

Climate-Related Disclosures (IFRS 2)

Overview

In 2017, the Task Force on Climate-related Financial Disclosures (“TCFD”) published 11 disclosure recommendations to help companies evaluate climate-related risks and opportunities more effectively and give investors insights into how companies are addressing them. The recommendations are structured around four key areas: governance, strategy, risk management, and metrics and targets.

Toward the end of 2023, the International Sustainability Standards Board (“ISSB”) published the International Financial Reporting Standards (“IFRS”) S1 general sustainability-related disclosures and S2 climate-related disclosures to establish a global baseline of sustainability-related disclosures that meet the information needs of investors and enable companies to provide comprehensive and decision-useful sustainability information to global capital markets. The ISSB also encouraged the streamlining of existing sustainability standards and, to this end, adopted the TCFD recommendations. IFRS S2 is structured around the same four key areas of the TCFD but includes enhanced disclosure requirements.

While the IFRS S1 and S2 standards are voluntary, the Company continues to assess how it incorporates climate considerations into aspects of its governance, strategy, risk management, measurement, and target setting.

Our Recent Progress

In 2022, we worked to identify gaps and opportunities to improve how we identify, measure, manage and report on climate-related risks and opportunities throughout the business. Following this assessment, we published our first set of climate-related disclosures informed by the TCFD recommendations.

More recently, in 2024, we partnered with a third party to conduct a climate risk and opportunity assessment to lay the foundation for alignment with regulations, and to integrate climate risk into the Company’s long-term strategy and improve our climate-related (S2) disclosures. This climate risk and opportunity assessment involved engaging with stakeholders across Southwest Gas.

This section reflects our present state and anticipated next steps.¹

Governance

Southwest Gas Holdings’ Board of Directors (the “Board”) is responsible for reviewing and overseeing the Company’s internal risk management processes and policies to ensure it effectively manages climate-related risks and opportunities throughout its business segments.

Board Oversight

The Board delegates certain oversight responsibilities to its standing committees, which provide reports to the full Board on key matters.

The Board’s Nominating and Corporate Governance Committee oversees the Company’s policies and performance on ESG matters, including GHG emissions and broader efforts. The Audit Committee regularly reviews material risks to the Company, with the full Board responsible for reviewing enterprise risk exposure and management. These include climate-related events that may threaten infrastructure or our ability to deliver critical energy services to our customers. The Compensation Committee reviews and approves executive compensation, including performance targets that align with set safety and other targets.

Details about our Board’s role in decision-making and management of risks and controls can be found on page 17.

Management Responsibilities

The Company’s management team manages day-to-day climate-related risks and opportunities. An ESG Working Group brings together representatives from Southwest Gas to identify ESG-related goals and activities and presents them to the ESG Committee, composed of Southwest Gas officers, for evaluation and inclusion into companywide strategies. In 2024, the ESG Working Group membership transitioned to subject matter experts solely from Southwest Gas, as the separation of Centuri from Southwest Gas Holdings continued. The Company continually assesses its role and opportunities in the energy sector and other strategic, value-creating directives.

More details about management’s role in ESG governance are included in the ESG Governance section, beginning on page 17.

In addition to regularly engaging with stakeholders and reviewing federal and state regulations, guidelines and legislation to identify opportunities and risks, Southwest Gas has conducted ESG materiality and initial climate risk assessments.

Southwest Gas’ first formal materiality assessment was conducted in 2023 to better understand the ESG matters of most importance to its business and stakeholders (we describe this assessment in more detail on page 13). The review included a discussion of the physical, transition and reputational risks that may impact our operations. These insights were later applied to a climate risk assessment in 2024. Findings from this materiality assessment are informing our approach and are helping us address climate-related risks and disclosures, including updates to our future climate risk assessments, which will be carried out to meet jurisdictional disclosure requirements. For more information on climate-related risks, please see Item 1A. Risk Factors (pages 14–23) in our 2025 Annual Report on Form 10-K.

¹ Consistent with the California Air Resource Board’s September 2025 Climate Related Financial Risk Disclosures Draft Checklist, the IFRS S2 reporting framework has been partially applied.



Strategy

We recognize the importance of integrating climate considerations across the business. Southwest Gas’ current climate action efforts include reducing GHG emissions from fleet and building facilities, advancing clean energy technologies, making low- to zero-carbon energy options available to customers, investing in pipeline integrity and reliability, and helping build more resilient communities.

We also helped customers progress toward their climate goals as a catalyst for the delivery of renewable natural gas through interconnect projects and the evaluation of other low-carbon energy sources such as hydrogen. We describe these efforts in the Empowering Customers with Diverse, Low-Carbon Energy Solutions section, beginning on page 29.

Resilience Under Climate Scenarios

A scenario analysis is a strategic resilience planning tool used to examine how an organization might perform under various hypothetical futures as the global economy evolves. By incorporating climate change considerations into our business planning processes, we can help our business and the communities we serve build climate resilience.

In 2024, Southwest Gas Corporation initiated its first high-level analysis. This climate risk assessment was conducted using low-resolution modeling and public data sets. This assessment did not incorporate specific community or company mitigation efforts related to addressing the identified risks. Examples of mitigating factors excluded from the assessment are fire barriers or containment systems, brush clearing, floodwalls, channel modifications, land use planning and zoning, personnel training and others. The Company looks forward to incorporating higher-resolution data, current and future mitigation efforts, and personnel training to address risks and opportunities associated with various climate scenarios in the future.

Risks and Opportunities

Physical Risks

Physical risks are event-driven (acute), such as increased severity of extreme weather events, or longer-term shifts (chronic) in climate patterns.

Our recent TCFD-aligned climate risk assessment assessed four climate hazards or physical risks based on their ability to damage critical above-ground assets or disrupt gas operations. The analysis used publicly available data to assess potential future impacts under high-carbon (SSP5-8.5), medium-carbon (SSP2-4.5) and low-carbon (SSP1-2.6) scenarios across short- (2030), medium- (2040) and long-term (2050) time horizons. Critical assets assessed for impacts from the climate hazards included city gates, pressure stations, tap sites, and liquefied natural gas (“LNG”) plants.

The four climate hazards were:

- 1. **Extreme heat:** Days per year where maximum temperatures exceed 95°F.
- 2. **Floods:** Flooding depth with an average 1% probability of occurring or exceeding in any given year. Only river-based flooding was considered in the model.
- 3. **Wind:** Annual average of daily mean wind speeds measured 80–100 m above ground with an estimated threshold of at-risk assets over 60 km/hour.
- 4. **Wildfire:** International index to estimate fuel moisture and wind effects on fire intensity and spread. It evaluates conditions that increase the danger of wildfires, such as the impact of moisture and wind on wildfire intensity and spread over a Fire Weather Index (“FWI”) of 10.

Potential Impacts of Physical Risks

Extreme heat: All Southwest Gas critical assets throughout its operational service territory are in areas of high risk due to extreme heat, with 76% of assets projected to exceed high exposure (>40 days) by 2050. Four assets are expected to experience more than 110 days per year of dangerously high temperatures over 95°F. While most of Southwest Gas’ above-ground infrastructure is built to withstand temperatures exceeding 120–130°F, temperatures above 95°F can adversely affect the health and well-being of field workers and on-site staff.

Floods and winds: Under the scenarios conducted, all but one of the assets evaluated were rated at low exposure for floods and winds across short-, medium- and long-term timeframes.

Wildfires: Under the scenarios conducted, without the consideration of mitigation factors, by 2050, the Company’s asset exposure to wildfires is forecasted to pose a high risk to Southwest Gas operations as critical assets assessed will be in areas of high exposure (>30 FWI). However, since all assets are at risk based on wildfire hazard, we may consider further assessment of wildfire risk by incorporating data on land cover, potential ignition sources, and local fire mitigations in place.

The analysis showed potential hotspots through these scenarios within the timeframe evaluated. Based on these initial results, no material impacts to strategy and financial planning were identified. Through this first analysis, our mitigative strategy is to take a deeper dive into these regional and local hotspots and identify where risk mitigation measures are already in place, such as vegetation plans, redundancies, governance structures and others identified previously in this section. Once this is completed, we will be in a position to evaluate measures to reduce and adapt to climate-related financial risks and to disclose those measures once adopted.

Transition Risks

Transition risks refer to the potential challenges associated with moving toward a lower-carbon economy (e.g., policy, legal, technological and market changes).

Three transition risks that Southwest Gas anticipates encountering in a low-carbon scenario through 2050 include changing customer demand for natural gas, responding to energy system transformation as it impacts business, and strengthening regulations around emissions with considerations at the state and federal levels. Each of these identified risks carries varying business impacts, including loss of customers, increased costs and compliance burdens. The Company describes mitigating factors for these transition risks on pages 23–33.

Opportunities

Through the climate risk assessment, Southwest Gas identified new markets and investment opportunities that reduce and adapt to transition risks and could positively influence financial performance. The top opportunity identified was:

Expanding RNG, LNG and hydrogen energy markets: Investments in more sustainable service offerings could enhance Southwest Gas’ ability to serve harder-to-electrify market segments seeking low-impact, market-ready energy solutions to meet decarbonization goals. Expanding market share through increased investment and research, development and demonstration may position Southwest Gas favorably for business growth opportunities, higher revenues, and greater appeal to investors and stakeholders when considering long-term projections.

Southwest Gas is committed to working with all stakeholders to ensure customers have access to affordable, diverse, low-carbon energy solutions. For more information, see pages 29–33.

Risk Management

We are committed to better understanding and mitigating the short-, medium- and long-term risks that climate change presents to our business and the communities where we operate.

Identification and Monitoring

The ERM process identifies, evaluates and monitors risks across the organization, providing management with information that supports risk-informed decision-making.

We continue to monitor regulatory developments, including potential emissions accounting, and identify opportunities such as emissions reduction incentive programs. We will also continue to evaluate how best to align climate-related risk identification with our broader ERM process.

Management

Once risks are identified, our ERM process assigns the responsibility for managing each risk to an executive-level risk owner. After determining the most appropriate way to categorize our climate-related risks, we manage the risks and opportunities to maximize value for our stakeholders.

We will continue to enhance our disclosures around risk management, including any relevant measures and targets that support the overall risk management framework and other key business planning processes.

For more information on how we mitigate impacts to our operating margin from variations in customer usage associated with abnormal weather conditions, see Rate Design Risk (page 45) in our 2025 Annual Report on Form 10-K.

Metrics and Targets

Greenhouse Gas Measurements

Southwest Gas discloses Scope 1 and 2 GHG emissions and fugitive methane emissions related to its fleet and facilities as part of its efforts to measure and monitor its emissions performance.

To ensure data accuracy in its GHG emissions reporting and disclosures, Southwest Gas engages a third party to verify that its processes for determining its Scope 1 and Scope 2 emissions inventory follow industry-accepted protocols (e.g., The Climate Registry’s protocols and ISO 14064-3:2019 guidance). The third party also ensures that the data, collection process and reporting meet reasonable assurance.

Southwest Gas also participates in voluntary disclosures with The Climate Registry and the AGA. Additional information is available on page 26, pages 66–67, and our website.

Climate-Related Targets

Southwest Gas has previously announced commitments to reduce aspects of its Scope 1 and 2 GHG emissions from its fleet and building facilities. Southwest Gas’ goal is a 20% reduction by 2025 (2015 base year) from its fleet and building facilities.

We discuss these commitments in more detail in the Managing and Mitigating Greenhouse Gas Emissions section, beginning on page 26.

