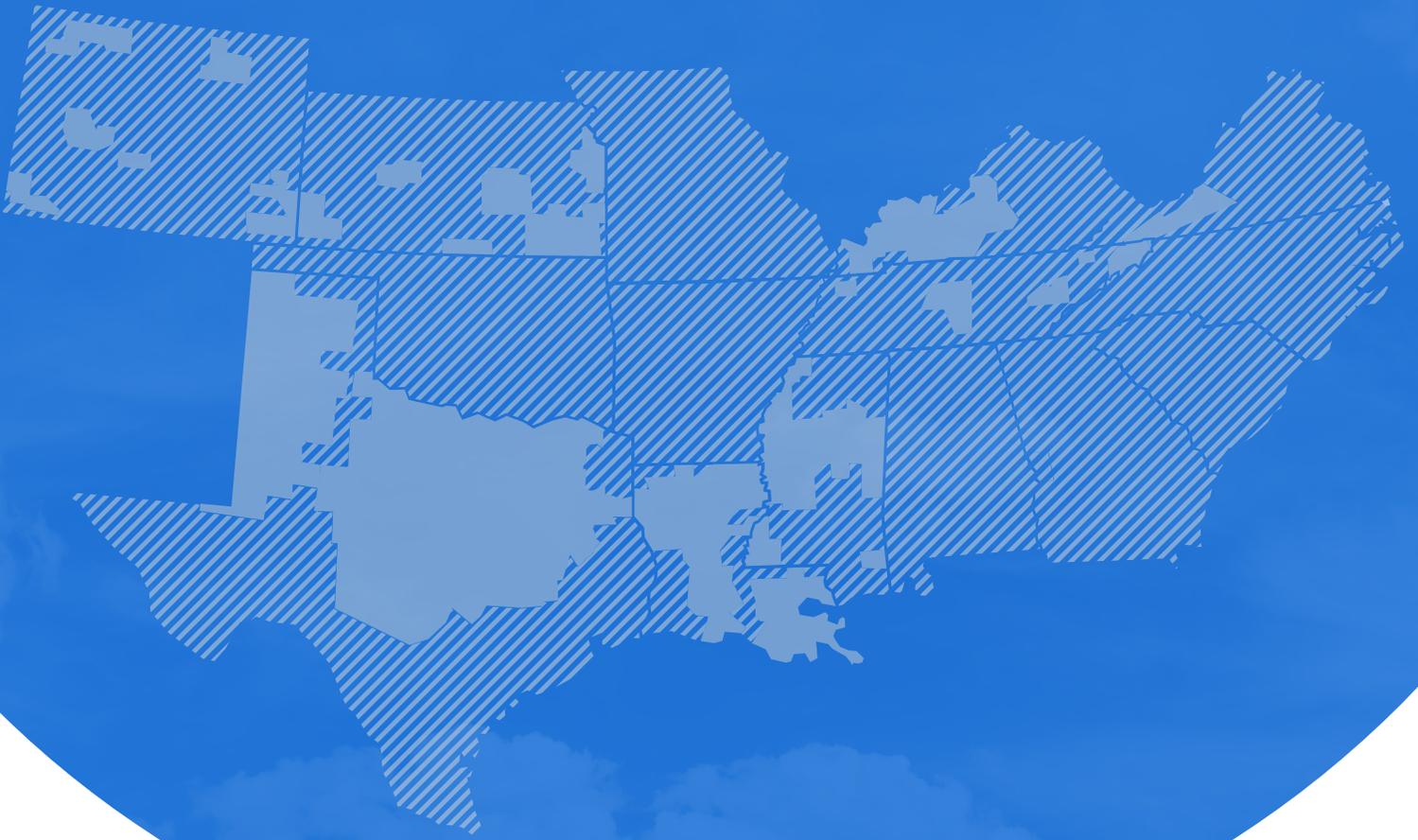


# Fueling Our Energy Future



## Executive Summary

CORPORATE RESPONSIBILITY AND  
SUSTAINABILITY REPORT 2022



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# Message From the CEO

## Letter to Our Stakeholders

Our journey continues to be guided by AtmoSpirit and its five principles: **Inspire Trust, Be at Your Best, Bring Out the Best in Others, Make a Difference, and Focus on the Future.** They are the foundation for our enduring success as we safely and reliably provide natural gas service to more than 3 million customers across 1,400 communities and eight states. Throughout our fiscal 2022 Corporate Responsibility and Sustainability Report, you will read about the accomplishments of the Atmos Energy team in various areas and see our commitment and dedication to serving our customers and communities safely and reliably in each update.

Our vision of being the safest provider of natural gas services fuels our proven investment strategy of modernizing our natural gas distribution, transmission, and storage systems. This strategy is integrated with our comprehensive environmental strategy focused on reducing our Scope 1, 2, and 3 emissions and the environmental impact from our operations. The Environmental and Operational Sustainability section of this report describes our comprehensive environmental strategy in detail and highlights our continued progress.

During fiscal 2022, we invested \$2.4 billion to modernize our system. We replaced 900 miles of distribution and transmission mains and 47,700 service lines, completed the installation of Gas Cloud Imaging capabilities at all Atmos Pipeline-Texas (APT) storage fields, began replacing our existing pneumatic devices with no-bleed or low-bleed devices and installed a natural gas-powered fuel cell that generates high efficiency, grid-independent electricity. This fuel cell provides another example of the pivotal role natural gas plays in a lower carbon future while also supporting the reliability and resiliency of our critical operations. These are just a few of the many accomplishments achieved in 2022.

In each of our eight states, the valued partnership we have with local Habitat for Humanity chapters provided the opportunity for Atmos Energy and community partners to build zero net energy (ZNE) homes for families in need. These ZNE homes have high-efficiency natural gas appliances, rooftop solar panels, and advanced insulation materials and are designed to produce more energy than they consume. In fiscal 2022, six families received new ZNE homes, and four more ZNE homes are scheduled for completion by the end of calendar year 2023. These homes are another example of the pivotal role natural gas plays in affordably reducing our customers' carbon footprint.

With programs that accelerate learning for all employees through a balance of virtual classroom training and hands-on experience, we empower our employees with the tools, training, and reinforcement to be successful and grow in their careers. In fiscal 2022, we delivered over 250,000 hours of training and reached a milestone of having delivered more than 2 million training hours at the Charles K. Vaughan training center since it opened in 2010.

Through our *Fueling Safe and Thriving Communities* initiatives in fiscal 2022, our dedicated employees supported schools and students by providing books, meals, and snacks, honored our community heroes, planted trees, and worked in community gardens. We also **Make a Difference** by volunteering close to 34,000 hours to support community endeavors and nonprofit organizations providing financial and volunteer resources to supply nearly 9 million meals through 300 local food banks and shelters. By working with community partners to host utility fairs and conduct energy assistance blitzes, our Atmos Energy teams assisted over 65,000 customers in receiving \$34 million of bill assistance through LIHEAP and our Sharing the Warmth program.

The vital role Atmos Energy and our employees play in every community is truly reflected in our actions as we live our AtmoSpirit principles: **Inspire Trust, Be at Your Best, Bring Out the Best in Others, Make a Difference, and Focus on the Future.**



**Kevin Akers**

President and Chief Executive Officer



# OVERVIEW

## About This Report

This report highlights our Environmental, Social, and Governance (ESG) strategy and commitments and the progress we have made. Although the information shared primarily covers our activities during fiscal year 2022, we've also included a few examples of our efforts from late 2021 and early 2023 to provide context on our progress and direction. Additionally, certain data points included in the report are measured on a calendar year basis and reflect information for calendar year 2022.

Atmos Energy supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has committed to work towards implementing these recommendations. Beginning in fiscal year 2021, we have been incorporating elements of this framework into our corporate responsibility reporting under the oversight of the Corporate Responsibility, Sustainability, & Safety Committee of our Board of Directors.

In fiscal year 2022, a team of senior leaders completed a materiality assessment with input from internal and external stakeholders to enhance our understanding of current and potential ESG impacts. In identifying material topics across our enterprise, the team focused on those that both align with our vision, principles, purpose, strategy, and geographic footprint and affect customers, employees, communities, regulatory agencies, and other stakeholders in the regions where we operate. This assessment will support the continued implementation of meaningful sustainability practices and reporting capabilities.

We have also aligned our reporting with the Sustainability Accounting Standards Board (SASB) and continue to report ESG metrics through the American Gas Association's ESG/Sustainability template and the Global Reporting Initiative (GRI) index.

# Our ESG Strategy: Fueling Our Energy Future

Atmos Energy Corporation, an S&P 500 company headquartered in Dallas, is the country's largest natural gas-only distributor. We safely deliver reliable, efficient, and abundant natural gas to more than 3 million distribution customers in over 1,400 communities across eight states. Atmos Energy manages proprietary pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas.

Our vision is for Atmos Energy to be the **Safest** provider of natural gas services. We will be recognized for **Exceptional Customer Service**, for being a **Great Employer**, and for achieving **Superior Financial Results**.

Our ESG strategy aligns with our vision of being the safest provider of natural gas services, with our culture founded on AtmoSpirit principles, and with our purpose and corporate strategy. This alignment means investing in safety, focusing on operational and environmental sustainability, hiring and training a diverse and engaged workforce, and Fueling Safe and Thriving Communities.



**CAUTIONARY STATEMENT** This material includes forward-looking statements. These statements can be identified because they use words such as “anticipate,” “believe,” “estimate,” “may,” “could,” “expect,” “forecast,” “target,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy,” or similar words. Similarly, statements that describe future plans or strategies and future emissions reductions are forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements. These risks and uncertainties include the following: federal, state, and local regulatory and political trends and decisions; increased federal regulatory oversight and potential penalties; possible increased federal, state, and local regulation of the safety of our operations; the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change; possible significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs; the impact of climate change; increased dependence on technology that may hinder the Company's business if such technologies fail; our ability to continue to access the credit and capital markets to execute our business strategy; the impact of adverse economic conditions on our customers; and other risk factors discussed under Part I, Item 1A, Risk Factors, and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Cautionary Statement for the Purposes of the Safe Harbor under the Private Securities Litigation Reform Act of 1995 in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, which should be read in conjunction with the forward-looking statements in this report. Atmos Energy undertakes no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events, or otherwise.

**MATERIALITY STATEMENT** Throughout this report, we report on issues material to our stakeholders in this context. It should not be confused with materiality for financial or regulatory purposes. Issues deemed material for the purposes of this report may not be considered material for SEC reporting purposes.



# EMPLOYEES

## Our Employees Fuel Our Business

AtmoSpirit is Atmos Energy's unique culture. Its principles are the beliefs and behaviors we embrace as a company, driving our actions at work, in our communities, and at home. Established more than 20 years ago, AtmoSpirit is based on five core principles.

From their first day of employment until their retirement, employees learn and live AtmoSpirit. When employees understand Atmos Energy's values and how they impact everything we do, it informs their decisions, actions, and attitudes.



**“At Atmos Energy, we treat each other like family, and that’s one of the things that I love about this company.”**

Colter C., Sr. Service Technician, Mid-Tex Division



“It’s amazing that you can actually just love to go to work, and it’s not a job. And I feel like that’s the difference in working at Atmos. It’s not just a job; you enjoy getting up and going to work every day.”

Stacey W., Service Technician 1, Mid-Tex Division

AtmoSpirit helps our employees understand the value of diverse life experiences and perspectives, recognize blind spots and biases, and appreciate that inclusive and diverse teams are essential to success.

Atmos Energy’s Culture Council sustains and strengthens AtmoSpirit. Comprised of employees from across the enterprise who best exemplify our values, the Culture Council convenes regularly to help monitor employees’ health, emotional well-being, and job satisfaction levels. The Culture Council periodically connects with employees and provides them with opportunities to share their personal experiences and opinions about working at Atmos Energy.

Each Atmos Energy field employee is equipped with a ‘Learning Path’ outlining the necessary training to excel in their role. This Learning Path incorporates technical

training that is function specific and health and safety training for every employee. New employees participate in Atmos Energy Essentials (AEE) training after joining the company. In the weeks following AEE, our classroom instructors deliver job-specific training virtually while experienced Field Mentors from across our operating divisions facilitate hands-on, in-person training.

The Charles K. Vaughan Center, Atmos Energy’s state-of-the-art training facility, hosts training and other events for employees, first responders, community officials, and school groups to promote natural gas safety.

In addition to in-house technical training, the **Robert W. Best Educational Assistance program** is available to all full-time employees upon hiring. The program provides up to \$5,250 in tax-free assistance (the current maximum amount allowable under IRS guidelines) annually for tuition, books, administration, transfer, and related expenses.



“Atmos Energy’s commitment to safety has been clear. I don’t think I’ve gone a day working here where we are not talking about safety. It’s pretty cool.”

Jon G., Service Technician 1, Colorado/Kansas Division



64%

of employees in our Educational Assistance program were minority and women in CY2022

116

Employees enrolled in courses with Educational Assistance in 2022

88%

Employees enrolled in 2022 working toward a degree

348

Employees enrolled in courses since 2018

## Diverse Leadership



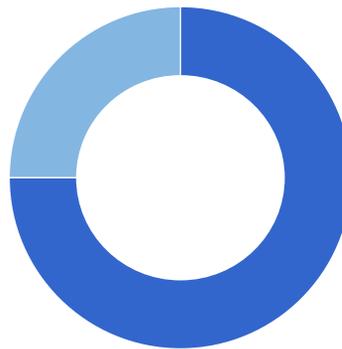
789 employees



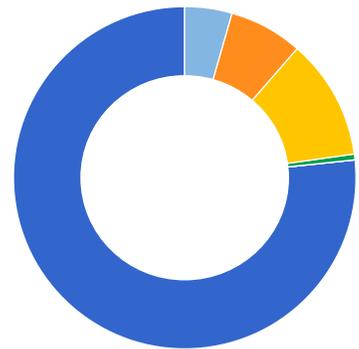
23% women



36% minority



Men Women



White  
Asian  
Black or African American  
Hispanic or Latinx  
Native American or Alaska Native  
Two or More Races

## Atmos Energy is Committed to Veterans

We actively recruit transitioning military personnel for a wide range of career opportunities. During calendar year 2022, we employed 293 known veterans and active-duty military team members who impact all areas of our company, contributing their leadership, rigorous work ethic, talents, backgrounds, and experiences to help us be the safest provider of natural gas services.

Atmos Energy veterans are executives, engineers, service technicians, construction crew leads, accountants, customer service agents, marketing associates, public affairs managers, human resources team members,

instructional technology experts, workforce development creators, security specialists, and operational support team members. Atmos Energy partners with local veteran and military organizations and nonprofits that connect job-seeking veterans, active-duty military, and their spouses to Atmos Energy career opportunities. In addition, Atmos Energy team members serve as mentors in local veteran and military mentorship programs to support their transition to the civilian workforce, provide coaching on vital employment search techniques, and advise on military-to-civilian cultural differences.



“We partner with local organizations that share our appreciation of the military community to identify, recruit, and hire veteran and military candidates. Investing in our people is vital to our success and helps us best reflect and serve the communities where we live, work, and play.”

Matt Robbins, Senior Vice President of Human Resources

## Our Culture Enables Us to Overcome Challenges

In 2022, we witnessed Atmos Energy employees excel at managing risk and seize opportunities to utilize technology to continue their training while maintaining our collaborative culture and keeping our AtmoSpirit strong. Field Mentors regularly attend virtual training sessions to refresh their knowledge, skills, and understanding of AtmoSpirit. We strive to maintain small virtual class sizes to encourage close student-teacher relationships and enrich each student’s individual learning experience.



# SAFETY

## Safety Drives Everything We Do

### Pipeline Safety

Pipelines are the safest mode of energy transportation and are highly regulated by both federal and state requirements. Over the years, the landscape of the natural gas industry has changed substantially, with new technologies, evolving customer needs, and increasingly stringent safety regulations. These changes advance the safe transportation and delivery of natural gas to customers and communities. Atmos Energy’s holistic approach to safety includes focusing on our system’s long-term safety and reliability. In fiscal year 2022, we directed approximately 88 percent of our capital spending toward the continued modernization of the safety and reliability of our distribution, transmission, and storage systems.

### Operational Safety

Atmos Energy is responsible for operating over 79,000 miles of natural gas pipelines in more than 1,400 communities. There are many roles and responsibilities that contribute to operating efficiently, effectively, and reliably and many factors that all Atmos Energy employees consider when performing their jobs. However, none is as important as safety.

Category	Hours
Safety Huddles	85,503
Safety Training	9,108
<b>Total</b>	<b>94,611</b>

Our commitment to safety is rooted in AtmoSpirit principles. Our focus on Employee Safety, System Safety, and Public Safety drives our procedures, practices, training, oversight, and assurance activities.

Safety isn't just what we do, it is who we are.



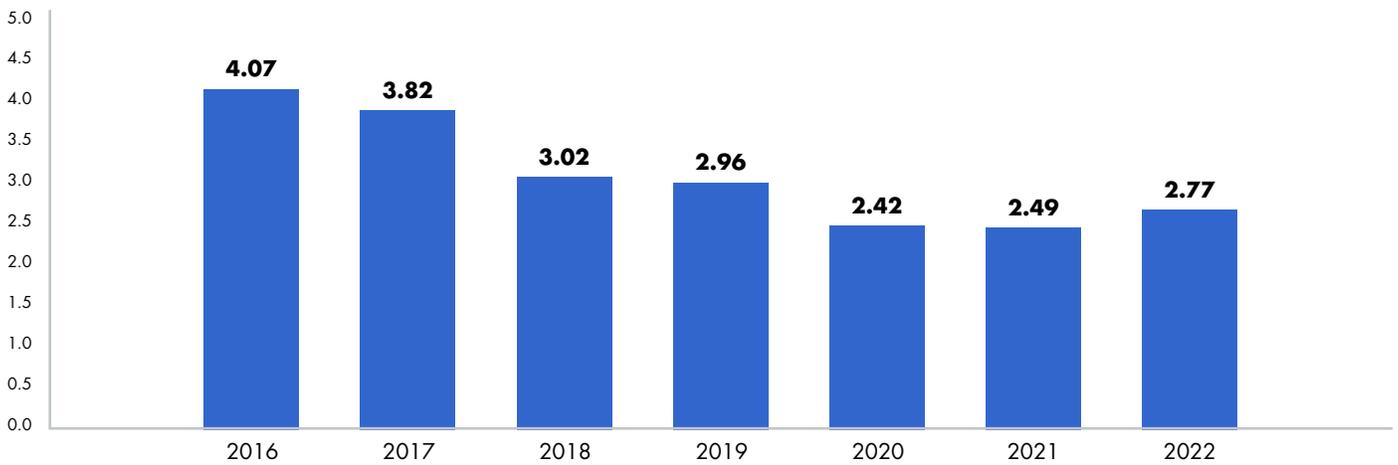
“In my more than 35 years at Atmos Energy, my position has changed, but my focus has always been on safety. I am inspired by the unwavering commitment of our employees to protecting their coworkers and their communities. It is a shared vision that unites us.”

John McDill, Senior Vice President of Utility Operations



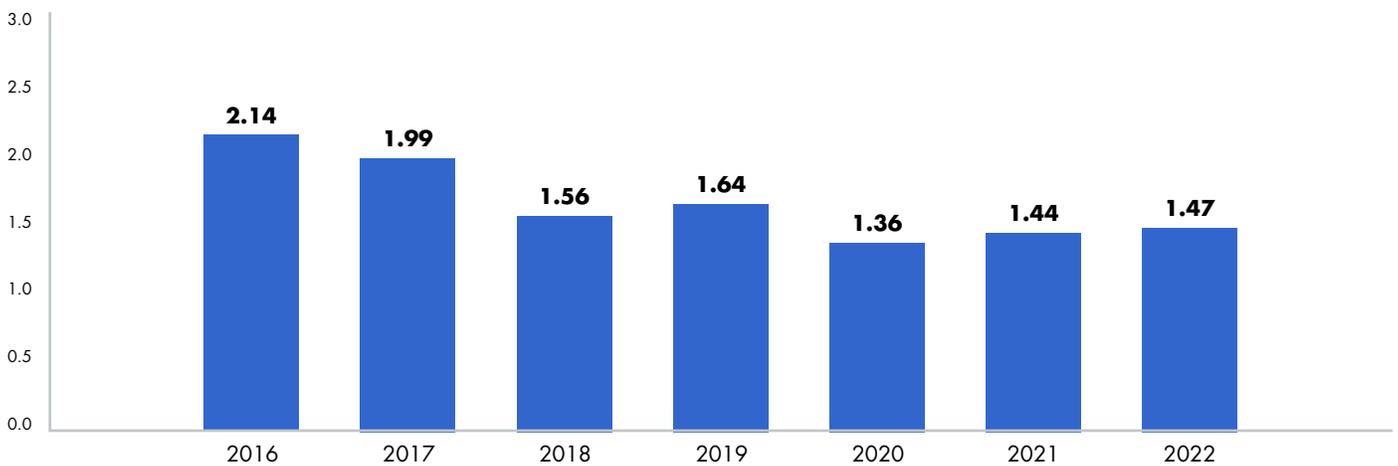
### Recordable Injury Rate (RIR)

(per 200,000 hours worked)



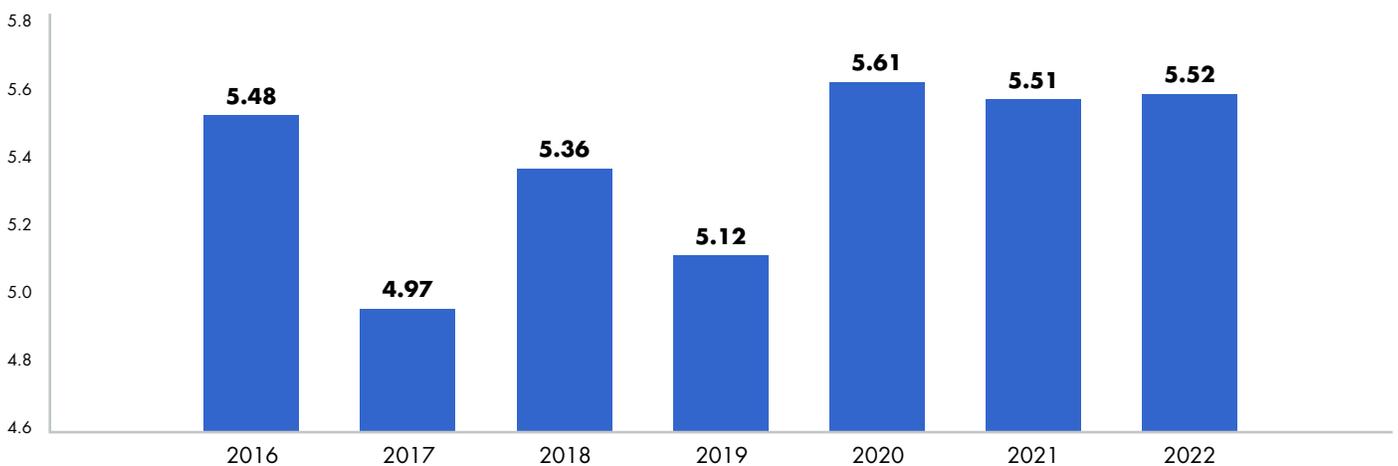
### Days Away/Restricted/Transfer Injury Rate (DART)

(per 200,000 hours worked)



### Reportable Motor Vehicle Collision Rate (RMVC)

(per 1,000,000 miles driven)





# ENVIRONMENTAL AND OPERATIONAL SUSTAINABILITY

## Focusing on Environmental and Operational Sustainability

### **Task Force on Climate-Related Financial Disclosures (TCFD)**

Atmos Energy supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has committed to work toward implementation.

Fiscal year 2022 was the second in a multi-year program to implement TCFD recommendations. This past year, a team of senior leaders completed a materiality assessment process with input from internal and external stakeholders to enhance our understanding of current and potential ESG impacts. In identifying material topics across our enterprise, the team focused on those that align with our vision, principles, purpose, strategy, and geographic footprint. We also prioritized topics affecting customers, employees, communities, regulatory agencies, and other stakeholders in our operating regions. This assessment will support the continued implementation of meaningful sustainability practices and reporting capabilities.

### **Comprehensive Environmental Strategy Supports a Lower Carbon Future**

Natural gas is essential for meeting the nation's energy demands and achieving a lower carbon economy to achieve our nation's climate goals. CO<sub>2</sub> emissions from residences using natural gas for space heating, water heating, cooking, and clothes drying are approximately 22 percent lower than those attributable to an all-electric home.<sup>[a]</sup>

Recognizing our continued role as a vital component of the country's long-term sustainable energy future, in fiscal year 2022, Atmos Energy continued to execute our comprehensive environmental strategy focused on reducing Scope 1, 2, and 3 emissions (as defined by the Greenhouse Gas Protocol) and other environmental impacts from our operations, fleet, facilities, gas supply, and customer end-use.

[a] <https://playbook.aga.org/environment>



“It’s great to work for a company that takes pride in reducing emissions to the atmosphere.”

Ken W., Engineer 2

## Greenhouse Gas Commitments and Progress

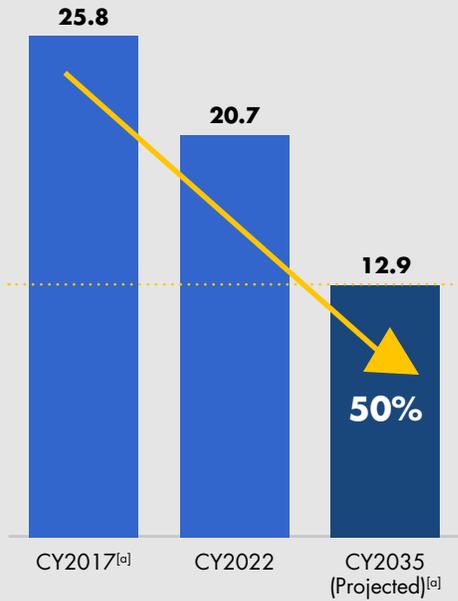
Atmos Energy’s comprehensive environmental strategy focuses on reducing Scope 1, 2, and 3 emissions (as defined by the Greenhouse Gas Protocol) and other environmental impacts from our operations, fleet, facilities, gas supply, and customer end-use. We are implementing operating practices and solutions to reduce carbon from our operations through:

- Ongoing system modernization work
- Reducing third-party damage to our system
- Improving monitoring and measuring of methane emissions

- Evaluating and implementing innovative technologies
- Investing in research and development
- Collaborating with our legislators, regulators, customers, and suppliers

Several factors influence our annual GHG emissions totals, including the expansion of our distribution system, fluctuations in customer end use, and our ongoing system modernization efforts. The general increase in our total reported emissions since 2016 is mainly due to customer growth and system expansion to meet rising customer demand.





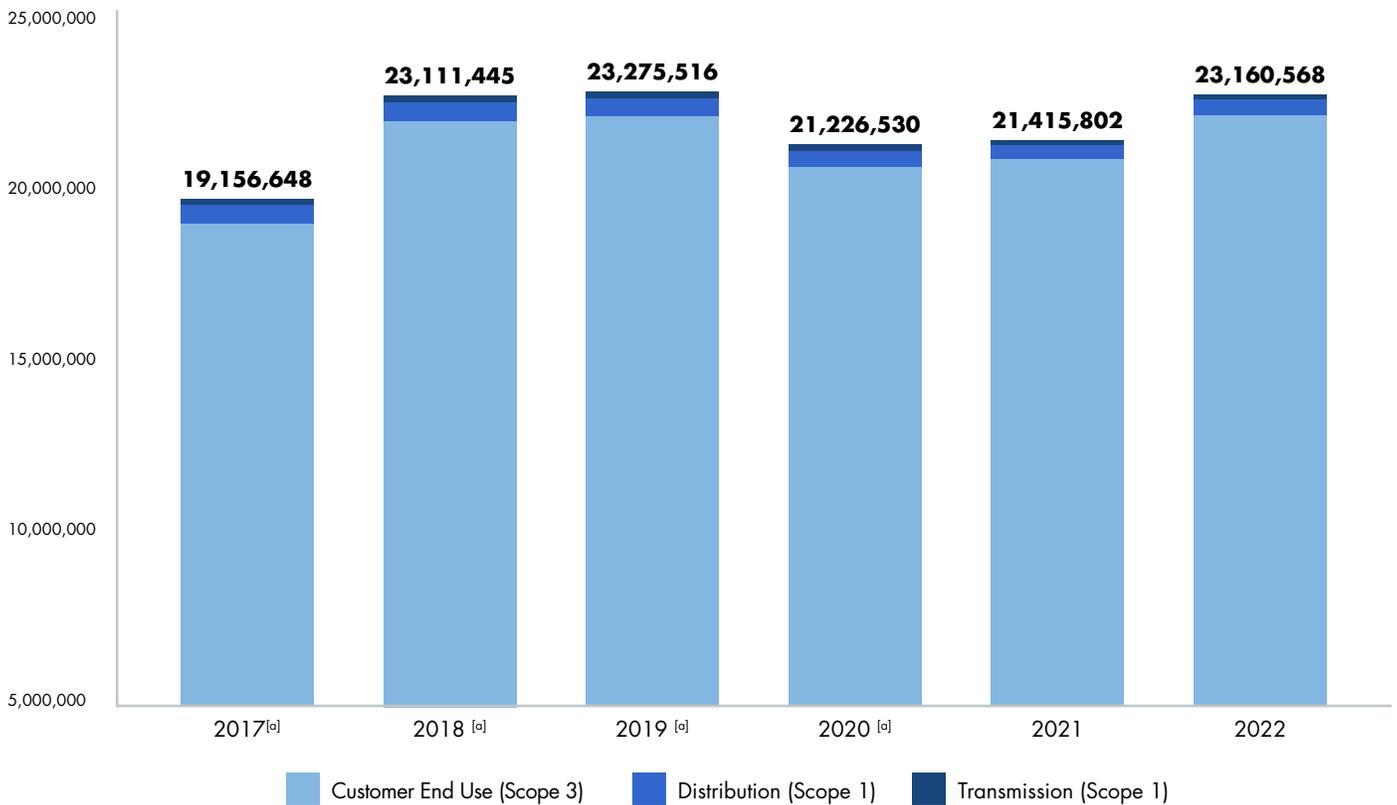
### Reducing LDC Methane Emissions From Mains and Services by 50% From 2017 to 2035

Atmos Energy is working towards a goal to reduce methane emissions from its natural gas distribution system mains and services by 50% from 2017 to 2035, as reported to the EPA in accordance with 40 CFR 98 Subpart W. This goal reflects the environmental benefit associated with system modernization efforts through the replacement of higher emitting pipeline materials with lower emitting pipe materials. As of calendar year end (CYE) 2022, we have achieved an approximate 20% reduction from CY2017<sup>[a]</sup>.

[a] Restated to reflect supplemental pipe material and emissions inventory reports submitted to DOT PHMSA and EPA for the Colorado and Texas distribution systems.

estimated methane emissions, thousand metric tons

### Total Estimated EPA-Reportable GHG Emissions (MT CO<sub>2</sub>e)



[a] Restated to reflect supplemental pipe material and emissions inventory reports submitted to DOT PHMSA and EPA for the Colorado and Texas distribution systems.



Atmos Energy partnered with Lubbock Habitat for Humanity to construct three Zero Net Energy homes during a 12-day Blitz Build that began on Labor Day weekend. This one-of-a-kind homebuilding event was made possible by hundreds of volunteers including more than 50 Atmos Energy employees.

### Achieving Zero Net Energy with Natural Gas

Zero Net Energy (ZNE) homes are designed to produce as much energy as they consume at an affordable cost to the homeowner, through the use of high-efficiency Energy Star natural gas appliances, rooftop solar panels, and high-performance building materials. In fiscal year 2021, we completed our first ZNE home project in Colorado. The momentum from that exciting project continued in fiscal year 2022, with the completion of six new ZNE homes in Texas, Mississippi, and Kentucky.

These ZNE projects are part of a 20-year partnership with Habitat for Humanity to provide affordable, energy-efficient housing. The families that received

these homes now enjoy energy-efficient homes with the value and comfort of natural gas, significantly reduced greenhouse gas emissions, and more affordable energy bills.

In addition to the eight completed ZNE homes across our service footprint, four homes are in the design or construction phase in Kansas, Louisiana, Tennessee, and Virginia, further demonstrating the important role of natural gas in our lower carbon energy future while showcasing our commitment to Fueling Safe and Thriving Communities.



“Our partnership with Habitat for Humanity to design and build these homes has been particularly gratifying because it demonstrates that zero net energy is achievable with natural gas—in real homes that are benefiting real homeowners.”

Darwin Stamport, Vice President of Marketing, Mid-Tex Division



# COMMUNITY

## Fueling Safe and Thriving Communities

At Atmos Energy, we weave our passion for giving back to the communities we serve throughout our culture. In fiscal year 2022, our employees volunteered close to 34,000 hours to support community endeavors and nonprofit organizations. Through our *Fueling Safe and Thriving Communities* program, we donated more than \$16 million to support approximately 1,200 organizations in the places where we live, work, and serve. Last year Atmos Energy helped more than 65,000 households again access to \$34 million through a combination of the federally funded Low Income Home Energy Assistance Program (LIHEAP) and our *Sharing the Warmth* program which is funded by customer donations and Atmos Energy. Our Fueling Safe and Thriving Communities program focuses on three essential pillars:

Fueling bright minds and healthy futures for our kids.

Fueling hope and growth for our neighbors.

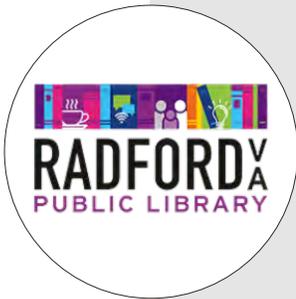
Fueling honor and thanks for our community heroes.

## Community partner feedback



“For more than a decade, Atmos Energy has been quick to volunteer, whether that be for fundraising events or special events on school campuses. Atmos Energy has contributed annually to our ‘Stay in School’ banquet and increased their donation during the COVID pandemic to support students and families suffering from food insecurity. Their support has helped 11,975 students with access to food throughout the school year, saving them from the detrimental impact of ongoing hunger and food instability.”

Ann Pape Wilson, CISNT Chief Executive Officer



“Our library is more than a general center of reliable information; we strive to promote an enlightened citizenship and enrich our communities’ lives. Atmos Energy’s generosity has supported innovative events and the continued exposure to educational opportunities for hundreds of students of all ages.”

Elizabeth Sensabaugh, Director of the Radford Public Library



“It is hard to express the joy and satisfaction we experience at Brighter Outlook when individuals with no hope or options for help come to us, and because of Sharing the Warmth, we can say ‘Yes!’ It is enormously rewarding, and we want to say thank you so much for helping us to give a Brighter Outlook to so many.”

Reverend Bruce D. Datcher, Brighter Outlook CEO



# GOVERNANCE

## Board of Directors and Company Leadership

### Board of Directors

Atmos Energy's Board structure is designed to provide independent oversight of corporate management and key issues related to strategy and risk. Our lead director is independent, and independent directors chair all standing Board committees. Additionally, independent directors regularly hold executive sessions outside the presence of the chairman, the president, and CEO, or any other company employee. Directors serve one-year terms upon election and are reelected to subsequent one-year terms by a shareholder vote at the annual shareholders meeting.

The Nominating and Corporate Governance Committee oversees the company's governance-related matters. It considers and makes recommendations to the Board regarding the nominees to be submitted to the company's shareholders for election at each annual meeting and suitable candidates to fill any vacancies occurring on the Board, to achieve and maintain balance and diversity on the Board with respect to race, sex, age, geographical location, knowledge, skills, expertise, business experience, and other appropriate measures. We also strive to maintain the right balance of tenure across our Board to bring both historical knowledge and fresh perspectives to our governance approach. Our Board has a balanced mix of new and experienced members, helping to provide a diverse range of viewpoints and backgrounds.

Years Serving	Independent	Diversity	Public Co Leadership	Public Co BOD	Industry Experience	Safety	Regulatory/Policy	Strategy/M&A	Finance/Accounting
J. Kevin Akers									
3			●		●	●	●	●	
John C. Ale									
1	●		●		●	●	●	●	●
Kim R. Cocklin									
13			●	●	●	●	●	●	
Kelly H. Compton									
6	●	●							●
Sean Donohue									
4	●					●	●		
Rafael G. Garza									
6	●	●						●	●
Richard K. Gordon									
21	●				●			●	●
Nancy K. Quinn									
18	●	●		●	●			●	●
Richard A. Sampson									
10	●							●	●
Diana J. Walters									
4	●	●	●	●	●			●	●
Frank Yoho									
2	●		●		●	●	●	●	●
<b>Percent of Board</b>									
—	82%	36%	45%	27%	64%	45%	45%	82%	73%

### Board Practices

Independent lead director

Separation of Board chair and CEO

9 of 11 directors are independent

Annual election of all directors

Regular executive sessions of independent directors

Comprehensive and strategic risk oversight

Annual Board and committee evaluations

### Shareholder Matters

Robust shareholder engagement

Annual say-on-pay voting

Majority voting for director elections

No poison pill defense

### Board Committees

Audit Committee

Corporate Responsibility, Sustainability, and Safety Committee

Human Resources Committee

Nominating and Corporate Governance Committee

Executive Committee

### Other Governance Practices

Executive and director stock ownership guidelines

Clawback policy

Prohibition on hedging or pledging stock

For more information on our governance practices, visit the [Governance Documents](#) section.



“Atmos Energy’s commitment to ethical business practices extends beyond regulatory compliance. It drives the way we operate and informs how we treat employees, customers, and the public.”

Chris Forsythe, Senior Vice President and Chief Financial Officer

## Atmos Energy Senior Leadership Committees

The Management Committee is comprised of five senior leaders responsible for the execution of company strategy as approved by the Board. The committee meets regularly to actively monitor safety, operational, and financial performance and oversees compliance with policies, procedures, and ethical business practices.

The Risk Management and Compliance Committee (RMCC) is comprised of members from the senior leadership team. This committee, overseen by the Management Committee, is charged with oversight of enterprise-wide risk management across all categories, including safety, security, cybersecurity, and ESG risks. The RMCC also has oversight of the Quality Assurance and Management of Change processes.



“Atmos Energy’s governance is guided by AtmoSpirit principles. These principles provide a strong foundation that supports our work to continually improve and realize our vision of being the safest provider of natural gas services. Our goals and values are communicated throughout the company to provide a clear focus on increasing the effectiveness of our processes and practices.”

Karen Hartsfield, Senior Vice President, General Counsel & Corporate Secretary



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