



People, priorities and performance

Corporate Responsibility Report | 2015



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Employees of Southern California Gas Company,
one of Sempra Energy's businesses.

Letter from our chairman and CEO

At Sempra Energy, we work to deliver robust growth within our three primary platforms – U.S. utilities; international utilities; and long-term-contracted energy infrastructure (including liquefied natural gas [LNG], pipelines and renewable energy).

Our performance over the long term is influenced by the people who have a stake in our business – and their priorities, including:

- Our 32 million customers, who want clean, safe, reliable and affordable energy.
- Our 17,000 employees, who seek a work environment with the opportunity for growth and professional development.
- Our shareholders, who expect excellence in our operations, risk management and financial results.

We continue to meet the needs of these key stakeholders by remaining true to our core strengths: keeping safety as the top priority throughout our operations; maintaining reliable, excellent customer service; executing on a sound growth strategy; and living our core values with high ethical standards.

Carrying out these activities is at the very heart of our corporate responsibility. Yet we can and do face challenges.

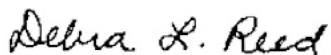
In late October 2015, a natural gas leak was discovered at the Southern California Gas Company's Aliso Canyon natural gas storage facility outside Los Angeles. SoCalGas stopped the leak in February 2016 and continues to work with regulators, public officials and the local community to mitigate the leak's impacts and to work to safely bring the facility back online. We recognize the disruption the leak caused to the community surrounding the Aliso Canyon facility. And we remain committed to operating our businesses and serving our stakeholders in a responsible and responsive manner.

As I look to the future, I see an abundance of opportunity for our company, with potential expansion of our LNG facilities, new natural gas and electric transmission infrastructure in Mexico and South America, and organic growth in our U.S. and international utilities.

I am confident we will succeed, in large part because we recognize the interconnectedness of our people, priorities and performance.

Thank you for your interest in our company. We welcome your ideas on how we can continue to improve.

Sincerely,



Debra L. Reed
Chairman and CEO



"I am confident we will succeed, in large part because we recognize the interconnectedness of our people, priorities and performance."

Our business



On average, consumers are using less energy in 2015 than in previous years.

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At Sempra Energy®, our objective is to increase shareholder value by developing and operating long-term-contracted energy infrastructure assets and regulated utilities in a safe and reliable manner.

Year in review

In 2015, Sempra Energy met key objectives while achieving earnings of \$1.35 billion on revenues of \$10.2 billion.

Sempra Energy subsidiaries made progress on expanding natural gas liquefaction capabilities. Cameron LNG, Sempra Energy's liquefaction joint venture project, requested authorization from the Federal Energy Regulatory Commission (FERC) to construct and operate two additional liquefaction trains (LNG purification and liquefaction facilities), which would bring the total to five (three are already under construction) if the company is able to successfully contract the proposed facilities, obtain necessary approvals, obtain necessary financing, and reach a final investment decision with its partners, among other things. (Authorization was received in May 2016.) Sempra LNG & Midstream (part of our Sempra U.S. Gas & Power subsidiary) and IEnova (Sempra Energy's subsidiary in Mexico) entered into a project development agreement with a subsidiary of PEMEX, Mexico's state-owned petroleum company, to explore the development of a potential natural gas liquefaction project at the Energía Costa Azul regasification terminal facility

in Mexico. Sempra LNG & Midstream signed a memorandum of understanding with Woodside Petroleum, an Australian petroleum exploration and production company, for the proposed development of a natural gas liquefaction facility in Port Arthur, Texas. A project development agreement was signed in February 2016. These projects build on our expertise in LNG permitting and operations – and position us to meet anticipated international demand for LNG in 2020 and beyond. Development of these LNG projects is subject to a number of risks and uncertainties. See “Risk Factors” in our most recent Annual Report on Form 10-K.

In Mexico, the Energía Sierra Juárez wind farm, a joint venture between IEnova and Interger, began commercial operation. The facility delivers 155 megawatts of power to the U.S. via a cross-border transmission line. IEnova began construction on the Guaymas - El Oro pipeline in Sonora; the Ojinaga - El Encino pipeline in Chihuahua; and the San Ysidro - Samalayuca pipeline in Chihuahua. IEnova also announced its intention to acquire PEMEX's 50-percent interest in the Gasoductos de Chihuahua joint venture, and is working to structure the transaction to meet regulatory requirements.

In South America, Sempra International utility Luz del Sur began commercial operation of its 100-megawatt Santa Teresa hydroelectric plant in the Cusco region of Peru. The facility will help power 235,000 homes. Chilquinta Energía brought a new 100-mile electric transmission line into service ahead of schedule in northern Chile. The transmission project is one of three transmission lines the subsidiary was developing in 2015.

By year-end 2016, Sempra U.S. Gas & Power's goal is to be operating, along with partners, 1,235 megawatts of wind and 1,062 megawatts of solar, for a total of nearly 2,300 megawatts of renewable energy.

Sempra U.S. Gas & Power's year was full of milestones. The subsidiary sold its remaining stake in the Mesquite natural gas-fired power plant near Phoenix, Ariz.; acquired the 78-megawatt Black Oak Getty wind project in Minnesota; and announced the completion of its largest solar energy project to date, the jointly owned 250-megawatt Copper Mountain Solar 3 project in Boulder City, Nev. The company also started construction on two expansion phases of its Mesquite Solar complex in Arlington, Ariz.: a 100-megawatt expansion (Mesquite Solar 2) and a 150-megawatt expansion (Mesquite Solar 3); as well as a 94-megawatt expansion of its Copper Mountain Solar complex (Copper Mountain Solar 4). By year-end 2016, Sempra U.S. Gas & Power's goal is to be operating, along with partners, 1,235 megawatts of wind and

In Mexico, the Energía Sierra Juárez wind farm delivers **155 megawatts** of power to the U.S. via a cross-border transmission line.



Sempra U.S. Gas & Power's jointly-owned Copper Mountain Solar 2, in Boulder City, Nev.

SDG&E® completed its ECO substation, a **\$435 million** project designed to enhance electric reliability and facilitate the delivery of renewable energy to SDG&E customers.

1,062 megawatts of solar, for a total of nearly 2,300 megawatts of renewable energy.

Our SoCalGas® subsidiary launched the first power-to-gas pilot project in the United States in collaboration with the U.S. Department of Energy. The utility also continued to develop natural gas transportation infrastructure, launching a compressed natural gas (CNG) fueling station in Monterey Park, Calif., and introducing a program that provides free, short-term rentals of CNG-powered truck tractors to fleet operators.

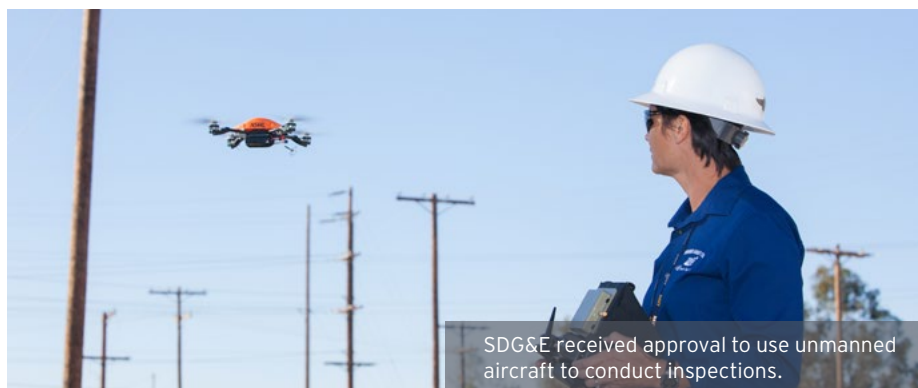
In September 2015, SoCalGas submitted several settlements executed with parties in its General Rate Case, which was originally submitted in 2014, to the California Public Utilities Commission (CPUC) for approval. SoCalGas sought a revenue level sufficient to operate its business for 2016-2018, including its gas distribution, transmission and storage operations. SoCalGas also sought approval for projects to enhance system safety and reliability. For instance, SoCalGas submitted a proposal to the CPUC creating a "Storage Integrity Management Program" to provide an enhanced integrity assessment of its storage fields, to join its existing Transmission and Distribution Integrity Management programs. Although the program has yet to be approved, SoCalGas proceeded with a pilot of the program and is now in the early stages of full implementation. SDG&E and SoCalGas also asked the CPUC for a Certificate of Public Convenience and Necessity to install a new 36-inch, 47-mile natural gas transmission pipeline from southern Orange County to central San Diego County. If approved, the approximately \$633 million project will improve reliability while also enabling SDG&E to convert an older natural gas transmission pipeline to lower-pressure distribution use.

In October, SoCalGas discovered a leak at one of its injection and withdrawal wells at its Aliso Canyon natural gas storage facility, located in the northern part of the San Fernando Valley in Los Angeles County. The leak was sealed in February 2016, and the company has acknowledged the disruption it caused to nearby communities and the impact it had on the environment. A detailed description of the Aliso Canyon leak can be found in the "Environment" section of this report on [page 31](#).

SDG&E completed its ECO substation, a \$435 million project designed to enhance electric reliability and facilitate the delivery of renewable energy to SDG&E customers. During planned grid maintenance, SDG&E used a solar-powered microgrid to keep the power on in Borrego Springs, Calif. In another pilot project, SDG&E offered the aggregated energy from a group of storage systems and electric fleet vehicles to California's wholesale energy market.



Our utility businesses build, operate and maintain vast energy infrastructure to provide their customers with reliable service.



This set of assets responds to signals from the grid operator to reduce demand when electricity is scarce.

The Federal Aviation Administration gave SDG&E approval to use unmanned aircraft to conduct inspections, enabling the utility to respond to and locate the cause of power outages more quickly. The CPUC approved a new two-tiered rate structure that better aligns customers' power consumption with the utility cost to provide service. But the CPUC denied SDG&E's request to add a monthly grid access service fee. The CPUC also issued a proposed decision, finalized in January 2016, to continue its Net Energy Metering program, which allows owners of rooftop solar systems to receive a financial credit for power they generate and feed back to the utility's grid. Nearly

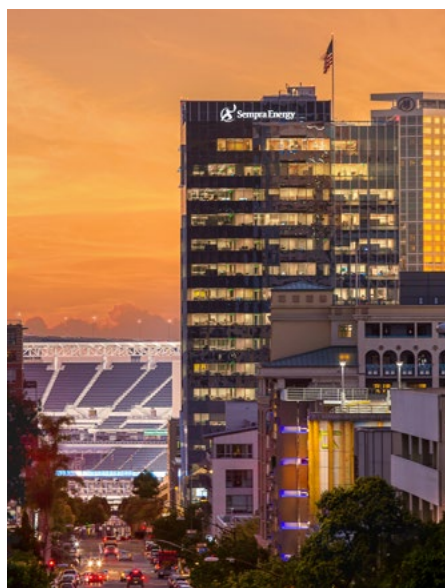
2015 By the numbers

Revenues (millions)	\$10,231
Earnings (millions)	\$1,349
Adjusted earnings (millions) ¹	\$1,308
Earnings per diluted share	\$5.37
Adjusted earnings per diluted share ¹	\$5.21
Total assets (millions)	\$41,450
Employees	17,000
Total generating capacity (megawatts) ²	2,957
Renewable capacity (megawatts)	1,046
Consumers served	32,000,000
Kilowatt-hour sales (millions of hours) ³	40,153
Total natural gas throughput (billion cubic feet)	1,073
Electric transmission and distribution lines (miles)	49,348
Natural gas pipelines (miles)	124,440
LNG re-gasification capacity (billion cubic feet/day)	2.5
Natural gas storage capacity (billion cubic feet)	179
Philanthropic contributions (in millions)	\$18.9

¹ Please see page A1 of the 2015 Annual Report for an explanation of these non-GAAP financial measures.

² Sempra Natural Gas sold one 625-megawatt block of its 1,250-megawatt Mesquite Power natural gas fired power plant in February 2013 and the remaining 625-megawatt block in April 2015. This number does include this facility.

³ Includes 50 percent of total power sold related to solar and wind projects in which Sempra Energy has 50-percent ownership.



Sempra Energy moved into a new 16-story headquarters building in downtown San Diego's thriving East Village neighborhood. The glass-and-steel structure is certified LEED-Gold and features access to natural light, full fitness facilities and sit-stand workstations.

85,000 customers have received approval to do this, as of April 1, 2016. SDG&E continues to express concern that the program impacts the electricity bills of customers who are unable to accommodate or afford rooftop solar.

The CPUC reopened review of the settlement resolving matters arising from the closing of the San Onofre Nuclear Generating Station. SDG&E is a 20-percent owner of the nuclear generating station, which was closed in 2012.

Regrettably, one employee and one contractor were fatally injured in separate incidents involving SDG&E projects. SDG&E and all our subsidiaries and suppliers continue efforts to improve workplace safety performance.

Sempra Energy released a set of policies and position statements describing its position on climate change, biodiversity, water, hydraulic fracturing and other issues. The company received multiple awards and honors, including Fortune's "World's Most Admired Companies" and the Human Rights Campaign Foundation's "Best Place to Work." Additional awards are listed on Sempra.com.

Sempra Energy moved into a new 16-story headquarters building in downtown San Diego's thriving East Village neighborhood. The glass-and-steel structure is certified LEED-Gold and features access to natural light, full fitness facilities and sit-stand workstations. Energy efficiency and operational savings make the new building cost-neutral.

Finally, the company completed its biannual employee engagement survey and shared results (see [page 49](#)) with employees across all its subsidiaries.

Consolidated data

Dollars in millions, except per-share amounts

	2013	2014	2015
Revenues	\$10,557	\$11,035	\$10,231
Earnings	\$1,001	\$1,161	\$1,349
Adjusted earnings*	\$1,043	\$1,182	\$1,308
Earnings per share of common stock:			
Basic	\$4.10	\$4.72	\$5.43
Diluted	\$4.01	\$4.63	\$5.37
Adjusted diluted*	\$4.18	\$4.71	\$5.21
Weighted average number of common shares outstanding (diluted, in millions)	\$249.3	\$250.7	\$250.9
Total assets	\$37,165 ¹	\$39,651 ¹	\$41,150
Common dividends declared per share	\$2.52	\$2.64	\$2.80
Debt to total capitalization	52% ¹	54% ¹	54%
Book value per share	\$45.03	\$45.98	\$47.56
Capital expenditures & investments	\$2,594	\$3,363	\$3,356

* See "Disclaimers" on page 72 for an explanation of these non-GAAP measures.

¹ As adjusted for the retrospective adoption of Accounting Standards Update 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs.

Strategy and assets

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2015 revenues of more than \$10.2 billion. The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

Sempra Energy was created in 1998 by the merger of the parent companies of San Diego Gas & Electric® and Southern California Gas Company, two investor-owned utilities with rich histories dating back more than a century. Today, two additional businesses – Sempra U.S. Gas & Power and Sempra International – invest in, develop and operate critical energy infrastructure and provide gas and electricity services in North and South America. Our subsidiaries' infrastructure includes 124,440 miles of natural gas pipelines and 49,348 miles of electric transmission and distribution lines; two liquefied natural gas receipt terminals, 179 billion cubic feet of natural gas storage, five natural gas-fired power plants; and nearly 4,800 acres of solar plants and 735 wind turbines, which they operate with partners.

At Sempra Energy, our objective is to increase shareholder value by developing and operating long-term-contracted energy infrastructure assets and regulated utilities in a safe and reliable manner.

The key components of our business strategy include the following three disciplined growth platforms:

- U.S. utilities;
- International utilities;
- Long-term-contracted energy infrastructure (including liquefied natural gas [LNG], pipelines and renewable energy)

This strategy has been shaped by the rising demand for lower-carbon sources of energy: We place a priority on developing natural gas and renewable energy infrastructure, and we focus on improving energy efficiency and innovating for the future. This helps us meet the energy needs of our customers and maintain a stable rate of growth in an increasingly carbon-constrained world.

Sempra Energy's values and code of conduct guide the implementation of this strategy: What we do is important, but how we do it is even more critical. We strive to be a responsible partner: ethical, respectful, high-performing and forward-looking. And we engage with our stakeholders – our customers, employees, investors, business partners, regulators and the communities we serve – and consider and incorporate their feedback when we can, building trust and strengthening relationships.

At Sempra Energy, our objective is to increase shareholder value by developing and operating long-term-contracted energy infrastructure assets and regulated utilities in a safe and reliable manner

32 million

consumers served worldwide,
through four business units



The Sempra Energy companies develop energy infrastructure, operate utilities, and provide related services to more than 32 million consumers worldwide.

Our companies

Southern California Gas Company

Southern California Gas Co. (SoCalGas) has been delivering clean, safe and reliable natural gas to its customers for more than 145 years. It is the nation's largest natural gas distribution utility, providing service to 21.6 million consumers connected through 5.9 million meters in more than 500 California communities. The company's service territory encompasses approximately 20,000 square miles from Visalia to the Mexican border.

San Diego Gas & Electric

Founded in 1881, San Diego Gas & Electric (SDG&E) is a regulated public utility that provides safe and reliable energy service to 3.6 million consumers through 1.4 million electric meters and 873,000 natural gas meters in San Diego and southern Orange counties. The utility's service area spans 4,100 square miles.

Sempra U.S. Gas & Power

Sempra U.S. Gas & Power is a leading developer of renewable energy and natural gas solutions, with a focus on zero- and low-emission fuels. Together with its affiliates and joint-venture partners, the company owns, operates or has under construction more than 2,000 megawatts of solar and wind capacity. These facilities collectively generate enough power for nearly 600,000 homes annually. Sempra U.S. Gas & Power companies also operate natural gas storage facilities, pipelines and distribution utilities.*

Sempra International

Sempra International develops, owns and operates energy infrastructure assets, and distributes energy in Latin America. In Mexico, the company owns a controlling interest in IEnova, the first energy firm to be listed on the Mexican stock exchange and one of the largest private energy companies in the country. Sempra International also operates electric utilities in Chile and Peru.

Sempra International and Sempra U.S. Gas & Power are not the same companies as the California utilities, San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra International and Sempra U.S. Gas & Power are not regulated by the California Public Utilities Commission.

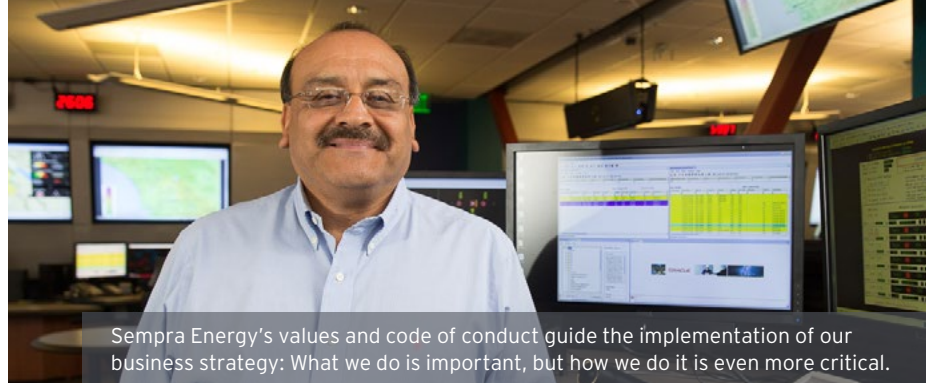
*On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.

Our energy assets



*On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.

The members of Sempra Energy's board of directors have a fiduciary responsibility to the company and its shareholders to act in their best interests.



Sempra Energy's values and code of conduct guide the implementation of our business strategy: What we do is important, but how we do it is even more critical.

Governance

Board of directors

The business and affairs of Sempra Energy are managed under the direction of the Sempra Energy board of directors; our company's highest governing body. The members of Sempra Energy's board of directors have a fiduciary responsibility to the company and its shareholders to act in their best interests. Board members must also avoid situations in which their own interests are in conflict with the interests of the company or its shareholders.

As of December 31, 2015, Sempra Energy's board of directors had 12 members with a diverse range of skills and deep experience in areas relevant to overseeing a large multinational energy services holding company. These include experience in:

- Executive management;
- Public and private finance;
- Legal and regulatory issues;
- Government, political and public service;
- Transnational business activities, and international energy markets and operations;
- Real estate;
- Corporate governance;
- Technological advances;
- Business models; and
- Energy infrastructure construction and operations.

With this range of experiences and backgrounds, the members of the board can provide Sempra Energy with oversight that is both independent and valuable.

In addition to its oversight role, our board reviews business plans and performance; oversees risk management and succession planning; and establishes corporate governance policies that guide Sempra Energy's operations. The board is organized into five standing committees: the Audit

Committee; the Compensation Committee; the Corporate Governance Committee; the Environmental, Health, Safety and Technology Committee (EHS&T); and the Executive Committee. As one of its responsibilities, the EHS&T committee reviews Sempra Energy's annual corporate responsibility report.

As of December 31, 2015, 11 of the 12 members of Sempra Energy's board were independent, according to the principles and standards established by the New York Stock Exchange. Six of the 12 members, or 50 percent, were women or people of color.

We encourage our shareholders to communicate with directors on all issues relevant to the company – and we work to respond to their suggestions and concerns.

Shareholder engagement

Sempra Energy's board is accountable to company shareholders. We encourage our shareholders to communicate with directors on all issues relevant to the company – and we work to respond to their suggestions and concerns.

Each year, in conjunction with our annual meeting, Sempra Energy's shareholders have the opportunity to elect each member of our board of directors. They vote on the company's selection of the independent public accounting firm chosen by the board's audit committee to audit our financial statements. And they cast an advisory vote on the company's executive compensation program.

In addition to these recurring votes, a shareholder who has held \$2,000 of voting shares of Sempra Energy stock for at least one year may submit one proposal per year with respect to how we conduct business. These proposals are either: published in our annual proxy statement and voted on by shareholders in conjunction with the annual meeting; excluded, according to U.S. Securities and Exchange Commission guidelines; or withdrawn by the shareholder. The board may also submit proposals for shareholder consideration. For more information, please see "Key governance issues" on [page 14](#).

Proxy vote summary

Proxy item	2012	Percent vote "For" ¹		
		2013	2014	2015
Election of directors (average) ²	95	95	99	99
Ratification of independent auditors ²	99	99	99	99
Advisory vote on executive compensation ²	86	87	97	97
Sustainability and senior executive compensation	6	-	-	-
Independent board chairman	55 ³	19	-	16
Long-term incentive plan ²	-	96	-	-

¹ Defined as For/(For+Against), expressed as a percentage. Abstentions and broker non-votes are not included in the calculation.

² Proposals submitted by the board.

³ As a result of this shareholder proposal, the board took significant actions, including making the responsibilities of its lead director position more robust. For more on the roles and responsibilities of the lead director, please review our proxy statement, available on the company's website.

We believe in adhering to the highest standards of business conduct.

We also recently amended our bylaws to give a shareholder, or a group of no more than 20 shareholders, who have continuously owned at least 3 percent of our outstanding shares entitled to vote in the election of directors for at least three years, the ability to nominate and include in our proxy statement up to the greater of two directors or 20 percent of the number of the company's directors then in office, provided the shareholder(s) and the nominee(s) satisfy the requirements specified in our bylaws.

In 2015, our senior management engaged with the holders of more than 40 percent of our total outstanding shares and over 50 percent of our total institutional share ownership. Our investor relations team also responded to inquiries from individual investors.

Key governance issues

Many stakeholders are interested in Sempra Energy's governance, or how our company is managed. In recent years, Sempra Energy has reviewed and in some cases revised our approach in several areas:

Proxy Access: We recently amended our bylaws to give a shareholder or group of shareholders who meet certain requirements, [listed in the proxy](#), the ability to nominate a limited number of board directors – and to have those nominations included in our proxy statement, provided the shareholder(s) and nominee(s) satisfy the requirements specified in our bylaws.

Cybersecurity: The [charter of the EHS&T Committee](#) was revised to include matters related to cybersecurity programs and issues.

Independent Board Chairman: In prior years, Sempra Energy shareholder proposals have included the request that the company adopt a policy that our chairman of the board be independent and not a current or former executive officer of the company. As a result of these proposals, Sempra Energy has established a [strong lead director role](#). William C. Rusnack currently serves as our lead independent director.

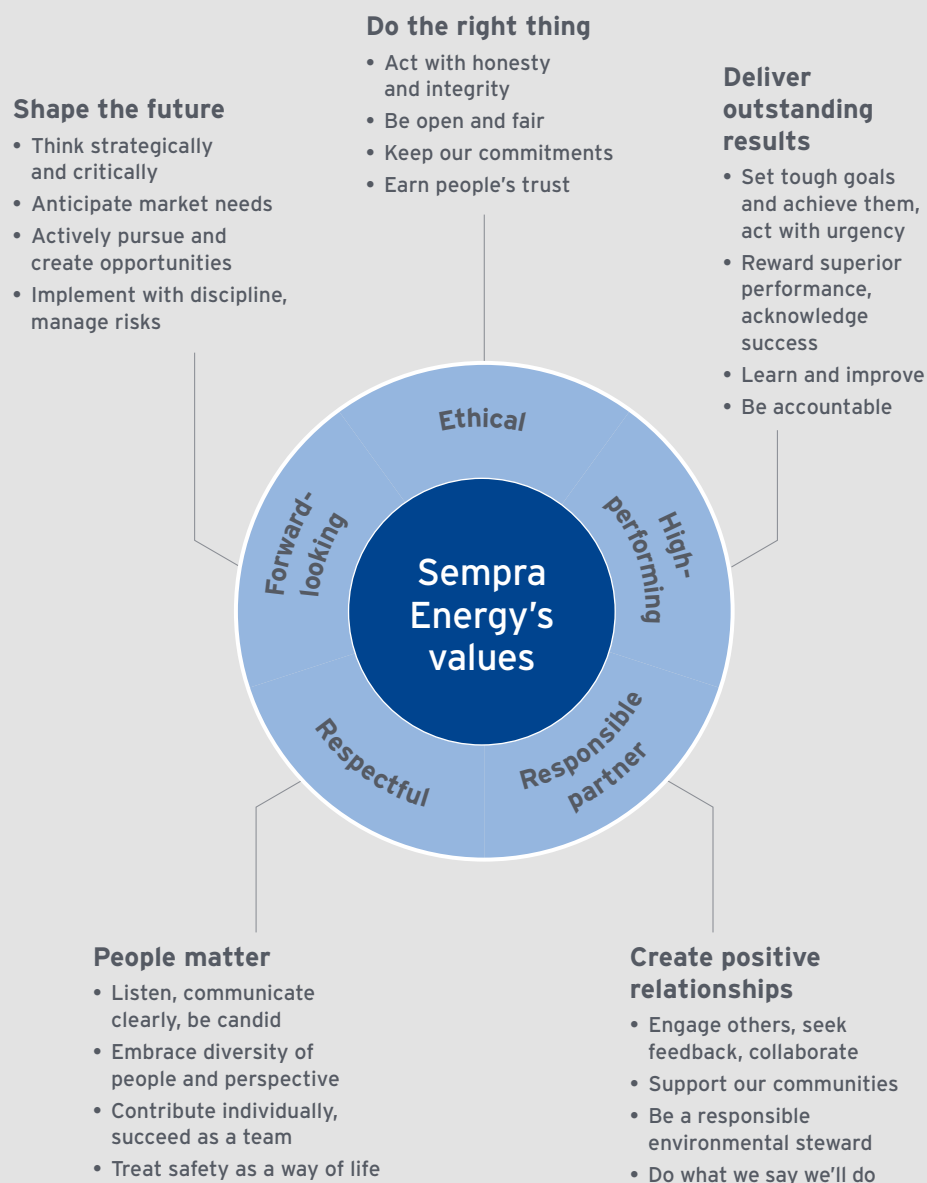
Values and codes of conduct

At Sempra Energy, we work to fulfill our commitments to our many stakeholders. This work is guided by [our values](#). We act with honesty and integrity. We engage with others and seek their feedback, acknowledging the importance of diverse perspectives. We set and achieve tough goals. And we think strategically and critically, with an eye toward the future. The "Stakeholders" section on [page 48](#) of this report has more detail on how we engage with our employees, customers, communities, business partners, regulators and shareholders.

In addition to these values, we have specific expectations for Sempra Energy directors, employees and suppliers, which are found in Sempra Energy's respective business codes of conduct for these stakeholders. We believe in adhering to the highest standards of business conduct. Ethical behavior – every hour of every day – is our expectation.

Our codes of business conduct are guidelines for maintaining a legally compliant and ethical workplace. We expect each board director, employee and supplier will understand and comply with their code of conduct.

Corporate values



A focus on anti-corruption and bribery

Sempra Energy is committed to succeeding based on the quality of our people and our services and projects. We comply with all anti-corruption and bribery laws, including the U.S. Foreign Corrupt Practices Act (FCPA), wherever we conduct business. Such laws make it illegal to bribe a governmental official to obtain or retain business or an improper advantage. Anti-corruption laws prohibit giving anything of value, such as a payment, gift or bribe, to obtain the influence of foreign officials, candidates or political parties, even if to do so is a local practice. This prohibition can extend to the official's friends and family members.

Employees or agents of our company in our foreign subsidiaries or involved with foreign transactions or activities receive special training on, and must comply with, the company's guidelines regarding anti-corruption.

The codes cover safety, promote a discrimination- and harassment-free workplace, confidentiality and privacy, environmental protection, charitable activities, political participation, anti-trust, anti-corruption and bribery, fair competition, conflicts of interest, records management and securities training, among other topics. Our commitment to responsible and ethical behavior is further detailed in a range of [corporate policies](#).

We recognize our codes of conduct and related policies are more effective when employees, contractors, customers and suppliers trust they can report a potentially unsafe, unethical or compliance-related concern without fear of retaliation. To encourage sharing of these concerns, Sempra Energy provides a wide range of reporting channels.

Employees may report a concern to their immediate supervisor; the next level of management above their supervisor; the corporate compliance department; the human resources department; our chief ethics officer, currently Senior Vice President, Chief Human Resources and Administrative Officer G. Joyce Rowland; the Ethics & Compliance Helpline; or they may take other actions as outlined in our Code of Business Conduct.

Suppliers, shareholders, regulators and customers may report potentially unsafe or unethical conduct or other compliance-related concerns via the Ethics & Compliance Helpline:

- SempraEthics.com
- United States: 800-241-5689
- Mexico: 001-770-582-5249
- Chile: 600-320-1700
- Peru: 0800-7-0690

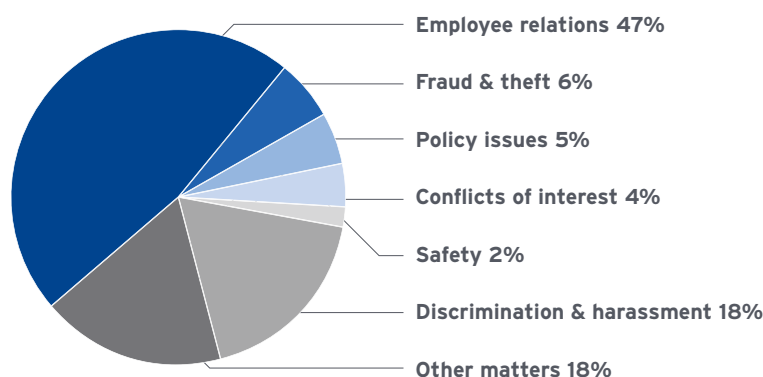
The Helpline is available 24 hours a day, seven days a week, and provides the option to report anonymously. Every report made to the Ethics & Compliance Helpline is investigated.

To emphasize the importance of ethics and compliance, we require all employees to complete a training curriculum each year, customized according



We have specific expectations for Sempra Energy directors, employees and suppliers.

Helpline calls by category



\$872,126 in political campaign contributions to state and local candidates, political committees and caucuses

to their position and responsibilities. These training courses address topics such as insider trading; Sarbanes-Oxley regulations; anti-corruption, including local laws and the U.S. Foreign Corrupt Practices Act; Code of Business Conduct; Federal Energy Regulatory Commission Standards of Conduct; California Public Utilities Commission affiliate-compliance rules; safety; harassment-free workplace; and workplace violence. Sempra Energy employees completed more than 30,000 courses related to ethics and compliance, with the average employee spending approximately six hours in training in 2015.

Sempra Energy's subsidiaries ask suppliers to review and follow the supplier code of conduct as part of their contractual obligations.

Any contractor, supplier, employee or member of management who does not comply with applicable laws or corporate policies is subject to disciplinary action, including termination.

Political involvement

It is appropriate – and important – for our company to engage with policymakers. Laws and regulations can have a significant impact on Sempra Energy's prospects and results. Moreover, elected officials and regulators benefit from hearing different points of view.

Sempra Energy's employees also participate in the political process through the Sempra Energy Employees' Political Action Committee.

Sempra Energy representatives meet with lawmakers at the federal, state and local level. We participate in meetings; testify before committees; write letters in support of, or in opposition to, proposed policies; and make political contributions. We also maintain membership in various business and trade associations that advocate on public policy.

In 2015, Sempra Energy reported lobbying expenditures, excluding political contributions, of \$3,871,331, at all levels of government. Lobbying expenses include time and expenses incurred in the course of lobbying;

In 2015, SEEPAC made **\$308,750** in political contributions, primarily to federal candidates.

expenses related to the operation of our offices in Washington, D.C. and Sacramento, Calif.; fees paid to lobbying firms; and the lobbying portion of fees we paid for membership in business or trade organizations. In addition to lobbying expenses, our company also made \$872,126 in political campaign contributions to state and local candidates, political committees and caucuses, as allowed by law. Sempra Energy does not make political contributions to federal candidates or outside the United States.

Sempra Energy's employees also participate in the political process through the Sempra Energy Employees' Political Action Committee (SEEPAC). SEEPAC provides a voluntary and convenient way for employees to support candidates who are open to learning about and addressing the issues our industry faces. Although SEEPAC's governing board of directors comprises leaders from the company and its subsidiaries, the organization is independent from Sempra Energy. In 2015, SEEPAC made \$308,750 in political contributions, primarily to federal candidates. SEEPAC supports candidates for office regardless of political party - and complies with all reporting requirements governing political action committee contributions.

All corporate and SEEPAC political contributions, as well as the lobbying portion of fees paid for membership in business and trade associations (where membership fees were \$20,000 or more), are posted on the [governance section of Sempra.com](#) semiannually.

In 2015, Sempra Energy was ranked in the [Center for Public Accountability's Zicklin Index's top tier](#) for transparency. The Index benchmarks the political disclosure and accountability policies and practices of leading U.S. public companies.



Congressman Ben Ray Lujan speaks to SEEPAC members.

Risk management

To develop and deliver safe, reliable and affordable energy and energy services to more than 32 million consumers, our company and subsidiaries must prepare for adverse events and uncertainties. We take this responsibility very seriously.

Key risks

Sempra Energy identifies, assesses and, where possible, mitigates a broad and complex set of risks commonly associated with the energy industry. Our [10-K](#) provides a description of these risks.

Types of risk assessed include financial risks; operational risks, including safety and cybersecurity risks; regulatory and compliance risks; and other risks (examples are listed below).

- **Safety risk** - There are inherent public and employee safety risks associated with operating natural gas pipelines, electric transmission and distribution lines, LNG receipt terminals, natural gas storage, natural gas-fired power plants, solar plants and wind turbines.
- **Financial risk** - Sempra Energy's cash flows, ability to pay dividends and ability to meet its debt obligations largely depend on the performance

Sempra Energy identifies, assesses and, where possible, mitigates a broad and complex set of risks commonly associated with the energy industry.

Cybersecurity risk and mitigation

Cybersecurity is a priority at Sempra Energy. In addition to the cyber risks that all Fortune 500 corporations face, the utility industry faces evolving cybersecurity risks associated with protecting confidential customer information and electric and gas system infrastructure. An attack on our information systems or the electric or natural gas system infrastructure could have a material adverse effect on our businesses, cash flows, financial condition, results of operations and/or prospects. The theft, damage or improper disclosure of sensitive electronic data could subject us to penalties for violation of applicable privacy laws, subject us to claims from third parties, require compliance with notification and monitoring laws, regulations and requirements, and harm our reputation.

Sempra Energy has implemented a cybersecurity steering committee consisting of a team of company officers responsible for legal, human resources, compliance, information technology, audit and utility operations. The committee is chaired by Mark Snell, President of Sempra Energy, and covers cybersecurity for all Sempra Energy companies.



Cybersecurity is a priority at Sempra Energy.

of its subsidiaries and the ability to utilize the cash flows from those subsidiaries.

- **Operational risk** - Severe weather conditions, natural disasters, catastrophic accidents or acts of terrorism could materially adversely affect our businesses, financial condition, results of operations, cash flows and/or prospects.
- **Cybersecurity risk** - The malicious use of technology could present a risk to our information systems and the integrity of our energy grid and our natural gas pipeline infrastructure and storage.
- **Regulatory risk** - Our businesses are subject to complex government regulations and may be materially adversely affected by changes in these regulations or in their interpretation or implementation.
- **Reputational risk** - The reputation of our companies is fundamental to our license to operate in or near communities. This includes impacting our ability to site projects and receive needed approvals and permits from local governments, regulatory and permitting agencies.
- **Compliance risk** - Our businesses incur environmental compliance costs, and future environmental compliance costs could have a material adverse effect on our cash flows and results of operations.



Solar assets require negligible amounts of water to operate.

Climate change and regulatory risk

Sempra Energy's businesses are subject to many rules and regulations that encourage or require us to limit our greenhouse gas emissions and water use.

We are required to obtain permits, licenses, certificates and other approvals to operate our businesses. And we must monitor and control our environmental impact. Failure to comply with these requirements could subject our businesses to substantial penalties and fines - and might even result in the significant curtailment of our operations.

The way we operate our infrastructure helps to mitigate these risks. Our natural gas power plants are built to standards that minimize the amount of water needed. Our solar and wind assets require negligible amounts of water to operate. And we operate our natural gas infrastructure efficiently, working to assure the integrity of our pipelines and other assets.

Risk management process

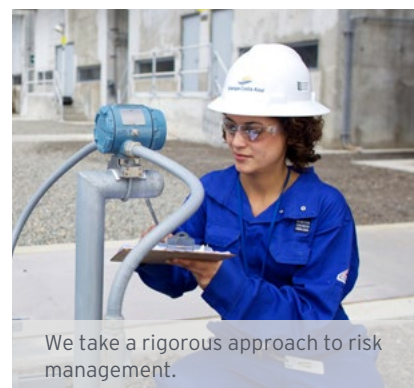
At Sempra Energy, we assess a risk based on its ability, probability and potential to have a significant adverse impact on our business.

We take a rigorous approach to risk management. We use a risk framework and risk registry to assign and track risks internally. We also use a range of tools and methods, including risk maps, risk composition, risk correlation and sensitivity analysis. We look to share or transfer risk wherever possible through methods such as counterparty/liquidity risk in joint ventures; use of guarantees or long-term contracts; and risk indemnification.

Risk management teams from across the company use this approach. For each identified risk, the teams assess the potential impact, likelihood of the event and strength of controls. Once a risk has been assessed, risk managers work to mitigate it.

Each principal subsidiary's risk management department reports directly to its CEO or COO - and reports the risks it has identified to its board of directors. Sempra Energy's corporate risk management department reports to the CFO - and reports aggregated risks to the Sempra Energy board of directors.

Effective risk management is essential to maintaining stable operation of our businesses - and to achieving strong and predictable business outcomes.



We take a rigorous approach to risk management.

By tracking performance, compliance and key metrics, our goal is to protect our company from exposure to unnecessary risk and help ensure strong performance.

Compliance and management systems

As an energy services holding company, Sempra Energy expects its subsidiaries to utilize effective processes and management systems to optimize performance and ensure compliance with company policies and all applicable laws, rules and regulations.

Sempra Energy and its businesses use a range of management systems and processes. By tracking performance, compliance and key metrics, our goal is to protect our company from exposure to unnecessary risk and help ensure strong performance.

A partial list of systems, functions and processes is below:

- **Audit services department** - completed 138 audits in 2015, reviewing existing business practices and identifying additional improvements.
- **Corporate responsibility data system** - used to collect, aggregate and analyze a wide range of performance data, including emissions, safety and diversity data, from Sempra Energy's principal subsidiaries.
- **Safety information management system** - used by our California utility employees to report employee injuries and incidents (including near-miss incidents) and facility safety inspections.
- **GIFTS** - a comprehensive grants-management tool we use to administer all our philanthropic grants. Through this tool we manage the entire grant-making process including applications, payments, tracking, coding, outcomes measurement, communication with grantees, and reporting.



- **Injury and illness prevention program** – a written plan designed to prevent injury and illness that includes management responsibilities; employee communications and compliance systems; scheduled inspections/evaluations; accident investigation; and procedures for correcting unsafe or unhealthy conditions when found.
- **Environmental and safety compliance management program** – used to manage California utility compliance with environmental and safety laws; rules and regulations; and company standards. Sempra Energy's other subsidiaries use similar systems, including ISO 14001 and OSHAS 18001, to monitor environmental and safety compliance.
- **Employment training and performance system** – an online system that tracks employee goals and performance as well as completion of required training courses.
- **Business resumption plans** – plans that address recovery and resumption of critical business functions and applications in response to a wide range of events such as natural or human-made disasters or disruptions. Regular reviews are completed according to the level of criticality for each business function.
- **Lobbying activity tracking system** – to manage political activity and meet political reporting requirements, certain employees are required to submit monthly lobbying activity reports using this web-based reporting tool.
- **Anti-corruption system and process** – used to manage compliance with all applicable anti-corruption and anti-bribery laws including the U.S. Foreign Corrupt Practices Act.
- **Geographic environmental analysis and reporting system** – a centralized system that our California utilities use to map, screen and track projects for environmental review.
- **Corporate compliance group** – provides training to employees according to their position and responsibilities, generates employee awareness of issues relating to compliance and ethics, and requires subsidiaries to submit annual compliance plans.

Supplier selection and monitoring*

Sempra Energy subsidiaries work to select dependable suppliers and business partners and monitor their performance. This plays an important role in limiting risk.

When a subsidiary identifies a need that would be best met by a third party, its procurement personnel identify qualified suppliers. Procurement policies specify the insurance certificate and legal review requirements as well as the contract risk management procedures that must be followed. Information on how to do business with Sempra Energy companies can be found in the [supplier diversity](#) section of [sempra.com](#). SDG&E also describes [electric and fuel procurement opportunities](#) on its website.

It's important to note that as part of our approach to risk management, Sempra Energy's subsidiaries work with a range of suppliers. Providing reliable energy to our customers is essential to our business, so we work with small, mid-sized and large companies; new as well as more established companies; and companies with operations in different locations. We need suppliers that will dependably provide us with essential equipment, parts and services – even in the event of adverse conditions such as a natural or man-made disaster. Working with a range of suppliers helps ensure system reliability. It also results in better services and lower costs.

Once a supplier has been selected, supply chain managers in our businesses monitor their performance. Certain suppliers in our subsidiaries' supply chains are operationally critical. We need to know: Will they deliver the goods or services as expected – and are their operations in alignment with Sempra Energy's values and standards? This includes acting with integrity (suppliers are subject to anti-corruption review); complying with applicable laws and regulations; achieving strong health and safety performance; respecting employee rights and minimizing impact on the environment. These expectations are described in detail in our [Supplier Code of Conduct](#).

To complement the work of supply chain managers, our internal audit group conducts supplier audits, reviewing safety procedures and performance; training programs; and subcontracting policies, among other topics.

We understand suppliers are independent entities. However, supplier business practices and actions, including but not limited to failing to deliver goods or services, can impact Sempra Energy subsidiaries and their customers.



As a part of our approach to risk management, Sempra Energy's subsidiaries work with a range of suppliers.

Working with a range of suppliers helps ensure system reliability. It also results in better services and lower costs.

*Note – information on the impact of our supply chain may be found in the "Environment" section of this report, on [page 45](#).

The environment



Increasing demand for lower carbon sources of energy holds long-term promise and opportunity for our companies.

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We promote energy efficiency; develop and operate low- and zero-carbon energy infrastructure; and embrace energy innovation. These activities position us for continuing success and are consistent with our responsibility to the broader world.

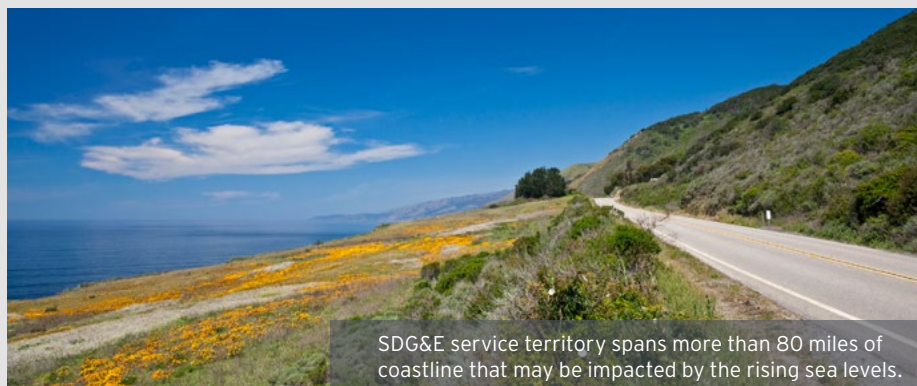
Climate change

In December 2015 at the United Nations Climate Change Conference in Paris, nearly 200 countries reached an historic agreement to combat climate change. This accord intends to spur action to limit global temperature rise to less than 2 degrees Celsius this century. Each signatory agreed to set and achieve a Nationally Determined Contribution to reduce greenhouse gas emissions.

In addition, some investors are evaluating their investment decisions based on a company's carbon dioxide emissions. Some communities are adopting policies, often including climate action plans, to reduce greenhouse gas emissions. And some customers are also changing the way they live, work and travel to reduce their greenhouse gas footprint in response to climate change concerns.

Sempra Energy's business strategy accounts for these factors. While we work to reduce our impact, we also realize that increasing demand for lower-carbon sources of energy holds long-term promise and opportunity for our companies. Our low-carbon business strategy is outlined on [page 26](#).

Sea level rise: an impact assessment



Certain low-lying substations and underground facilities were built before sea level rise projections were well-accepted.

San Diego Gas & Electric service territory spans more than 80 miles of coastline that, according to many projections, may be impacted by rising sea levels in the years to come.

The utility's planning process for new coastal facilities has taken the probability of sea level rise into account. This includes the South Bay Substation along the San Diego Bay, which was designed and constructed on an elevated pad 21 feet above sea level.

However, certain low-lying substations and underground facilities built before sea level rise projections were well-accepted face increasing risk of flooding,

particularly during storm surges and high lunar tides. Moreover, accessibility issues caused by an inundation could result in crews being unable to make quick repairs, leading to prolonged outages.

SDG&E is working to identify, prioritize and act to protect its system from these potential impacts.

The utility is also collaborating with the U.S. Department of Energy and 17 other utilities through the [Partnership for Energy Sector Climate Resilience](#) to improve the resilience of energy infrastructure against extreme weather and climate change impacts.



Using renewable energy to create carbon-free gas

SoCalGas, in collaboration with the U.S. Energy Department's National Renewable Energy Laboratory (NREL) and the National Fuel Cell Research Center (NFCRC), is developing a demonstration project to test the first-ever power-to-gas system in the U.S.

The system will create hydrogen (a carbon-free gas) using a process called electrolysis. This hydrogen gas could be stored in utility natural gas distribution systems or used as an energy source to power cars and trucks, micro turbines or fuel cells.

Our subsidiaries operate electric transmission and distribution lines; natural gas-fired power plants and LNG facilities; and natural gas pipelines and storage. They also purchase electricity generated by other companies to deliver to their customers. And those customers use natural gas in their homes and businesses. All of these activities create or result in the creation of greenhouse gases. For information on how we work to reduce these emissions, please see "Actions to reduce emissions" on [page 29](#).

Since 2006, we have publicly disclosed our greenhouse gas emissions to [CDP](#), an organization that publishes the greenhouse gas emissions of major corporations. In 2015, we received a transparency score of 100 out of 100 on CDP's annual climate change survey and were named to its Carbon Disclosure Leadership Index.

You can learn about our progress in relation to emissions targets in "Emissions" on [page 34](#), and you can read about the emissions-related impact of the Aliso Canyon natural gas leak, in "Aliso Canyon leak" on [page 31](#).

Low-carbon strategy

Demand for lower-carbon sources of energy continues to rise.

Sempra Energy's low-carbon business strategy is designed to meet this demand: we promote energy efficiency; develop and operate low- and zero-carbon energy infrastructure; and embrace energy innovation. These activities position us for continuing success and are consistent with our responsibility to the broader world.

- Natural gas is the cleanest fossil fuel and it is increasingly available and affordable. When liquefied and delivered to countries with oil- or coal-based economies, it provides them with a much cleaner alternative. Natural gas-fired power plants also serve as a source of "always-on" electricity which is critical, given the intermittency of solar- and wind-based energy.
- Renewable energy costs have fallen significantly in recent years; solar and wind will contribute significantly to the energy mix in years to come.
- Energy-efficiency efforts result in our subsidiaries' customers saving hundreds of thousands of megawatt-hours of electricity and tens of millions of therms of natural gas each year. Improving energy efficiency is one of the easiest and lowest-cost ways of reducing overall energy use and reducing greenhouse gas emissions.

Sempra Energy's low-carbon business strategy priorities



Energy efficiency



Natural gas



Renewable energy



Innovation

- Innovative new technologies are having significant impacts on the way our customers think about and use energy. With a smart grid – and the addition of smart meters and smart devices such as thermostats, home energy management systems and electric vehicle charging stations – we are able to more precisely deliver energy when and where it is needed. And with power-to-gas technology now being piloted, we might be able to use renewable energy to make hydrogen gas, maximizing the utility of wind and solar plants – and of our natural gas distribution systems.

We continue to advocate for sensible U.S. federal climate and energy policies to regulate greenhouse gas emissions.

Public policy position

Sempra Energy is actively engaged in the dialogue on climate change, and our position has been consistent for many years. We continue to advocate for sensible U.S. federal climate and energy policies to regulate greenhouse gas emissions. We believe that establishing a predictable price for carbon, coupled with a long-term commitment to energy efficiency, renewable energy, and a transition from coal to lower-carbon fuels like natural gas, will lower greenhouse gas emissions, stimulate investments in new clean energy technologies and create new business opportunities. Our position on U.S. federal carbon regulation is based on these principles:

- We support federal standards for energy efficiency, renewable energy and emission performance standards for generation facilities that encourage the use of cleaner-burning fuels such as natural gas. States

Changing the game with a new type of engine

Air pollution is a concern, particularly for those living near major transportation corridors in Southern California. Heavy-duty diesel trucks are the biggest polluters in California's transportation sector.

SoCalGas is working with engine manufacturers and various public agencies to deliver a near-zero-NOx-emissions heavy-duty engine fueled by natural gas. This engine, which should be available by 2018, is expected to reduce NOx emissions by 90 percent and may also be used in off-road, rail and marine applications.

As a pioneer in supporting natural gas vehicle (NGV) technology, SoCalGas supports the development of alternative-fuel and NGV infrastructure, including compressed natural gas (CNG) refueling stations. SoCalGas also has an extensive NGV program that provides information, education and support to customers who use, or would benefit from using, clean-burning natural gas as a transportation fuel.



SoCalGas supports the development of alternative-fuel and NGV infrastructure.

In an era of carbon constraints, we believe lower-carbon natural gas and zero-emissions renewable energy should play a central role in U.S. climate and energy policy.

should be able to adopt more stringent standards.

- Natural gas is a foundational fuel that emits 50 percent less carbon dioxide than coal, allows for integration of intermittent renewable resources and is abundant and affordable. With a nearly 100-year supply of natural gas, the United States should promote policies that expand the use of natural gas in the electric power and transportation sectors; allow exports to other countries to improve global air quality; and grow the U.S. economy.
- States such as California have already moved forward with aggressive energy-efficiency initiatives, renewable portfolio standards and emissions trading programs that have resulted in a reduced carbon footprint. It is critical that any federal carbon regulation take into account these investments in successful efforts to reduce greenhouse gas emissions.

In an era of carbon constraints, we believe lower-carbon natural gas and zero-emissions renewable energy should play a central role in U.S. climate and energy policy. Ongoing trends support this position: The U.S. Energy Information Administration projects that by 2040, worldwide demand for natural gas will increase 57 percent; U.S. coal use will drop 20 percent; and U.S. renewable energy use will double.



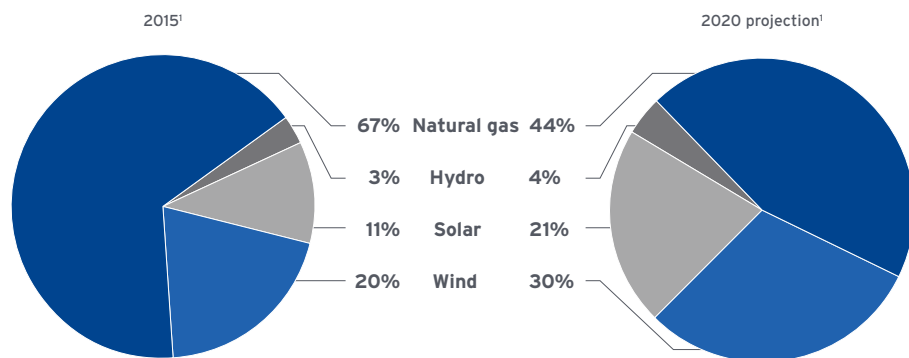
Encouraging energy efficiency

Our California utilities work with their residential, business and industrial customers to determine ways they can save energy and reduce their energy bills through energy audits, incentives and rebates. In 2015 alone, these energy-efficiency programs saved approximately 331,000 megawatt-hours of electricity, enough to power 55,165 homes for a year; and 27.3 million therms of natural gas, enough to serve nearly 54,000 homes for a year.

In 2015, as part of this continuing effort to help customers reduce their energy use and lower their bills, SDG&E launched SDG&E Marketplace, a new online store where customers can shop for energy-saving products offered by third-party retailers. SDG&E is among the first utilities in the nation to launch this type of online tool, making it easy for customers to find products that will help them save electricity and money.

In Chile, Semptra International subsidiary Chilquinta Energía created an energy-efficiency program for its customers in the port city of Valparaíso. Customers can have advanced meters installed in their homes or businesses, and can turn in older, inefficient refrigerators in exchange for a reduced price on a new, more efficient (A+ or A++ rated) refrigerator.

Sempra Energy generating capacity by energy source



¹ Percentages do not add up to 100 due to rounding



Capturing - and then using - dairy biogas

According to the California Air Resources Board, California's dairies release approximately 19.6 million metric tons of carbon dioxide equivalent into the atmosphere each year. By capturing and conditioning this biogas, then putting it into the natural gas distribution system and delivering it to customers, we can offset a significant amount of greenhouse gas emissions. This also helps California meet its renewable-energy goals, as biogas is considered a renewable resource.

SoCalGas' biogas conditioning service helps customers use biogas produced in their own operations. The company is exploring other ways to increase the supply of bio-methane in California.

Actions to reduce emissions

In implementing our low-carbon business strategy, Sempra Energy and its subsidiaries decrease our greenhouse gas emissions and those of our customers. You can find more detail and data in the "Emissions" subsection on [page 34](#) of this report or at www.cdp.net. It is important to note that many of the activities described below represent opportunities for our company and subsidiaries.

We use natural gas instead of coal. In 2015, our subsidiaries' natural gas-fired power plants generated more than 13 million megawatt-hours of electricity, emitting some 3.9 million metric tons of carbon dioxide equivalent - roughly half of what would have been produced if that power had been supplied by coal-fired power plants. Also in 2015, more than 35 percent of the energy our SDG&E subsidiary delivered to its customers came from renewable sources, surpassing the 2020 regulatory requirement a full five years in advance.

We develop renewable energy. Since 2008, our Sempra U.S. Gas & Power subsidiary, along with its project partners, has developed projects that produce nearly 2,000 megawatts of renewable energy. If all the power generated by these renewable power plants had been produced using traditional power plants, more than 10 million metric tons of carbon dioxide would have been emitted (based on the U.S. Energy Information Administration's 2013 greenhouse gas emissions rate for power generation in the United States). An additional 422 megawatts of renewable power were under construction as of December 31, 2015.

We encourage energy efficiency. Energy efficiency efforts at our California utilities have helped customers save more than 649 million therms of natural gas and 6 million megawatt-hours of electricity since 1990. SDG&E and SoCalGas receive financial incentives for meeting or exceeding energy-efficiency goals: profits are not tied to the amount of energy sold.

We build infrastructure that allows other companies to switch from coal or oil to natural gas. New natural gas pipelines in operation or under development by Sempra International in Mexico would make this cleaner

New environmental policies and positions

In 2015, Sempra Energy released a set of environmental policies and position statements on a range of topics, including climate change, biodiversity, water and hydraulic fracturing.

The new policies clarify the company's approach to minimizing environmental impacts across the enterprise. The position papers describe the company's official position on key energy-related public policy issues.

You can read these and other policies and position statements at Sempra.com.



fuel a viable option for manufacturers and power plants that now use fuel-oil. Additionally, at our Luz del Sur subsidiary in South America, a new hydroelectric plant began commercial operation in 2015 and now generates up to 100 megawatts of clean energy.

We explore the potential of new technologies. Our SoCalGas subsidiary launched a demonstration project in 2015 in partnership with the U.S. Department of Energy, which uses excess renewable energy to take the hydrogen out of water in a process called electrolysis. Adding this carbon-free hydrogen gas to SoCalGas' natural gas distribution system could significantly reduce fugitive emissions as well as emissions from electricity generation in that company's service territory.

These and many other actions demonstrate our implementation of our low-carbon business strategy. At Sempra Energy, we are aware of our responsibility to the broader world. By respecting the environment, acknowledging our impact and adapting to changing business conditions, we can continue to grow our business over the long term.

Aliso Canyon leak

On October 23, 2015, SoCalGas detected a leak at one of the wells at its Aliso Canyon natural gas storage facility, located in the northern part of the San Fernando Valley in Los Angeles County. We regret any impacts that this unusual incident may have had on the environment, our customers and the communities we serve.

After discovering the leak, SoCalGas notified the appropriate regulatory, safety and health officials and attempted to plug the well by pumping fluids down the well shaft. SoCalGas also informed community members of the leak. In early December 2015, SoCalGas began drilling a separate relief well designed to facilitate plugging the leaking well at its base, approximately 1.5 miles underground. The leak was stopped on February 11, 2016.

To permanently seal the well and consistent with directives from the California Department of Conservation's Division of Oil, Gas, and Geothermal Resources (DOGGR) and the CPUC, SoCalGas then injected cement into the well at its base, and on February 18, 2016, the DOGGR confirmed that the well was permanently sealed.

For details about related governmental investigations and orders, litigation, impact on system reliability, cost estimates, accounting and insurance, please see Sempra Energy's [Annual Report on Form 10-K](#) and most recently filed Quarterly Report on [Form 10-Q](#).

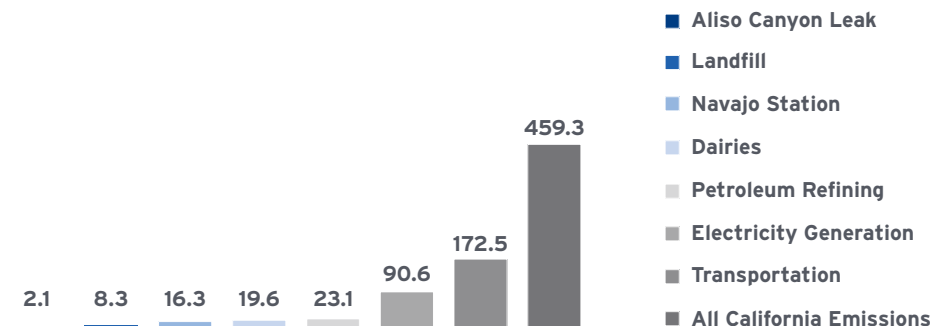
Greenhouse gas emissions

The Aliso Canyon leak resulted in the loss of natural gas equal to 2.1 million metric tons of CO₂. While this increases Sempra Energy's annual emissions, it represents just one-half of one percent of the State of California's annual carbon dioxide emissions. For context, transportation-related emissions in the state average 172.5 million metric tons of carbon dioxide equivalent (MMTCO₂e) each year.

Even before the well was sealed, SoCalGas committed to mitigate the actual natural gas associated with the incident. Once the well was sealed, the utility began working with state officials to develop a framework to achieve this goal.



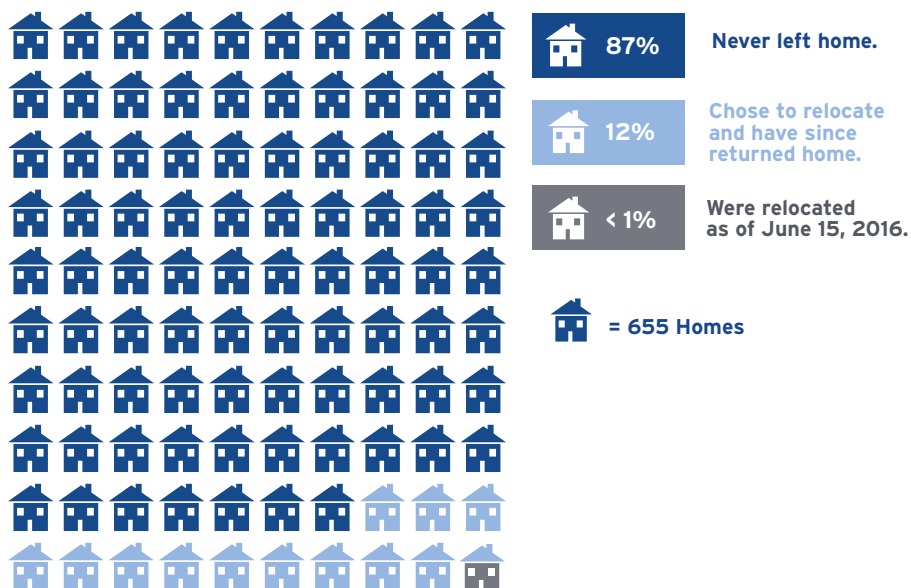
Aliso Canyon leak emissions relative to California emissions (in MMTCO₂e)¹



¹ California emissions estimates are per CARB data for 2013 (available at http://www.arb.ca.gov/cc/inventory/data/tables/ghg_inventory_scopingplan_2000-13_20150831.pdf; http://www.arb.ca.gov/cc/inventory/data/tables/ghg_inventory_sector_sum_2000-13_20150831.pdf; http://www.arb.ca.gov/cc/inventory/data/tables/ghg_inventory_ipcc_sum_2000-13_20150831.pdf).

Navajo Station coal power plant data per 2013 EPA estimates (available at <http://ghgdata.epa.gov/ghgp/service/facilityDetail/2014?id=1000999&ds=E&et=&popup=true>).

Relocation across communities*



* Data current as of June 15, 2016. Community includes approximately 65,500 households in the following ZIP codes: 91311, 91324, 91325, 91326 and 91344.

Efforts to address community concerns

Most of the residents living near the Aliso Canyon natural gas storage facility never left their homes. About 12 percent of the households within the five ZIP codes near the well chose to relocate under SoCalGas' temporary housing program. As of June 15, 2016, less than 1 percent remained in temporary housing. SoCalGas is working to finalize the smooth transition home for these residents.

SoCalGas has installed more than 38,000 air filtration systems in approximately 11,000 homes, schools and businesses. As of June 15, 2016, SoCalGas' dedicated community resource center had been open for more than 190 days and served more than 34,000 visitors.

SoCalGas cleaned public parks, private and community schools, and community playgrounds. Exterior cleaning has been completed at more than 1,650 houses.

As of June 15, 2016, the company had processed 46,000 expense reimbursement requests related to the leak, totaling nearly \$87 million.

SoCalGas' five commitments

As part of its continuing effort to mitigate the impact of the leak, SoCalGas made five commitments to the community.

1. **Help Customers Return Home Safely:** Help residents who relocated return to their normal lives as seamlessly as possible.
2. **Expand Community Resources:** Continue to provide dedicated customer service to the impacted residents
3. **Understand What Caused the Leak:** Cooperate with regulatory agencies in their investigation into the cause of the leak.
4. **Assure Integrity of All Wells:** Accelerate the inspection of other wells at Aliso Canyon and support regulatory policies that require adoption of best safety practices for all storage facilities.
5. **Address Environmental Emissions:** Develop and implement a plan to mitigate the actual natural gas associated with the leak.

More details are at alisoupdates.com.

SoCalGas is working to make the transition back home as smooth as possible for residents.

As we continue to develop and operate additional renewable energy resources, we expect our total energy mix will become even cleaner and our emissions rate will continue to decline.

Emissions

A growing number of stakeholders, including investors, are asking companies to reduce their greenhouse gas emissions. At Sempra Energy, we agree that this is important and work to minimize our emissions.

In 2015, Sempra Energy's reported scope 1 and scope 2 emissions (see below for definitions) were approximately 8.5 million* metric tons of carbon-dioxide equivalent, also known as CO₂e. This figure includes the 2.1 million* metric tons of CO₂e from the Aliso Canyon leak. Although the leak took place from October 2015 to February 2016, we are reporting the total emissions figure in our 2015 report. Excluding the emissions related to this leak, Sempra Energy's emissions decreased 9 percent, year-to-year, primarily due to a decrease in stationary combustion emissions related to the sale of the Mesquite natural gas-fired power plant.

In addition to the greenhouse gas emissions described above, the operations of each of Sempra Energy's businesses also result in greenhouse gas emissions by others. In 2015, Sempra Energy's reported scope 3 emissions (see below for definition) were approximately 54.5 metric tons of carbon-dioxide equivalent or CO₂e. This figure includes emissions from the generation of electricity that SDG&E purchased and delivered to its customers; and emissions from our customers' combustion of natural gas delivered to them by our utilities SoCalGas, SDG&E, Ecogas, Mobile Gas** and Willmut Gas**. Our reported scope 3 emissions exclude upstream emissions from natural gas production wells.

For more information on Sempra Energy's emissions, please visit cdp.net.

As a responsible energy company, we take an interest in how the energy we procure is produced – and in how the energy we deliver is used. More information on this topic can be found in the "Supply chain impacts" subsection on [page 45](#) of this report.

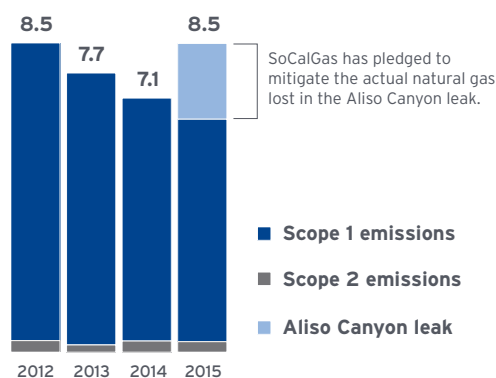
Natural gas-fired power plants operated by Sempra Energy subsidiaries are our most significant source of direct (scope 1) greenhouse gas emissions. Yet these power generation operations are very efficient: In 2015, we emitted just 649 pounds of carbon dioxide per megawatt-hour of electricity generated, achieving our target to decrease this emissions rate by 10 percent from our 2010 baseline of 731 pounds per megawatt-hour. As we continue to develop and operate additional renewable energy resources, we expect our total energy mix will become even cleaner and our emissions rate will continue to decline.

* SoCalGas has pledged to mitigate the actual natural gas lost in the Aliso Canyon leak.

**On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.

Scope 1 and 2 greenhouse gas emissions^{1,2,3}

Million metric tons of CO₂ equivalent

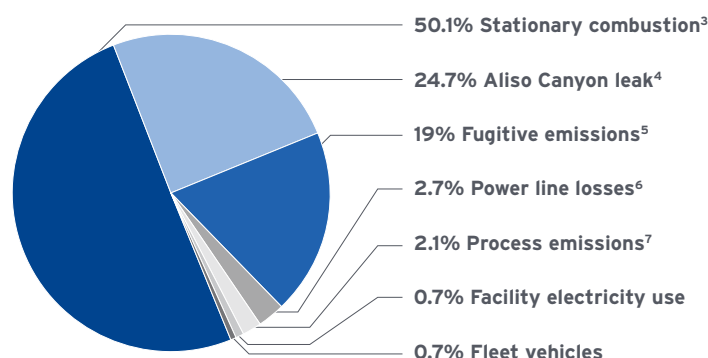


¹ Emissions from electric utility Luz del Sur are not included. Only some of the emissions from Cameron LNG and Chilquinta Energia are included. These entities do not currently track all of their emissions.

² 2015 emissions data is unverified and subject to change. 2014 emissions data has been updated following an independent verification.

³ The Aliso Canyon leak resulted in the loss of 4.62 billion cubic feet of natural gas, which is equivalent to approximately 2.1 million metric tons of CO₂. Although the leak took place from October 2015 to February 2016, we are reporting all emissions from the leak in our 2015 emissions totals. (CO₂e calculated using the 100-year global warming potential (GWP) value of 25 for methane, consistent with the GWP used for estimates produced by the California Air Resources Board.)

2015 Scope 1 and 2 greenhouse gas emissions by source^{1,2}



¹ Emissions from electric utility Luz del Sur are not included. Only some of the emissions from Cameron LNG and Chilquinta Energia are included. These entities do not currently track all of their emissions.

² 2015 emissions data is unverified and subject to change.

³ Emissions primarily from our natural gas power plants.

⁴ The Aliso Canyon leak resulted in the loss of 4.62 billion cubic feet of natural gas, which is equivalent to approximately 2.1 million metric tons of CO₂. Although the leak took place from October 2015 to February 2016, we are reporting all emissions from the leak in our 2015 emissions totals. (CO₂e calculated using the 100-year global warming potential [GWP] value of 25 for methane, consistent with the GWP used for estimates produced by the California Air Resources Board.)

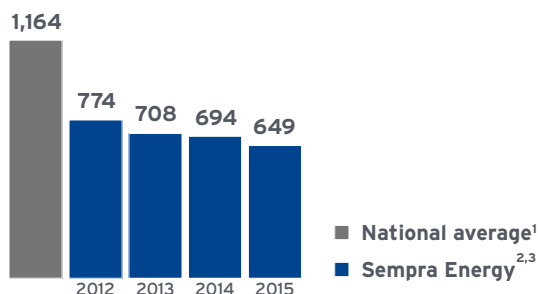
⁵ Emissions from leaks or other unintended releases of natural gas.

⁶ Emissions from the generation of electricity that we lose during transmission and distribution.

⁷ Emissions from physical or chemical processes related to combustion.

CO₂ emissions rate

Pounds of CO₂ per megawatt-hour



¹ Source: U.S. Energy Information Administration Electric Power Annual 2015.

² Emissions rate of Sempra-owned generation on an equity share basis. Data from 11-megawatt Chilquinta Energia peaker plant is not included.

³ 2015 data is unverified and subject to change. 2014 emissions data has been updated following an independent verification.

Categorizing greenhouse gas emissions



Greenhouse gas emissions are categorized as follows: scope 1 or direct emissions are emitted by the reporting company; scope 2 and scope 3 emissions are emitted by other companies or customers as a result of the reporting company's activity.

- **Scope 1 emissions** - Emissions from sources that are owned or controlled by the reporting company. For Sempra Energy, these include emissions from natural gas-fired power plants, natural gas pipelines and fleet vehicles.
- **Scope 2 emissions** - Emissions emitted by another company to generate electricity, heating/cooling or steam that the reporting company purchases and then uses in its own operations. For Sempra Energy, these include emissions from electricity purchased and used in our own facilities, as well as emissions from the electricity purchased for our customers but lost during transmission and distribution.

- **Scope 3 emissions** - Emissions (excluding those already reported in scope 2) that are a result of the reporting company's activity, but occur at sources owned or controlled by another company. For Sempra Energy, these include emissions from customer use of our services (such as customers burning natural gas we have delivered); emissions from the generation of electricity purchased for and delivered to our customers; emissions from the production of natural gas purchased for and delivered to our customers; and emissions from the production and delivery of the raw materials we need for our business (pipes, wires, meters, office supplies). Note that due to the complexity involved in tracking or estimating emissions from some sources, Sempra Energy does not report on all of types of scope 3 emissions.

These descriptions are based on definitions provided in the World Resources Institute's Greenhouse Gas Protocol.

Water

Energy and water are connected. Power plants use significant amounts of water for cooling. And pumping stations require significant amounts of energy to deliver water to communities where it is needed.

At Semptra Energy, we work to reduce the amount of water we need in our operations. This is particularly true in water-stressed areas where community access to adequate supplies of fresh water may be a concern. We design our facilities to use the least amount of water possible, utilize recycled water when possible and also work with local water districts on water-saving initiatives.

Water data

In 2015, Semptra Energy and our subsidiaries withdrew 27.9 billion gallons of water, and returned 25 billion gallons (90 percent) to the source. Our businesses withdrew 24.9 billion gallons of salt/brackish or seawater, primarily used to support LNG operations. Another 2.3 billion gallons were reclaimed or recycled water, primarily used to support power generation operations. Some 493 million gallons were fresh water, also primarily used to support power generation operations. We minimized our need for fresh water by using dry-cooling technology and reclaimed or recycled water.

Minimizing water use

At Semptra Energy, we place a priority on respecting local water supplies and mitigating the risk associated with operating power plants in areas where there is the potential for prolonged water scarcity. Our subsidiaries' power generation facilities save water in a number of ways:

- SDG&E's 565-megawatt Palomar Energy Center in Escondido, Calif., uses reclaimed water (treated wastewater) in the electric generation process. This saved more than 830 million gallons of fresh water in 2015.
- SDG&E's 480-megawatt Desert Star power plant near Boulder City, Nev., uses dry-cooling, which requires only 10 percent of the water used by traditional wet-cooled power plants.
- Semptra International's 625-megawatt Termoeléctrica de Mexicali power plant in Mexicali, Mexico, uses treated sewage, cleaned in our own water treatment facility, to cool the plant. As a result, we saved more than 1.5 billion gallons of fresh water in 2015.

We also minimize our need for water by developing and operating wind and solar power plants, which use a negligible amount of water compared to coal or natural gas-fired power plants.



Piloting a new type of raincatcher

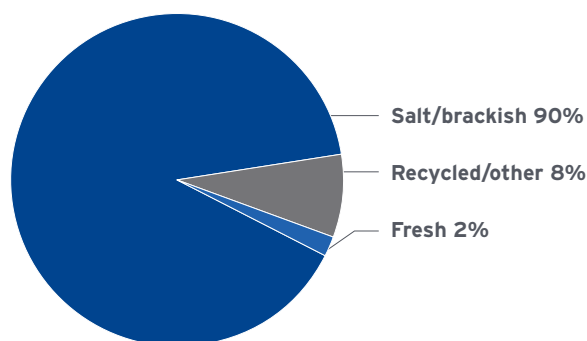
At SDG&E, Senior Environmental Specialist Marc Doalson had an interesting question. What if it were possible to capture the rainwater that flows off of transmission towers? How much water could be captured and how might it be used?

SDG&E is now exploring this idea with a pilot project. Preliminary estimates indicate that with the runoff from 2-3 inches of rain falling on just one transmission tower, the utility can fill a 500 gallon tank.

If the concept were expanded, SDG&E could use water captured locally for road and other maintenance, as opposed to needing to truck potable water in from other locations. Cost and water savings could be significant!

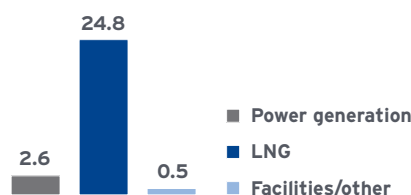
We design our facilities to use the least amount of water possible, utilize recycled water when possible and also work with local water districts on water-saving initiatives.

Water withdrawal by source (2015)



Water withdrawal by use (2015)¹

Billions of gallons



¹ While we continue to improve data collection related to water use, these numbers do not yet account for all aspects of our operations.



Sempra Energy's new headquarters was recently certified LEED Gold by the U.S. Green Building Council.

New Sempra Energy headquarters uses less electricity and water

Improving energy and water efficiency can help reduce an organization's greenhouse gas emissions.

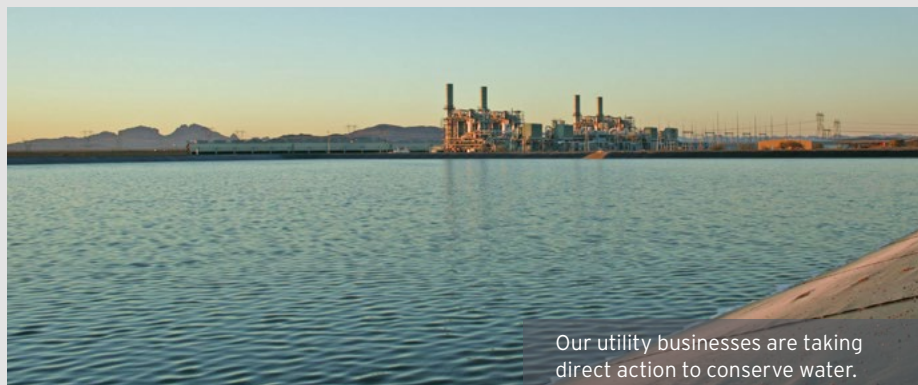
Sempra Energy's new headquarters building opened in July 2015. The 16-story tower has a 52-kilowatt solar panel system; drought-tolerant landscaping; and a bio filtration system to process storm water. It uses 63 percent less electricity and 32 percent less water than the old building, according to the most recent data (March 2016 compared with March 2015).

Although the new building uses significantly more natural gas, this is due to the fact that the old building used an outdated electric heating system instead of more efficient natural gas for heating.

Water filling stations, located throughout the new building, have prevented nearly 100,000 water bottles from entering the waste stream.

The headquarters was recently certified LEED Gold by the [U.S. Green Building Council's Leadership in Energy and Environmental Design \(LEED\)](#) program. Company-owned or -operated buildings have received 19 LEED certifications.

Extreme drought and water use



Utility infrastructure projects can require millions of gallons of water – for soil compaction, dust control and fire suppression. However, regulatory hurdles and a long approval process can make it difficult to use recycled water. Both SDG&E and SoCalGas are working with local authorities to ease restrictions on recycled water use.

Our utility businesses can also take direct action. In 2015, during a period of extreme drought, SDG&E developed a water sourcing plan that identifies all potential water source options and outlines the water supply regulatory framework and restrictions in the region. This allows project planners to understand the potential water needs of a project early on, with sufficient time to secure a recycled water source.

The energy-water nexus

In California, 20 percent of the state's electricity and 30 percent of its natural gas are used for water-related purposes such as pumping water to where it is needed. (These figures exclude the natural gas used by natural gas-fired power plants.) Water plays a similarly vital role in producing energy, as it is used to cool many power plants.

Energy producers and water agencies look for opportunities to work together. One example comes from the San Diego County Water Authority. At night, when electricity supplies are ample and electric rates are low, water can be pumped uphill from the Lake Hodges Reservoir to the Olivenhain Reservoir. Then, during the day when demand for power increases, the water can flow back downhill, generating up to 40 megawatts of electricity.

In 2015, Sempra Energy and subsidiary operations generated and disposed of **115,129 metric tons** of waste.

Waste and recycling

At Sempra Energy we work to reduce our waste, reuse materials and equipment when feasible and expand our recycling programs.

In 2015, Sempra Energy and subsidiary operations generated and disposed of 115,129 metric tons of waste. Our waste and recycling programs diverted nearly 14,300 metric tons of material from landfills, generating more than \$4 million in revenue. Electric transformers, meters and other metals constituted 81 percent of this total by weight.

Sempra Energy subsidiaries encourage customers to switch to paperless billing (e-billing) to reduce the amount of paper we use. Today, 2.9 million or 32 percent of our customers use these services.

Sempra Energy subsidiaries seek to extend the useful life of equipment and materials when possible, reducing costs and operational impact.

Sempra Energy generated 5,073 tons of hazardous waste in 2015 and managed and disposed of it according to applicable laws.

Good gloving

The gloves that protect SDG&E's frontline employees cost \$80-\$150 per pair - they provide a crucial first line of defense for those who work with high voltage. If there is even a pinhole in a glove, there is the potential for harm.

Standard practice was when one glove failed a test in the SDG&E Protective Testing Lab, both gloves in the pair would be destroyed. When former Substation Supervisor Al Bunge learned other utilities would re-mate the good glove, he proposed a change. Today, SDG&E saves the good glove, and matches it with a new mate of like manufacturer and vintage. Since implementation in summer of 2014, this process improvement has saved the company about \$3,000 per month and reduced waste, while maintaining the same high safety standards.



The gloves that protect SDG&E's frontline employees provide a crucial first line of defense for those who work with high voltage.

Donate the best, compost the rest



Erica Sparks, public affairs advisor for SDG&E, was concerned at the amount of food being discarded in company cafeterias. She suggested food service managers look into options for donating unused portions. And in 2015, Sempra Energy and SDG&E donated more than 2,500 pounds of food to the San Diego Rescue Mission, a local nonprofit organization focused on helping the homeless transition out of poverty. That's enough to provide more than 2,100 meals!

Sempra Energy and SDG&E also composted over 100,000 pounds of food waste in 2015 through the City of San Diego's food waste program. The compost created is free for City of San Diego residents, meaning SDG&E customers are able to reuse the utility's food waste as fertilizer.

Old computers get new homes

It's a normal part of the technology lifecycle: older computers are sent to an electronic waste facility to make way for newer ones.

But Joe Foster, client services manager for Sempra U.S. Gas & Power, thought there might be another, better use for these digital discards.

Joe identified Computers 2 SD Kids, a San Diego nonprofit that places computers in the homes of low-income families who can use the technology to help their children in school. Since 2014, the Global IT department has donated 150 refurbished computers, more than 100 monitors and 90 printers to the organization.

It's an altruistic effort that not only reduces waste, but is also aligned with Sempra Energy's core value of being a responsible partner.

In 2015, our subsidiaries made **\$64 million** in capital expenditures to comply with environmental laws and regulations.

Environmental compliance

Every Sempra Energy subsidiary is accountable for following all applicable environmental regulations and laws, and for obtaining required permits. Environmental compliance programs include detailed plans; extensive training and monitoring; and performance evaluation.

In 2015, our subsidiaries made \$64 million in capital expenditures to comply with environmental laws and regulations. This included costs to mitigate or prevent future environmental contamination or extend the life, increase the capacity, or improve the safety or efficiency of property used in current operations.

In 2015, we completed 422 internal compliance assessments. Our facilities were inspected by government inspectors 563 times with 22 notices of violation (NOVs). Seven of the NOVs were procedural; five were related to water discharges; four were related to waste; two were for creating a public nuisance; two were related to gas leaks; one was related to a mechanical failure and one was related to disturbing land. Compliance personnel at our subsidiaries review, respond to, correct, or in some cases challenge the NOVs they receive.

We paid \$50,343 in environmental fines and penalties in 2015, including \$40,000 for an alleged discharge of air contaminants at the Palomar Energy Center natural gas-fired power plant.

Environmental compliance

	2012	2013	2014	2015
Agency Inspections	435	395	443	563
Notices of violation (NOV) ¹	11	8	10	22
Percentage of agency inspections with no NOV issued	97%	98%	98%	96%
Fines and penalties ²	\$18,875	\$1,734	\$1,810	\$50,343
Internal compliance assessments and audits	835	745	422	422

¹ Self-reported violations are not included.

² Does not include settlements. The amount of fines and penalties paid varies from year to year depending on the nature of the violation and the timing of its resolution.

Biodiversity

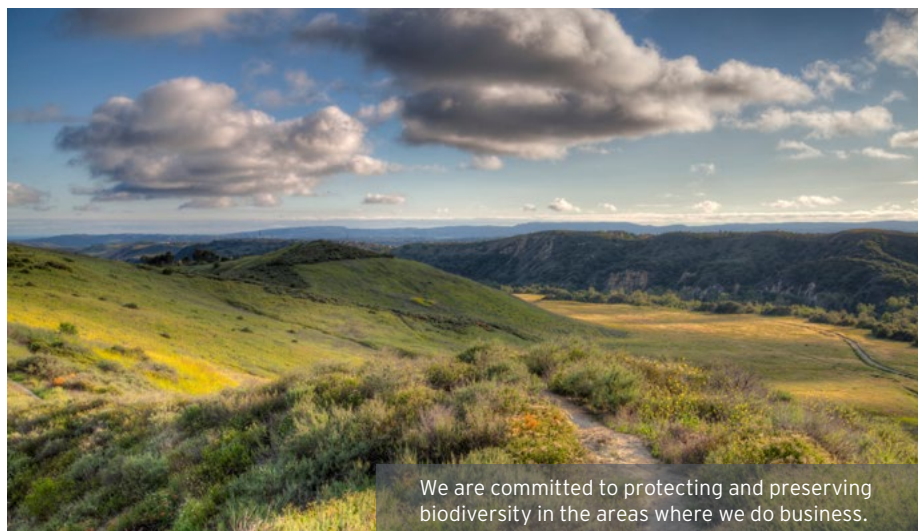
At Sempra Energy, we are committed to protecting and preserving biodiversity in the areas where we do business, and have restored or protected more than 13,000 acres of land. We work to meet or exceed applicable laws and regulations related to biodiversity.

The San Dieguito wetlands project restored over 160 acres of coastal tidal wetlands to provide habitat for Belding's savanna sparrow, the snowy plover, the endangered California least tern and the light footed clapper rail.

In 2015, we developed and released a [companywide biodiversity policy](#) that articulates how we will integrate biodiversity considerations and work to protect wildlife during the planning, decision-making, construction and operation of energy facilities, balancing the importance of protecting sensitive habitat with our needs as a business.

Sempra U.S. Gas & Power reduces biodiversity impacts by judiciously selecting locations for development where impacts are less likely to occur. Its solar projects are built on previously disturbed land or in designated energy zones, and are located near existing transmission lines. For its wind projects, the subsidiary sites turbines away from sensitive habitat such as wetlands and streams, and limits the use of overhead lines to minimize impacts to birds and bats.

Prior to construction of the Energía Sierra Juárez wind facility, located in the mountains of La Rumorosa in Baja California, Mexico, **Sempra International's IEnova subsidiary** collaborated with the San Diego Zoo on a multiyear study to better understand the flight patterns and territories of the California condor and the golden eagle along the U.S.-Mexico border near the facility site. Mexico-based Instituto de Ecología (INECOL) also conducted studies to assess the flight and migratory patterns of other birds and bats in the area. Armed with the results of these studies, IEnova is working to minimize operational impacts to wildlife.



We are committed to protecting and preserving biodiversity in the areas where we do business.



Sempra International's Luz del Sur utility owns and operates a 100-megawatt hydroelectric plant in the Cusco Region of Peru. The plant started commercial operations in September of 2015. In order to assess the impact of the facility, an Environmental Impact Assessment (EIA) was prepared prior to construction. The EIA covers several aspects of plant construction and operation, including climate, air quality, noise levels, hydrology, water quality, geology, land use and biodiversity. The EIA identified over 100 species of wildlife within the direct impact area, including four protected animal species. Now that the facility is operational, Luz del Sur monitors different environmental aspects to comply with statutory requirements and commitments under the EIA.

SDG&E and its partners have preserved and restored habitats for several of Southern California's endangered and threatened species. These include the San Dieguito wetlands project, which restored over 160 acres of coastal tidal wetlands to provide habitat for Belding's savanna sparrow, the snowy plover, the endangered California least tern, and the light footed clapper rail; and the Sunrise Powerlink mitigation projects, which will enhance and restore more than 2,600 acres of streams, wetlands and upland habitats for the threatened coastal California gnatcatcher, the endangered least-Bell's vireo, the southwestern willow flycatcher, the arroyo toad and the Peninsular bighorn sheep, as well as many rare plant species.

Supply chain impacts

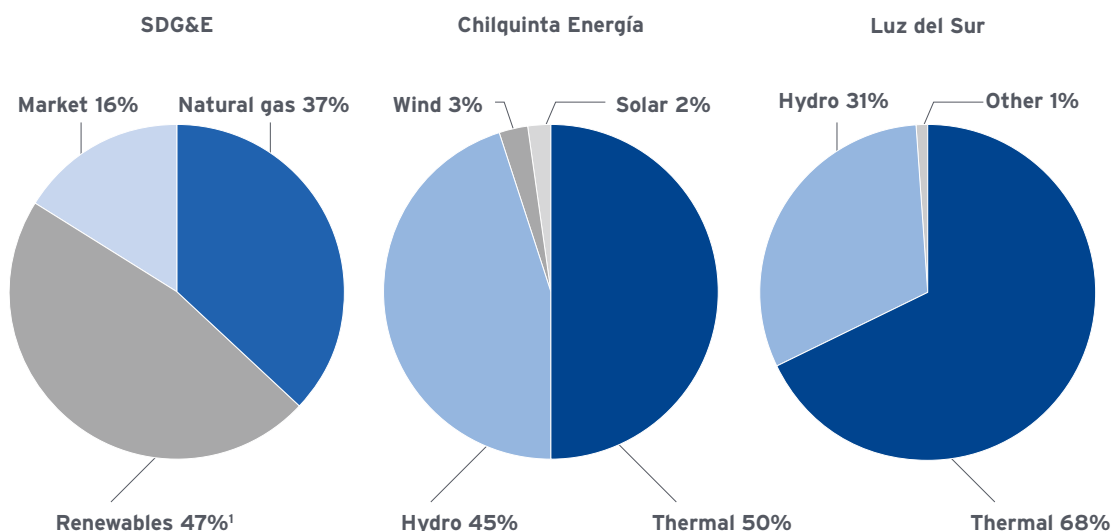
Sempra Energy's largest supply chain impacts* are from the natural gas and electricity we procure. Our core business is delivering energy to the 32 million consumers served by our seven** utilities.

Our subsidiaries purchase the majority of the electricity they deliver to their utility customers from suppliers: In 2015, SDG&E purchased nearly 70 percent; Chilquinta Energía purchased 100 percent and Luz del Sur purchased 100 percent. Information on how this purchased power was generated is in the pie charts below.

We support reasonable rules and regulations to ensure all natural gas producers are operating to an appropriate standard – one that protects consumers, the environment, the energy industry and our nation's access to this abundant supply of domestic energy.

Our subsidiaries purchase natural gas through short- or long-term contracts that specify the source of the gas. They also purchase natural gas from supply aggregation points, exchanges and electronic bulletin boards where natural gas is pooled and the source of the gas is not specified. Given the complexity of the natural gas supply chain, Sempra Energy advocates for a consistent set of standards for all natural gas producers.

Purchased power



¹ Chart depicts purchased power only. 35% of the power SDG&E delivered to its customers in 2015 was from renewable sources, including power that the utility did not purchase, but rather generated in its own power plants.

*Supplier selection and monitoring is described in "Risk management" on [page 23](#); Supplier diversity is described in "Business partners and suppliers" on [page 64](#).

**On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.



In addition to electricity and natural gas suppliers, thousands of other companies provide goods and services to Sempra Energy. Our subsidiaries need pipelines and cable to deliver natural gas and electricity; steel and wood for electric towers and poles; meters to measure customer usage; and office supplies and equipment to run and manage their businesses. Our subsidiaries rely on third parties – from tree trimmers and construction workers to security personnel, contract employees and professional service firms – to help them build, manage and maintain energy infrastructure, facilities and offices.

What impact do our suppliers have on the environment where they do business? And how can we encourage these companies to minimize this impact?

At our California utilities, prospective suppliers bidding on requests for proposals (RFPs) over a specific dollar amount are required to answer sustainability-related questions, and their responses are factored into the decision-making process. In 2014, we analyzed the supply chain of our two California utilities and our corporate headquarters. We learned which areas – and which suppliers – in these supply chains contribute the most to greenhouse gas emissions, water and waste impacts. Following this analysis, our California utilities updated the sustainability-related questions in RFPs.

Responsible natural gas production

Hydraulic fracturing is the process of using pressurized fluid to fracture rock formations and extract natural gas or oil. Technological advances have expanded the use of hydraulic fracturing in recent years.

Hydraulic fracturing is not a significant part of Sempra Energy operations: Our subsidiaries focus primarily on the storage, transportation and distribution of natural gas. However, in the coming years other companies that extract natural gas using hydraulic fracturing will very likely supply us with natural gas that will be liquefied by our LNG export business.

At Sempra Energy, we support reasonable rules and regulations to ensure all natural gas producers are operating to an appropriate standard – one that protects consumers, the environment, the energy industry and our nation's access to this abundant supply of domestic energy. You can read our [hydraulic fracturing position statement on sempra.com](#).

Our Responsible Natural Gas Production Working Group is a group of company experts evaluating how Sempra Energy and its subsidiaries can minimize the impact of natural gas extraction. We are evaluating existing industry partnerships, voluntary standards and other initiatives to determine how this can inform our practices and purchasing policies.



SDG&E switches to vegetable oil for distribution transformers

Greening our supply chain includes making improvements to the products we purchase.

Beginning in 2016, SDG&E will change the dielectric coolant used in their distribution transformers from petroleum-based mineral oil to a natural ester fluid derived from renewable plant-based vegetable oils. This new coolant has a higher ignition resistance than traditional mineral oils, thus making it a great choice for use in fire-prone backcountry areas. By more effectively cooling the transformers, SDG&E should see increases in life expectancy, thereby reducing costs associated with asset replacement. The product has been designated as biodegradable by the EPA, and, through the National Institute of Standards of Technology's BEES 4.0 lifecycle analysis, has been shown to produce 56 times fewer carbon dioxide emissions than mineral oil, making it essentially carbon neutral.



Our stakeholders



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- Safety
- Wellness
- Diversity and inclusion
- Training and development
- Labor relations

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- Engagement
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- Engagement
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Investors and shareholders 65

The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

Employees

Delivering safe, clean, reliable and affordable energy – particularly during a time of transformation in our industry – requires significant human capital, creativity and care. At Sempra Energy, when our people are trained, challenged and empowered to take initiative, our business thrives.

Engagement

What are the things that make a difference in how purposefully our people work; whether they want to stay at Sempra Energy; and whether they recommend our company as a place to work?

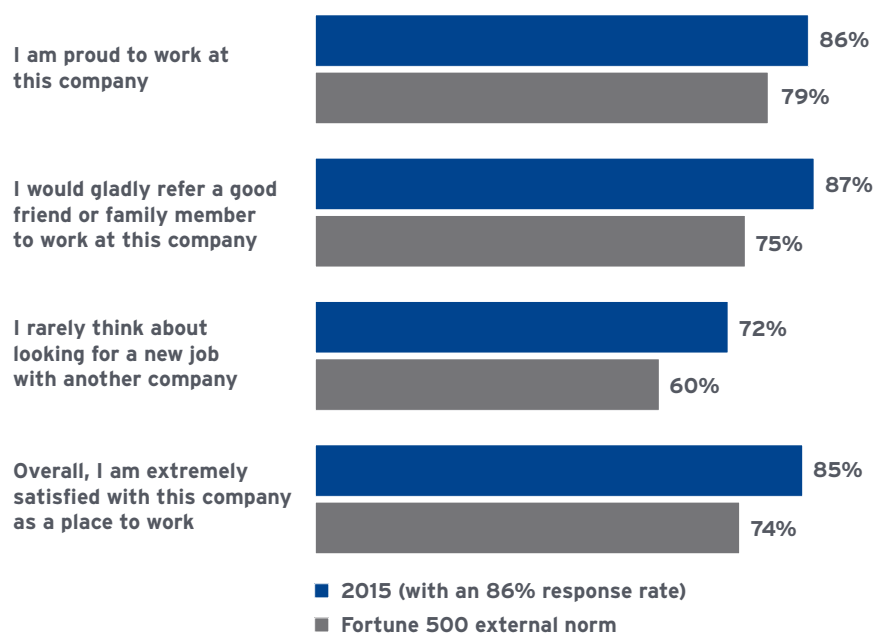
Employee engagement is a combination of satisfaction, advocacy, loyalty and pride. Every other year, our employees are asked to complete a survey to assess their engagement. The survey is administered by a third party, and aggregated results are shared and discussed across the company. Employee confidentiality is maintained.

Company leaders look closely at responses to specific items like the company's commitment to safety or to a harassment-free workplace. Do survey responses indicate employees are willing to go above and beyond the

call of duty: to put in discretionary effort?

Our most recent survey, completed in 2015, indicated overall engagement is high. Eighty-five percent of respondents stated they “agree” or “strongly agree” with the statement “Overall, I am extremely satisfied with this company as a place to work.”

2015 Employee engagement survey results



Safety

At Sempra Energy, we are not satisfied unless each employee and contractor returns home safely after every workday. We work to create a safety-focused culture in which each individual feels personally responsible for their own safety as well as the safety of their co-workers.

In 2015, our employee safety performance continued to improve, and we saw decreases in both the rate of recordable injuries and illnesses and the rate of injuries that resulted in time away from work at all our principal subsidiaries. Regrettably, one SDG&E employee was fatally injured and one



Green teams: catalysts for employee engagement

Employee-run green teams at Sempra Energy headquarters, SDG&E and SoCalGas provide a way for employees to get involved in making the company more efficient. Through eco-education events during the year, they encourage employees to minimize waste and reduce water and energy use, both at work and at home. They also give back to their communities by volunteering at coastal and park clean-up events. The SoCalGas green team hosts an annual “Gathering of Green Teams,” where green teams from throughout Southern California come together to share best practices. The 2015 event brought together green teams from more than 200 Southern California companies.

“Stop the job”; learning from close calls

At SoCalGas, a safety best practice is “Stop the job.” This means that anyone has the power to stop a job – at any time – if they feel something is not right or if they see a condition that might be unsafe. The job can only be restarted once all concerns have been addressed and safety precautions have been taken.

Employees are encouraged to share and report safety issues because the culture at SoCalGas promotes an approach of continuous learning: Something bad could have happened, how can we learn from it? This focus can be empowering, because employees know they can get involved in problem-solving in a positive way.

Safety performance

	2012	2013	2014	2015
Employee work-related fatalities	0	1	0	1
Employee OSHA recordable incident rate ¹	2.26	2.41	2.41	2.35
Employee lost work time case rate ²	0.86	0.88	0.80	0.77

¹ The number of recordable injuries or illnesses per 100 full-time workers.

² The number of lost time cases per 100 full-time workers.

SDG&E contractor was fatally injured, in separate incidents. SDG&E has implemented additional safety measures to address processes involved in the fatal employee injury, and all subsidiaries have enhanced efforts regarding contractor safety. Our subsidiaries and suppliers continue efforts to improve workplace safety performance.

The most common employee injuries at Sempra Energy's subsidiaries are body sprains and strains. We work to minimize these types of injuries through specific training programs on body mechanics and ergonomics.

Safety is a part of pre-work briefings before our crews head out to the field. At safety stand-downs, we review lessons learned and underscore our safety focus. Safety best practices, near misses, alerts and messages are shared within and across principal subsidiaries.

We focus on strengthening the safety culture across our subsidiaries. SoCalGas hosted its first ever Contractor Safety Congress to emphasize the importance of creating a unified safety culture on SoCalGas construction projects. Sempra U.S. Gas & Power implemented a safety incentive program at several sites, which encourages employees to adopt an “all in” philosophy toward safety. SDG&E held a contractor safety summit with major contractors from several key areas, including construction services, capital projects and facilities. At Sempra International, an enterprise-wide incident management system was implemented to monitor near misses and injuries to proactively address safety issues in the workplace. In addition, more than 50 safety professionals from all international subsidiaries participated in the annual Safety Summit in Valparaiso, Chile.



Safety is a part of the pre-work briefings before our crews head out to the field.

Solar facilities earn prestigious safety recognition



Copper Mountain Solar 1 and Mesquite Solar received the "Voluntary Protection Programs Star" designation.

In 2015, Sempra U.S. Gas & Power's Copper Mountain Solar 1 facility in Nevada and Mesquite Solar facility in Arizona became among the first solar plants in the U.S. to receive the "Voluntary Protection Programs Star" work site designation from the Occupational Safety and

Health Administration (OSHA). The award is the organization's highest recognition for exemplary safety performance. The STAR designation recognizes outstanding occupational safety and health efforts by both employers and employees.

Chilquinta Energía's Tecnored receives safety recognition



Tecnored (a Chilquinta Energía company) was named to the Chilean Chamber of Construction's six-star honor roll for safety.

Tecnored, a Chilquinta Energía company that provides energy-related services in Chile, has been named to the Chilean Chamber of Construction's prestigious six-star honor roll. To achieve the high distinction, a company must have been named to the five-star honor roll three times in the last five years; have no reported fatal accidents

in the last two years; and have a very low accident rate. Tecnored's safety program is certified to the international occupational health and safety assessment series (OHSAS 18001) and includes 25 different safety protocols, one for each major work process, including investigation reports, procedures, audit plans, drills and simulations.

Our stakeholders

Employees

As a responsible employer, we provide a range of resources and programs to our employees to help them live healthier lives.



When we respect each employee, our workplace becomes a place where unique perspectives yield new ideas – and stronger business performance becomes possible.


Wellness

Wellness contributes to our success as a business. It improves employee retention and performance and may also strengthen employee recruitment.

Each Sempra Energy employee has unique health and wellness needs. As a responsible employer, we provide a range of resources and programs to our employees to help them live healthier lives. Programs and amenities vary by subsidiary and location, but are more widely available at facilities with more employees:

- Fitness subsidies; on-site gyms, lockers and showers; and fitness opportunities including lunchtime boot camp, walking club, yoga and Zumba encourage employees to exercise.
- Financial incentives and bicycle-friendly amenities (including a bicycle maintenance facility and a shower/locker area for bike commuters) promote the use of this healthy, lower-stress alternative to commuting by automobile.
- Flexible work schedules, where available, allow for a beneficial balance between work and personal commitments.
- Backup dependent care provides a safety net for employees experiencing a scheduling conflict with regular childcare or eldercare providers.
- Periodic “lunch and learn” sessions help employees learn more about topics such as stress management, heart health and nutrition.
- Ergonomics consultations and free on-site flu vaccinations protect employee health and reduce sick days. Sit-stand desks are available at many locations.

Sempra Energy's Wellness, by the numbers*



3,445
flu shots
administered



30
fitness classes
offered weekly



\$1.7 million
invested in
wellness programs

*Data is for California operations only.

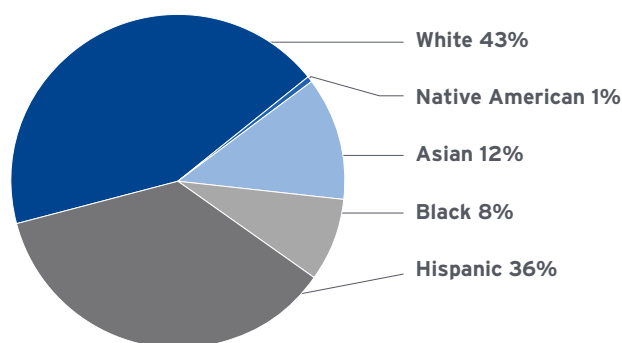
- Programs like the Employee Assistance Program give our employees free and confidential access to counseling services when they need to address personal issues.

We are a stronger company when we value, respect and include people from all walks of life.

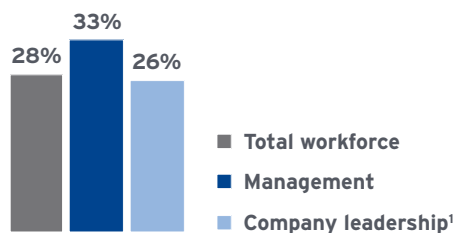
Diversity and inclusion

At Sempra Energy, we are a stronger company when we value, respect and include people from all walks of life. A wide range of factors influence and impact every one of our employees, including race, color, national origin, ancestry, ethnicity, education, age, marital status, veteran status, sexual identity and orientation, gender, gender identity or expression, religion, spiritual beliefs, mental and physical capabilities and life experiences.

U.S. workforce diversity (2015)

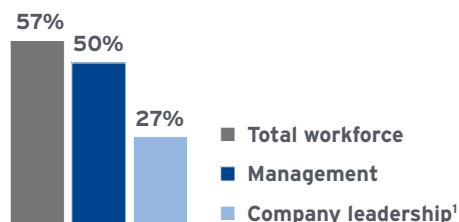


Women in workforce (2015)



¹ Company leadership is defined as employees whose position places them in the top 2 percent of the company.

Ethnic minorities in U.S. workforce (2015)



¹ Company leadership is defined as employees whose position places them in the top 2 percent of the company.

More than **300 employees** serve on our corporate-wide diversity council or on one of 13 local diversity and inclusion councils.

When we respect each employee, our workplace becomes a place where unique perspectives yield new ideas – and stronger business performance becomes possible.

Our [Discrimination- and Harassment-Free Workplace Policy](#) formalizes our approach. And our executive commitment is a signed statement of our leadership's belief in the importance of diversity and inclusion.

More than 300 employees serve on our corporate-wide diversity council or on one of 13 local diversity and inclusion councils. These councils establish priorities and develop employee-focused programs and initiatives. They work to build diversity awareness, celebrate differences and foster an environment of acceptance, respect and inclusion.

Our workforce demographics provide strong evidence of our commitment to diversity and inclusion. When job openings occur, we cast a wide net to build a diverse pool of candidates. Across the company, women comprise 28 percent of the workforce and 33 percent of management. Since 2010, minority representation in our U.S. workforce has increased from 53 percent to 57 percent; the U.S. utility average is 25 percent.



Hanif Mohebi, the executive director of the San Diego chapter of the Council on American-Islamic Relations, leads a lunch and learn session.

Diversity lunch and learns

Local employee diversity councils host panel discussions and lunch and learns to allow employees to learn about diversity-related topics. As one example, the local diversity and inclusion council at Sempra Energy headquarters invited the executive director of the San Diego chapter of the Council on American-Islamic Relations to speak with employees. Hanif Mohebi led a lunch and learn session that featured open dialogue and a free-flowing Q&A period. The event was intended to help employees understand and empathize with their Muslim friends, neighbors and colleagues. Prior similar events have focused on veterans, HIV/AIDS awareness, disabilities, multicultural perspectives, mental health issues and generational diversity, among other topics.

Training and development

Employee development at Sempra Energy is an employee-driven process utilizing company-provided tools and resources. We encourage each employee to develop a career and development plan and we ask them to engage in an open dialogue with their manager to discuss their career aspirations, including both short- and long-term goals.

My Info is an online portal and one-stop shop for any learning or development an employee needs. It tracks past and present performance reviews, short- and long-term career goals, required and completed training, compensation, benefits and other information. Via My Info, employees may update their career interests and be notified via email when matching jobs are posted.

For training, employees may access an online menu of business courses via My Info. Courses focus on areas such as accounting, finance and safety. We also encourage employees to pursue educational opportunities outside of work; our Professional Development Assistance Program provides up to \$5,250 per year to cover the educational expenses of employees working toward a degree or certificate. More than 550 employees participated in this program in 2015. (For information on required compliance training, please see “Risk management” on [page 19](#).)

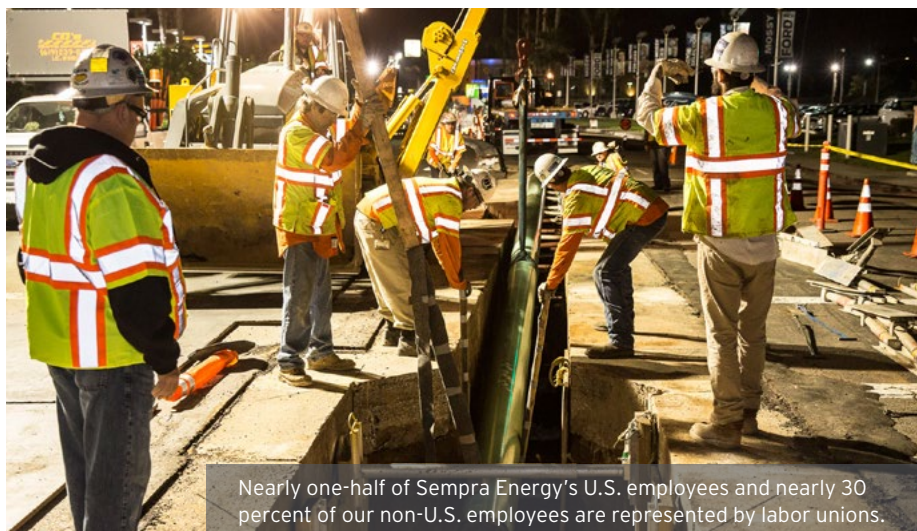
Labor relations

Nearly one-half of Sempra Energy's U.S. employees and nearly 30 percent of our non-U.S. employees are represented by labor unions. We respect our partnerships with unions and work with them to achieve business results that benefit our employees, our businesses and the communities we serve. We also seek opportunities to collaborate with our unions.

SoCalGas

Field, technical and most clerical employees at SoCalGas are represented by the Utility Workers Union of America or the International Chemical Workers Union Council.

Nearly **one-half** of Sempra Energy's U.S. employees and nearly **30 percent** of our non-U.S. employees are represented by labor unions.



Nearly one-half of Sempra Energy's U.S. employees and nearly 30 percent of our non-U.S. employees are represented by labor unions.



SDG&E apprentice program

SDG&E employees, particularly union employees, who are interested in becoming electric line workers, electric meter testers, substation electricians or distribution system operators, can apply to be considered for a paid apprenticeship with the company. The apprenticeship programs are administered jointly by SDG&E and IBEW Local 465.

Each apprentice must complete a prescribed number of hours of training and demonstrate preparedness for successful transition to the journeyman-level designation and professional certification. In addition to completing the SDG&E academic and job skills training, each apprentice must complete six prescribed electricity courses taught through San Diego City College to receive a certificate of achievement or two-year degree. Students combine electrical theory with laboratory and practical applications.

SDG&E

Field employees and some clerical and technical employees at SDG&E are represented by the International Brotherhood of Electrical Workers.

Sempra South American utilities

Field, technical and administrative employees at Luz del Sur are represented by the Unified Trade Union of Electricity Workers of Lima and Callao, and the Trade Union of Employees of Electrolima.

Field, technical and administrative employees at Chilquinta Energía are represented by Labor Union Number 1 Chilquinta Energía, Labor Union Number 2 Chilquinta Energía, Litoral Labor Union, Luzlinares Labor Union, Tecnoled Labor Union Number 1, Negotiating Group Luzparral and Negotiating Group Casablanca.

Professional employees at Chilquinta Energía are represented by Professional Union.

Mobile Gas*

Field employees at Mobile Gas are represented by the United Steelworkers Union.

For more details of our agreements with labor unions, please see our [10-K](#).

* On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.

Customers and communities

Sempra Energy's businesses serve more than 32 million consumers worldwide. Our subsidiaries operate utilities in California, Alabama, Mississippi, Mexico, Chile and Peru, meeting the energy needs of a wide range of residential, commercial and industrial customers.

Aliso Canyon leak

In October, SoCalGas discovered a leak at one of its injection and withdrawal wells at its Aliso Canyon natural gas storage facility, located in the northern part of the San Fernando Valley in Los Angeles County. The leak was sealed in February 2016, and the company has acknowledged the disruption it caused to nearby communities and the impact it had on the environment. A detailed description of the Aliso Canyon leak can be found in the "Environment" section on [page 31](#) of this report.

Engagement

The customers we serve have questions about energy and the impact it has on their lives: Is my electric bill going up? How will utility construction impact traffic on my street? What will the new wind project mean for my community?

We listen and respond to these kinds of questions as we work to address customer and community needs. With service-oriented roots dating back more than 140 years, we know that responding to customer and community input is essential.

Our utilities connect with their customers through mail, email, door hangers, advertising, social media and news media. They provide information and answer questions through websites and customer call centers. They review customer research and satisfaction-survey results; host community forums or information sessions; and arrange face-to-face meetings.

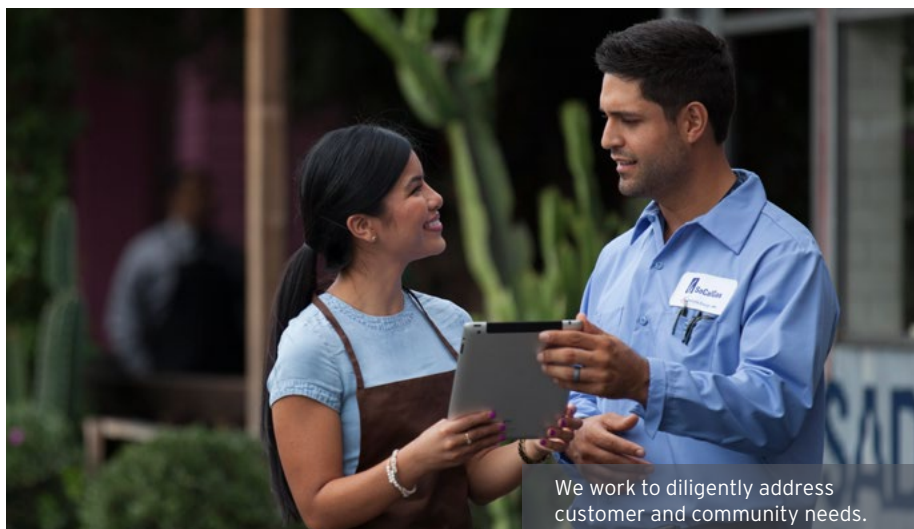
For non-utility operations, beginning in the early stages of project development, we make sure local residents and business owners have

Working with labor unions on safety

New safety-related initiatives at SDG&E in 2015 included the creation of the Gas Safety Subcommittee which includes represented employees, management and the IBEW Local 465 leadership. The committee is empowered to resolve issues brought in from the frontline workforce.

There was also an additional Grassroots Culture Change Team created at the utility's Kearny district. This is an employee-led team which addresses cultural safety issues by creating and implementing projects which directly impact the workforce and help resolve safety concerns.

Working with employees and employee organizations is a critical part of our approach to safety - at SDG&E and throughout the Sempra Energy family of companies.



We work to diligently address customer and community needs.

Community engagement for hydroelectric facility in Peru

In 2015, Semptra International subsidiary Luz del Sur began commercial operation of its 100-megawatt Santa Teresa hydroelectric plant in the Cusco region of Peru. The facility will help power 235,000 homes. During planning and construction, Luz del Sur implemented a program to protect the well-being of residents and remediate the environmental impact of the facility - including impacts related to both construction and operation. The utility also followed all requirements established in the Environmental Impact Assessment (EIA) during the construction phase of the facility, including those resulting from its proximity to the Machu Picchu World Heritage Site.

an opportunity to ask questions and make suggestions. As development continues, we keep them informed through face-to-face meetings, community “open house” events and project update newsletters and other communications.

Community relations and public affairs personnel meet with community leaders to gain further insight into customer and community needs, and to receive business- or project-specific feedback. Ten Community Advisory Councils, which comprise leaders from a particular community or region, meet periodically throughout the year to discuss a range of topics, from advanced meters and solar power to energy bills and energy infrastructure impacts or concerns.

Based on what they learn from their customers, our subsidiaries modify projects or make improvements to customer service.

Human rights

Throughout all of our operations, and across all stakeholder groups, Semptra Energy respects human rights. We strive to engage with stakeholders, to listen to their concerns, and to incorporate their suggestions and ideas whenever and wherever feasible.

We recently completed a human rights assessment, which included peer benchmarking as well as an analysis of our worldwide operations for areas of potential risk and opportunity. We are now reviewing the results of this assessment.

Public safety

At Semptra Energy, our top priority is safety. Nothing is more important to us than keeping our employees and customers safe.

As of December 31, 2015, our operations span 13 U.S. states, four countries and two continents. We operate seven energy utilities, 124,440 miles of natural gas pipeline and 49,348 miles of electric transmission and distribution lines. We also operate two liquefied natural gas receipt terminals, six underground storage facilities capable of storing 179 billion cubic feet of natural gas, and five natural gas-fired power plants. With our partners, we operate more than 730 wind turbines and nearly 4,800 acres of photovoltaic solar facilities.

Protecting the public from dangerous contact with our systems and assets is an important objective and an ongoing challenge; we do not control the actions of third parties which may place them in such contact. In 2015, there were 78 injuries and four fatalities alleged to involve company pipes, poles and wires, construction areas, motor vehicles and other facilities*. Due to pending litigation and the non-public nature of settlements, Semptra Energy is unable to disclose further details of these incidents.

Our principal subsidiaries manage the safe operation of their assets, with oversight provided by their boards of directors as well as the EHS&T

* Does not include incidents alleged to involve the Aliso Canyon leak. For more information, please see “Aliso Canyon leak” on [page 31](#)

Committee of Sempra Energy's board of directors. Public safety-related areas of focus include, but are not limited to:

- Educating customers about energy safety: Customers should avoid contact with electric and natural gas equipment, including poles, transformers, pipes and wires. We produce and disseminate safety education materials and encourage customers to "Dial 8-1-1 before you dig" so our U.S. utility personnel can mark the location of buried utility-owned gas pipelines or electric lines free of charge.
- Testing and replacing natural gas pipelines; retrofitting or replacing valves to enable automatic or remote controlled response; and installing new technology for better system monitoring.
- Replacing and upgrading electrical cables, wires and other equipment.
- Installing smart-grid devices to help identify the location of an outage.
- Repositioning electric line underground (where it is not exposed to vehicles, tree branches, mylar balloons or other potential sources of trouble); and converting power poles from wood to steel, further improving system strength, safety and reliability.
- Engaging in wildfire prevention and preparedness, including vegetation management (tree trimming); extensive weather forecasting; and employee training programs.
- Assessing and mitigating vulnerabilities related to deliberate cyber or physical attacks on energy infrastructure.

At Sempra Energy, we know it is vital that we restore natural gas and electric service quickly and safely in the aftermath of a major disaster or emergency. Our utilities train for such events alongside government officials and first responders. They develop and update contingency plans and emphasize the importance of emergency preparedness to their customers: Uninterrupted access to energy is not guaranteed, so they encourage each customer to develop a written emergency plan and practice implementing it.



Educating customers about energy safety is an important part of our approach.

Making the electric distribution system more resilient

In 2015, SDG&E repositioned more than 85 miles of electric line underground. More than 60 percent of SDG&E's electric system is now underground. Moving electric lines underground – where they are not exposed to vehicles, tree branches, mylar balloons or other potential sources of trouble – can increase public safety and decrease outage frequency, although it also can increase the time it takes to restore power. SDG&E also converted more than 2,000 power poles from wood to steel in 2015; further improving system strength, safety and reliability.

Rates and customer-assistance programs

Energy utilities are typically regulated businesses; public agencies (such as the California Public Utilities Commission) set the rates the utilities may charge for delivering energy and providing energy-related services.

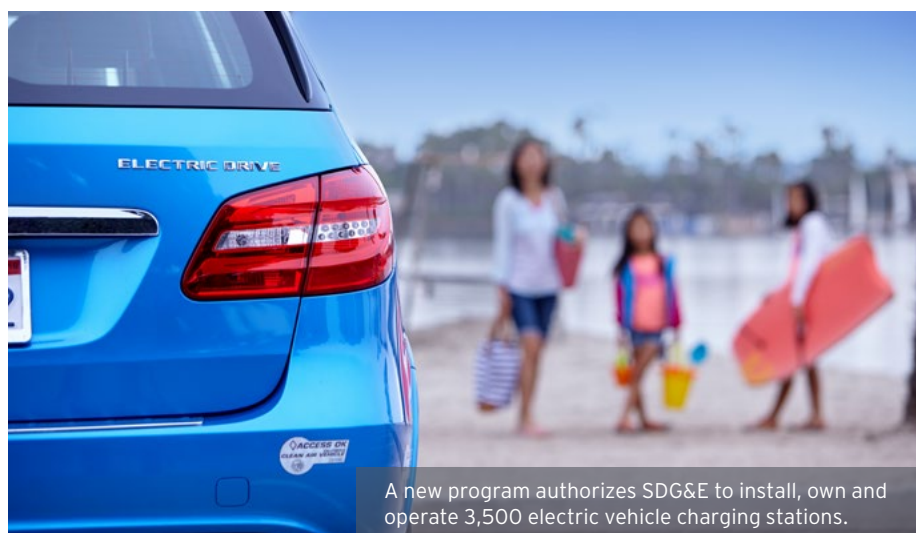
Sempra Energy's utility businesses help customers reduce their energy use and costs. They offer programs and services such as energy-efficiency retrofits, appliance service, on-bill financing of energy upgrades and many different rebates. Some utilities also offer payment plans, including level-pay plans that can smooth out the monthly volatility in energy bills.

In California, customer-assistance programs help low-income or medically qualified customers pay their energy bills and/or reduce their energy use. These programs include California Alternate Rates for Energy (CARE) ratepayer assistance, the Medical Baseline Allowance program and the Energy Savings Assistance Program (ESAP), which provides energy-efficiency upgrades. The California Public Utilities Commission establishes targets for these programs (number of customers to be served or percent of eligible customers to be enrolled) and then tracks results.

In 2015, SDG&E weatherized 20,209 homes through the ESAP program and enrolled nearly 73 percent of its eligible customers in the CARE program. SoCalGas weatherized 80,316 homes through ESAP and enrolled more than 81 percent of its eligible customers in the CARE program. Over 137,000 customers participate in SoCalGas' level-pay plan. Approximately 26,000 participate in SDG&E's similar program.

Our utilities on the U.S. Gulf Coast* assist their customers primarily through third-party agencies and nonprofit organizations that have demonstrated effectiveness in this area. As an example, Willmut Gas works with several private nonprofit organizations that help low-income customers with their natural gas bills.

Our South American utilities provide customers with flexible payment options during difficult times. In 2015, Chilquinta Energía made more than 28,000



A new program authorizes SDG&E to install, own and operate 3,500 electric vehicle charging stations.

* On April 24, 2016, Sempra U.S. Gas & Power agreed to sell Mobile Gas and Willmut Gas, subject to customary regulatory approvals.

payment agreements with customers who were having trouble paying their energy bills. Luz del Sur provides financial assistance to approved low-income customers, which consists of a 30 to 40 percent discount for a period of three to six months.

Reliability

Our utility businesses build, operate and maintain vast energy infrastructure to provide their customers with reliable electricity and natural gas service. When service interruptions occur, our utilities identify the location or source of the outage and work to restore service quickly and safely. Vehicle crashes, equipment failure and construction activity are some common causes of power outages and natural gas service disruptions.

SDG&E has been recognized for 10 consecutive years with the “Best in the West” award for electric reliability from PA Consulting, an independent firm. A typical SDG&E customer experiences one power outage every other year. On average, an outage lasts about one hour.

Both of Semptra International’s South American electric utilities provide service reliability that far exceeds standards established by local industry regulators for both frequency and duration of outages. In 2015, Chilquinta Energía ranked number one in terms of its quality of electricity supply among electric distribution utilities in Chile with over 120,000 customers.

Our utilities also strengthen their systems to try to prevent service interruptions and continue to improve reliability.

To avoid service disruptions, our natural gas utilities develop short- and long-term demand forecasts to ensure they will be ready to meet the needs of their customers. They must plan for and develop needed infrastructure several years in advance so they can purchase, store and deliver natural gas when and where it is needed.

In Southern California, natural gas-fired power plants play a key role in providing electricity for the grid, in particular when renewables are not available. If an adequate supply of natural gas is not available, these power plants might need to curtail their operations. This scenario may occur in 2016; in response to the Aliso Canyon leak, the Division of Oil, Gas and Geothermal Resources (DOGGR) has established parameters to assess the Aliso Canyon natural gas storage facility that must be accomplished before

SDG&E to install 3,500 electric vehicle charging stations

A newly approved program called Power Your Drive authorizes SDG&E to install, own and operate 3,500 electric vehicle charging stations at apartments, condos and workplaces in its service territory. The stations will be integrated into the electric grid: charging costs will reflect real-time grid conditions, meaning rates will rise during periods of higher demand and drop when demand eases. Such “responsive” rates help improve electric reliability by encouraging customers to use electricity when ample supplies are available.

Electric reliability performance

	SAIDI ¹ : (Average outage duration in minutes)	SAIFI ² : (Average number of outages per customer, per year)
SDG&E	58 ³	0.53 ³
Chilquinta Energía	872 ³	4.66 ³
Luz del Sur	643 ³	2.90 ³

¹ System Average Interruption Duration Index.

² System Average Interruption Frequency Index.

³ System operating conditions, electric reliability performance and methodology for calculating performance vary significantly from country to country.

the facility can return to operation. This has impacted the availability of local natural gas supplies, and may impact electric reliability as well.

Economic impact

A company's financial performance matters, not just to its employees and shareholders, but also to its suppliers and contractors; to the customers it serves; and to the communities and governmental jurisdictions where it does business. The economic value a company creates is distributed to these stakeholders in the form of wages and benefits; payments for operating costs; payments to shareholders; payments to governments in the form of fees or taxes; and contributions to community organizations.

In 2015, Sempra Energy generated direct economic value of \$10.65 billion* and distributed \$8.5 billion* of this amount to stakeholders:

- Sempra Energy and its subsidiaries employed 17,000 people who earned \$1.8 billion* in wages and benefits in 2015.
- Operating costs were \$4.9 billion*, which included payments made to a wide range of suppliers including diverse business enterprises (DBEs). For more on DBE spending, see the "Business partners and suppliers" section on [page 64](#) of this report.
- We paid \$419 million* in federal, state and local taxes and fees. This figure includes permitting and environmental compliance fees and taxes paid to governments in Mexico, Chile and Peru.
- We paid \$702 million* in dividends to shareholders.
- We paid \$611 million* in interest to financial institutions and other providers of capital.
- Sempra Energy, our subsidiaries and the Sempra Energy Foundation made \$19 million* in grants and donations to support the communities where we operate. This figure represents 1.1 percent of our pretax income.

Philanthropy and community involvement

Sempra Energy's areas of focus for philanthropy and employee volunteering are aligned with our business priorities. We focus on the environment because we recognize that our business operations have an impact. We contribute to community development and education because strong economies support a higher quality of life - and effective schools develop skilled workers and wise leaders. And we prioritize emergency preparedness to help make sure our communities are ready.

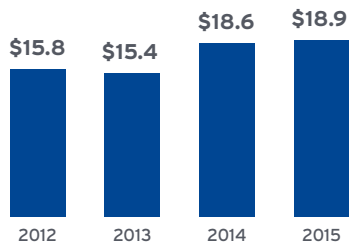
Examples of philanthropy and involvement from 2015 include:

- SDG&E supported Kid's College and that organization's "E3 Explorers Club: Environment, Energy and Engineering." This extended-learning program provides interactive science and engineering lessons to 220 underserved children, in an environment that builds confidence and leadership skills.

* These figures were determined according to the guidelines provided by the Global Reporting Initiative.

Sempra Energy and Sempra Energy Foundation community giving

In millions of dollars



- SoCalGas was honored by Special Olympics World Games as the top volunteer organization after providing more than 1,900 volunteers in support of this event. The subsidiary also fielded the record-breaking team to support United Way HomeWalk: More than 800 volunteers raised in excess of \$100,000.
- Employees at Sempra U.S. Gas & Power's Broken Bow II wind facility in Nebraska donated time and money to The Iain Nicolson Audubon Center at Rowe Sanctuary. The Sanctuary, known as the "Sandhill Crane Capital of the World", is a frequent stopover for migratory birds and is dedicated to the conservation and restoration of natural ecosystems.
- Employees of Sempra International subsidiary Chilquinta Energía continued to support Hogar Manuel de Tezanos Pinto de Quillota - Fundación Refugio de Cristo. This orphanage cares for girls between the ages of 5 and 18 and provides them with a safe place to live and attend school. Chilquinta Energía employees provided holiday and birthday presents for the girls, donated basic household supplies and made improvements to the grounds and facilities.
- IEnova, Sempra Energy's subsidiary in Mexico, formed Fundación IEnova in 2015 as a way to contribute to community development and environmental conservation in the communities where they operate. The foundation developed an orphanage adoption program, committing to provide financial and volunteer support to orphanages for three years in six cities: Mexicali, Ensenada, Hermosillo, Chihuahua, Torreón and Mexico City.



We contribute to community development and education because strong economies support a higher quality of life.

Our stakeholders

Business partners and suppliers

The Sempra Energy Foundation matched employee contributions 2:1 for the company's second annual Giving Tuesday campaign, resulting in a contribution of more than \$140,000 divided among eight charities battling hunger. And Sempra Energy employees, with Foundation support, donated nearly \$115,000 to support relief efforts in response to a devastating earthquake in Nepal.

Our employees also give time and money to their communities. In 2015, the company recorded \$3.2 million in employee giving and employee volunteer time of 15,000 hours.

Sempra Energy supports employee giving through programs like the Sempra Energy Giving Network, a 501(c)(3) nonprofit organization that allows employees to set up direct payroll contributions to charities of their choice.

Sempra Energy also supports employee volunteerism through programs such as our Volunteer Incentive Program. This program allows employees who give at least 10 hours of their personal time to a nonprofit or school to request a grant from the Sempra Energy Foundation to that nonprofit or school in the amount of \$10 per hour volunteered (with a minimum of 10 hours and a maximum of 25 hours per grant).

Business partners and suppliers

Business partners and suppliers are critical to Sempra Energy's success. We often submit project bids (for the development or operation of energy infrastructure) in collaboration with business partners - they play an important role in managing or implementing different phases of planning, construction or operations. And we depend on suppliers for equipment, parts and services essential to system reliability.

Once a supplier has been selected, supply chain managers in our businesses monitor their performance and work with them to find ways to limit their environmental impact. For a description of how we engage with suppliers, please see the "Risk management" section on [page 19](#) of this report. For a description of how we manage the environmental impacts of our suppliers and supply chain, please see the "Supply chain impacts" section on [page 45](#) of this report.

At our California utilities, supplier diversity includes working with DBEs. It is important that the companies that provide materials and support to



Business partners play an important role in managing or implementing project planning, construction or operations.

SoCalGas and SDG&E reflect the communities these utilities serve. In 2015, 44.7 percent and 42.7 percent of total spending at SoCalGas and SDG&E, respectively, went to DBEs, far exceeding the targets established by the California Public Utilities Commission.

Regulators

Sempra Energy's utility customers want safe, clean, reliable and affordable energy. Our utilities want to provide this service, while earning a reasonable rate of return for their efforts. Regulators work to balance these sometimes-competing requirements: Although our utilities may have the exclusive right to provide energy service to their customers, regulators set rules that specify where that energy comes from; how much infrastructure is needed to deliver it; and how much it should cost.

Sempra Energy's businesses work to develop and operate energy infrastructure including power plants, liquefied natural gas terminals, natural gas storage facilities, natural gas pipelines, electric transmission lines, and wind and solar plants. Regulators review project proposals, issue permits and oversee utility procurement and delivery of natural gas and electricity.

Engagement

Regulatory affairs, government affairs and other types of employees work to ensure regulators understand our company's perspective on a wide range of relevant issues. They participate in public meetings, provide testimony and interact with regulators via phone, email or in-person meetings. Strict rules of conduct govern how we engage with regulators; and how these interactions must be reported.

Regulation of our utilities

For a description of how our utilities are regulated, please see page 9 of our [2015 annual report](#).

Investors and shareholders

Our investors and shareholders are also an important stakeholder group. For a description of how we engage with them on important issues, please see the "Governance" section on [page 12](#) of this report.

Contractor safety at SDG&E

In November 2015, SDG&E held its fourth annual contractor safety summit with over 125 contractors attending. The summit covered a range of topics, including gas pipeline safety and reliability; emergency preparedness; the potential impacts of El Niño; fire preparedness; and conserving water resources.

SDG&E continues to work to improve contractor safety. SDG&E employees review the "Safety Notice for Contractors" checklist with contractors prior to the start of construction or major projects. Nearly 200 contractors have been enrolled in the utility's contractor compliance review process and undergo periodic audits to ensure their safety compliance.

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(unaudited)

Global Reporting Initiative (GRI) Index 74

People, priorities and performance is Sempra Energy's corporate responsibility report for the year 2015.

Report overview

People, priorities and performance is Sempra Energy's corporate responsibility report for the year 2015.

People, whether they are our employees, customers or shareholders, influence our priorities as a company. These priorities - which include ensuring employee and public safety; maintaining energy reliability; developing lower-carbon sources of energy; and many others - impact our performance.

Reporting framework and boundary

This report meets the requirements of a core-level G4 report according to the Global Reporting Initiative (GRI). Our detailed GRI G4 content index can be found on [page 74](#).

This report covers all businesses and facilities where we have operational control. Additionally, it covers the Cameron LNG facility - a facility that we do not control but that we project will have a significant impact on our earnings. Other exceptions or additions are noted.

Data collection and verification, content review

We gather the majority of the data included in this report using a data-collection system. This system collects and aggregates performance data and supporting documents from each of our four principal subsidiaries as well as our corporate headquarters.

Greenhouse gas emissions for 2014 were verified as follows: SDG&E, by GHD Services, Inc.; SoCalGas, by Lloyd's Register Quality Assurance, Inc.; and Termoeléctrica de Mexicali, by Cameron-Cole, LLC. The verification process for 2015 greenhouse gas emissions will be completed later in 2016.

The EHS&T Committee of Sempra Energy's board of directors also reviewed this report prior to its publication.

Materiality

Sempra Energy's annual corporate responsibility report focuses on the issues that are most material (important) to the company and its stakeholders. Our first materiality assessment was completed in 2012, with results published in our [2012 Corporate Responsibility Report](#) (see page 3).

In 2014, the Sempra Energy corporate responsibility team conducted a new materiality assessment. This assessment used an "issues ranking" survey: Respondents were asked to rate 27 affirmative phrases, such as "How important is it that Sempra Energy or its affiliated companies foster a culture of employee safety?" or "How important is it that Sempra Energy or its affiliated companies control or limit air emissions?"

The survey gathered responses from more than 400 individuals, equally divided among three important stakeholder groups: employees, customers and other external stakeholders (investors, policymakers, community leaders and suppliers). The aggregated responses from each stakeholder group were weighted equally in evaluating assessment results.

All three groups almost unanimously agreed the following six issues are most important to the company:

1. Operate safely to avoid public safety risks;
2. Act in an ethical manner;
3. Provide reliable electricity and natural gas services and respond to any service-related issues;
4. Comply with regulations (e.g., environmental, health and safety regulations);
5. Charge fair rates while providing customers with ways to use less energy and reduce bills; and
6. Foster a culture of employee safety.

The corporate responsibility team identified four additional issues as material based on their significance to the energy industry: "Minimize water use," "Address climate change and air emissions," "Plan for the future," and "Build

We're listening

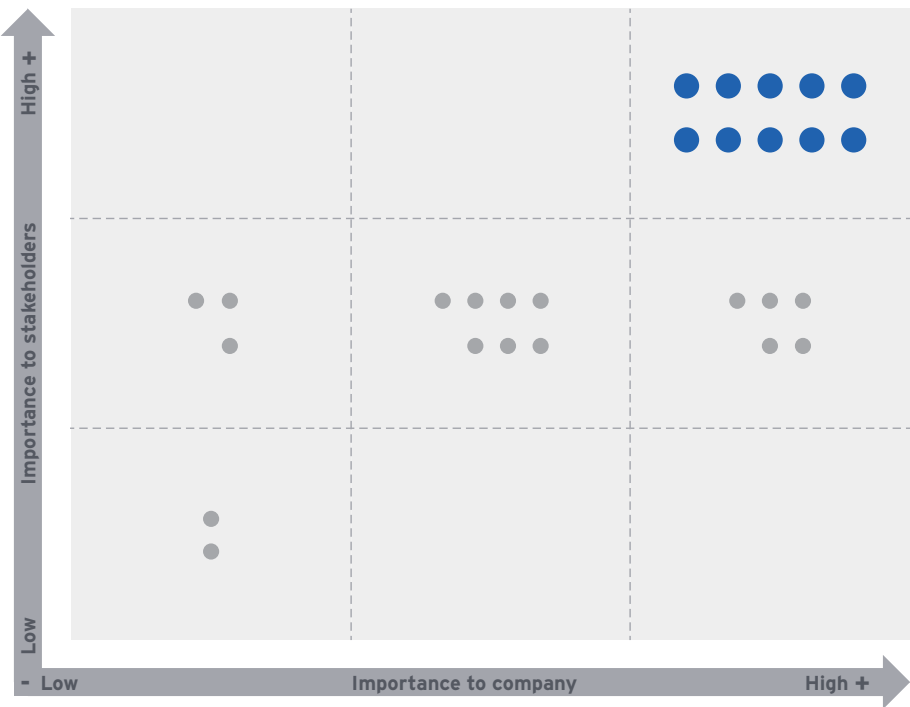
To improve, we need feedback from readers like you. Please let us know how we can do a better job describing Sempra Energy's challenges and opportunities.

Email us your thoughts at: corporateresponsibility@sempra.com.

a strong supply chain.” The results of this materiality assessment were published in our [2014 corporate responsibility report](#), which includes an interview with a company leader on each material topic.

For this report (2015), we analyzed the data from the 2014 materiality assessment and added another dimension: “Important to the company” is based on the survey responses from company leaders. The results can be found in the matrix below. This report was written with an emphasis on these material topics. We perform a materiality assessment approximately every two years.

Materiality matrix



Sempra Energy's material issues include:

- Operate safely to avoid public safety risks
- Act in an ethical manner
- Provide reliable electricity and natural gas services
- Comply with regulations
- Charge fair rates
- Foster a culture of employee safety
- Minimize water use
- Address climate change
- Plan for the future
- Build a strong supply chain

Performance data

	2012	2013	2014	2015
Our business				
Revenues (millions of dollars)	9,647	10,557	11,035	10,231
Earnings (millions of dollars)	859	1,001	1,161	1,349
Earnings per diluted share (dollars)	3.48	4.01	4.63	5.37
Total assets (millions of dollars) ¹	36,412	37,165	39,651	41,150
Number of board directors	10	13	13	12
Number of independent board directors	9	12	12	11
Independent board directors who are women or people of color (% of independent directors)	44	50	50	45
Ethics and compliance helpline calls	132	167	202	260
The environment				
Renewable energy deliveries (% of previous year total sales) ²	20.3	23.6	31.9	35.2
Agency inspections	435	395	443	563
Notices of violation (NOV) ³	11	8	10	22
Inspections with no NOV issued (% of total inspections)	97	98	98	96
Fines and penalties (dollars) ⁴	18,875	1,734	1,810	50,343
Internal compliance assessments and audits	835	745	422	422
Scope 1 greenhouse gas emissions (million metric tons CO ₂ e)	8.2	7.6	6.7 ⁵	8.2 ^{6,7}
Scope 2 greenhouse gas emissions (million metric tons CO ₂ e)	0.319	0.226	0.308 ⁵	0.29 ⁶
Scope 3 greenhouse gas emissions from SDG&E purchased power (million metric tons CO ₂ e)	3.8	2.9	3.2 ⁵	2.8 ⁶
CO ₂ emissions rate for power generation (lbs CO ₂ /megawatt-hour) ⁸	774	708	694 ⁵	649 ⁶
NO _x emissions for power generation (tons)	494	464	388	355
NO _x emissions rate for power generation (lbs/megawatt-hour) ⁸	0.06	0.06	0.05	0.05
SO ₂ emissions for power generation (tons)	31	21	16	16
SO ₂ emissions rate for power generation (lbs/megawatt-hour) ⁸	0.004	0.003	0.002	0.002
Total water withdrawal (billions of gallons) ⁹	30.7	31.9	31.4	27.9
Returned water (billions of gallons) ⁹	27.4	28.7	28.2	25.0
Hazardous waste (tons) ¹⁰	2,383	2,901	1,947	5,073
Our stakeholders				
Number of employees	16,900	17,100	17,000	17,400
Employee work-related fatalities	0	1	0	1
Recordable injury case rate (per 100 full-time workers)	2.26	2.41	2.41	2.35
Employee lost work time case rate (per 100 full-time workers)	0.86	0.88	0.80	0.77
Women in workforce (% of total workforce)	28	29	29	28
Women in management (% of management employees)	32	33	33	33
Ethnic minorities in workforce (% of U.S. employees)	54	56	56	57
Ethnic minorities in management (% of U.S. management)	45	47	48	50
Spending with diverse business enterprises (% of total spending) ¹¹	38	45	46	44
Sempra Energy and Sempra Energy Foundation giving (millions of dollars)	15.8	15.4	18.6	18.9

¹ 2012, 2013 and 2014 values adjusted for the retrospective adoption of Accounting Standards Update 2015-03, Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs.

² Based on SDG&E's RPS compliance reporting and subject to CPUC revision.

³ Self-reported violations are not included.

⁴ The amount of fines and penalties paid varies from year to year depending on the nature of the violation and the timing of its resolution.

⁵ 2014 greenhouse gas emissions data have been updated following an independent verification of the data.

⁶ 2015 greenhouse gas emissions data are unverified and subject to change.

⁷ The Aliso Canyon leak resulted in the loss of 4.62 billion cubic feet of natural gas, which is equivalent to approximately 2.1 million metric tons of CO₂. Although the leak took place from October 2015 to February 2016, we are reporting all emissions from the leak in our 2015 emissions totals. (CO₂e calculated using the 100-year global warming potential [GWP] value of 25 for methane, consistent with the GWP used for estimates produced by the California Air Resources Board.)

⁸ Emissions rate from power generation on an equity-share basis. Data from Chilquinta Energía's 11-megawatt peaker plant are not included.

⁹ While we continue to improve data collection related to water use, these numbers do not yet account for all aspects of our operations, including natural gas pipeline testing at our California utilities.

¹⁰ Hazardous waste generated increased in 2015 in part due to increased remediation activity and pipeline testing.

¹¹ Covers spending on diverse business enterprises at SDG&E and SoCalGas only.

Goals & results¹ ● Met ● Partly/in Progress ○ Below target

Goals	2015 Results	2016 Goals
Emissions reduction		
Decrease our CO ₂ emissions rate for power generation by at least 10 percent by 2016 compared to a 2010 baseline.	● Decreased rate by 11 percent	Decrease our CO ₂ emissions rate for power generation by at least 10 percent by 2016 compared to a 2010 baseline.
Renewable energy		
Provide an average of 25 percent of customers' electricity from renewable sources of energy by 2016 and 33 percent by 2020 (SDG&E)	● Provided 35.2 percent² from renewable sources of energy	Provide an average of 25 percent of customers' electricity from renewable sources of energy by 2016 and 33 percent by 2020 (SDG&E)
Invest in 2,028 megawatts of renewable power by 2018 (Sempra U.S. Gas & Power)	● Completed 308 megawatts , bringing the company's jointly-owned operating renewables portfolio up to 1,875 megawatts - and started construction on an additional 422 megawatts - during 2015	Invest in 2,028 megawatts of renewable power by 2018 (Sempra U.S. Gas & Power)
Energy efficiency		
Achieve the following through customer energy efficiency programs (SDG&E):	Saved:	Achieve the following through customer energy efficiency programs (SDG&E):
221 gigawatt-hours in energy savings	● 331 gigawatt-hours	324 gigawatt-hours in energy savings
41 megawatts of demand reduction	● 71 megawatts	57 megawatts of demand reduction
2.2 million therms of natural gas saved	○ 1.8 million therms	3.2 million therms of natural gas saved
Achieve the following through customer energy efficiency programs (SoCalGas):	Saved:	Achieve the following through customer energy efficiency programs (SoCalGas):
25.3 million therms of natural gas saved	● 25.5 million therms	29.1 million therms of natural gas saved
Reduce facility electricity consumption 20 percent (per square foot) by 2015 compared to a 2003 baseline (SDG&E)	● Reduced consumption 29.5 percent	Reduce facility electricity consumption compared to 2015 usage (SDG&E)
Reduce facility electricity consumption 5 percent by 2015 compared to a 2003 baseline (SoCalGas)	● Reduced consumption 10 percent	Reduce facility electricity consumption 5 percent in 2016 compared 2015 (SoCalGas)
Water consumption		
Reduce employee-occupied facility water consumption 20 percent by 2015 compared to a 2010 baseline (SDG&E)	● Reduced consumption 36 percent	Reduce facility water consumption compared to 2015 levels (SDG&E)
Reduce employee-occupied facility water consumption 5 percent in 2015 compared to a 2007 baseline (SoCalGas)	● Reduced consumption 27 percent	Reduce facility water consumption 5 percent compared to a 2007 baseline (SoCalGas)
Planning for the future		
Install 6 million natural gas smart meters by 2017 (SoCalGas)	● 4.6 million meters installed	Install 6 million natural gas smart meters by 2017 (SoCalGas)
Safety		
Achieve a consolidated recordable incident rate ³ of 2.51 cases per 100 full-time workers	● Achieved rate of 2.01 cases	Achieve a consolidated recordable incident rate ³ of 2.31 cases per 100 full-time workers
Electric reliability⁴		
Limit average duration of electricity outages (SAIDI) to:	Saved:	Limit average duration of electricity outages (SAIDI) to:
60 minutes (SDG&E)	● 57.92 minutes	60 minutes (SDG&E)
553 minutes (Chilquinta Energía)	○ 871.5 minutes	553 minutes (Chilquinta Energía)
390 minutes (Luz del Sur)	○ 643.1 minutes	643.1 minutes (Luz del Sur)
Limit average number of electricity outages (SAIFI) to:	Saved:	Limit average number of electricity outages (SAIFI) to:
0.51 outages (SDG&E)	○ 0.53 outages	0.51 outages (SDG&E)
5.11 outages (Chilquinta Energía)	● 4.66 outages	5.11 outages (Chilquinta Energía)
3.00 outages (Luz del Sur)	● 2.9 outages	2.9 outages (Luz del Sur)

Goals & results¹ (continued) ● Met ○ Partly/in Progress ○ Below target

Goals		2015 Results	2016 Goals
Customer assistance programs			
Enroll 90 percent of eligible customers in California Alternate Rates for Energy program (SDG&E)	○	Enrolled 73 percent	Enroll 90 percent of eligible customers in the California Alternate Rates for Energy program (SDG&E)
Enroll 90 percent of eligible customers in California Alternate Rates for Energy program (SoCalGas)	○	Enrolled 82 percent	Enroll 90 percent of eligible customers in California Alternate Rates for Energy program (SoCalGas)
Weatherize 20,316 homes through the Energy Savings Assistance Program (SDG&E)	○	Weatherized 20,209 homes	Weatherize 20,316 homes through the Energy Savings Assistance Program (SDG&E)
Weatherize 136,836 homes through the Energy Savings Assistance Program (SoCalGas)	○	Weatherized 80,316 homes	Weatherize 136,836 homes through the Energy Savings Assistance Program (SoCalGas)
Diverse Business Enterprises (DBEs)			
Achieve 40 percent in spending with diverse business enterprises (DBEs) (SDG&E)	●	Achieved 43 percent	Achieve 40 percent in spending with diverse business enterprises (DBEs) (SDG&E)
Achieve at least 35 percent in spending with diverse business enterprises (DBEs) (SoCalGas)	●	Achieved 45 percent	Achieve at least 38 percent in spending with diverse business enterprises (DBEs) (SoCalGas)
Philanthropy			
Contribute 1 percent of annual pretax income to our communities	●	Contributed 1.1 percent	Contribute 1 percent of annual pretax income to our communities
Provide 65 percent of Sempra Energy's philanthropic contributions in California to underserved and communities of color	●	72.8 percent to under-served and communities of color	Provide 65 percent of Sempra Energy's philanthropic contributions in California to underserved and communities of color

¹ If goal is not Sempra-wide, the relevant subsidiary is indicated in parentheses.

² Based on SDG&E's RPS compliance reporting and subject to CPUC revision.

³ Goal includes not only employees, but also contractors at our utilities in Mexico, Chile and Peru, where they perform a very substantial proportion of the work.

⁴ System operating conditions, electric reliability performance and methodology for calculating performance vary significantly from country to country.

Disclaimers

Forward-looking statements

We make statements in this report that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are necessarily based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.

In this report, when we use words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “intends,” “assumes,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “potential,” “possible,” “proposed,” “target,” “pursue,” “goals,” “outlook,” “maintain,” or similar expressions, or when we discuss our guidance, strategy, plans, goals, opportunities, projections, initiatives, objectives or intentions, we are making forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include: local, regional, national and international economic, competitive, political, legislative, legal and regulatory conditions, decisions and developments; actions and the timing of actions, including general rate case decisions, new regulations, issuances of permits to construct, operate, and maintain facilities and equipment and to use land, franchise agreements and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, California Energy Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, California Air Resources Board, South Coast Air Quality Management District, Mexican Competition Commission, cities and counties, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers, and delays in regulatory agency authorization to recover costs in rates from customers; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, moratoriums on the ability to withdraw natural gas from or inject natural gas into storage facilities, pipeline explosions and equipment failures; energy markets; the timing and extent of changes and volatility in commodity prices; and the impact on the value of our natural gas storage and related assets and our investments from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest, and risks that our partners or counter-parties will be unable (due to liquidity issues, bankruptcy or otherwise) or unwilling to fulfill their contractual commitments; capital markets conditions, including the availability of credit and the liquidity of our investments, and inflation, interest and currency exchange rates; cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; terrorist attacks that threaten system operations and critical infrastructure; and wars; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; weather conditions, natural disasters, catastrophic accidents, equipment failures and other events that may disrupt our operations, damage our facilities and systems, cause the release of greenhouse gasses, radioactive materials and harmful emissions, and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance or may be disputed by insurers; disallowance of regulatory assets associated with, or decommissioning costs of, the San Onofre Nuclear Generating Station facility due to increased regulatory oversight, including motions to modify settlements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased

amount and variability of power supply from renewable energy sources and increased reliance on natural gas and natural gas transmission systems; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; and other uncertainties, all of which are difficult to predict and many of which are beyond our control.

We caution you not to rely unduly on any forward-looking statements. You should review and consider carefully the risks, uncertainties and other factors that affect our business as described herein and in our most recent Annual Report on Form 10-K and other reports that we file with the Securities and Exchange Commission.

Supplemental reconciliation of Sempra Energy GAAP earnings to Sempra Energy adjusted earnings (unaudited)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share exclude the following: in 2015, a \$36 million gain on the sale of the remaining block of the Mesquite Power plant and \$10 million of liquefied natural gas (LNG) liquefaction development expenses, and in 2013, \$77 million retroactive impact of the 2012 General Rate Case (GRC) for the full-year 2012. Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share also exclude the following amounts related to San Diego Gas & Electric Company's (SDG&E) San Onofre Nuclear Generating Station (SONGS): in 2013, a \$119 million plant closure loss from the early retirement of SONGS; in 2014, a \$21 million charge to adjust the total plant closure loss; and in 2015, a \$15 million reduction to the total plant closure loss, primarily due to the California Public Utilities Commission approval of SDG&E's compliance filing for authorized recovery of its investment in SONGS.

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2015 to prior and future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

	Years ended December 31st		
(Dollars in millions, except per share amounts)	2015	2014	2013
Sempra Energy GAAP Earnings	\$1,349	\$1,161	\$1,001
Exclude:			
Gain on sale of Mesquite Power block 2	(36)	-	-
Plant closure (adjustment) loss	(15)	21	119
LNG liquefaction development expenses	10	-	-
Retroactive impact of 2012 GRC for full-year 2012	-	-	(77)
Sempra Energy Adjusted Earnings	\$1,308	\$1,182	\$1,043
Diluted earnings per common share:			
Sempra Energy GAAP Earnings	\$5.37	\$4.63	\$4.01
Sempra Energy Adjusted Earnings	\$5.21	\$4.71	\$4.18
Weighted-average number of shares outstanding, diluted (thousands)	\$250,923	\$250,655	\$249,332

Global Reporting Initiative (GRI) Index

Sempra Energy follows the GRI's G4 guidelines, an internationally-recognized framework for disclosing economic, environmental and social performance. The 2015 report qualifies at the "in accordance" core level. As we are working towards the comprehensive level, we also provide information on additional standard disclosures where data is available.

General

G4 indicator	Description	Response	Omissions
G4-1	Statement from senior management	Letter from our Chairman and CEO	
G4-2	Description of key impacts, risks, opportunities	Risk management The environment Performance data Goals and results Sempra Energy 2015 10K	
G4-3	Name of the organization	Sempra Energy	
G4-4	Primary brands, products, and services	Strategy and assets	
G4-5	Location of organization's headquarters	San Diego, CA	
G4-6	Number and name of countries where the organization has significant operations	We have operations in the United States, Mexico, Chile and Peru (4).	
G4-7	Nature of ownership and legal form	Sempra Energy is an investor-owned corporation. Common shares trade on the New York Stock Exchange under the symbol "SRE".	
G4-8	Nature of markets served (including geographic breakdown, sectors served, and types of beneficiaries)	Strategy and assets 2015 Annual Report 2015 Statistical Report	
G4-9	Scale of the reporting organization (employees, operations, net sales, capitalization, quantity of products/ services)	Strategy and assets Performance data table 2015 Annual Report 2015 Statistical Report	
G4-10	Workforce	Employees	
G4-11	Percentage of employees covered by collective bargaining agreements	Field employees and some technical, administrative and clerical employees are represented by labor unions in their respective countries. In total, more than 40 percent of our workforce is covered by collective bargaining agreements. Sempra Energy 2015 10K	
G4-12	Describe supply chain	Business partners and suppliers Supply chain impacts	Data for diverse supplier spend is currently only available for our California utilities. While this information is currently not tracked for our other operations, we are working towards providing more complete data in future years.
G4-13	Significant changes from previous report regarding size, structure, and ownership	Year in review Sempra Energy 2015 10K In April 2015, Sempra Natural Gas sold the remaining 625-MW block of the Mesquite Power plant, together with a related power sales contract. In March 2015, Sempra Renewables acquired a 100-percent interest in the Black Oak Getty Wind project, a 78-MW wind farm under development in Stearns County, Minnesota.	

G4 indicator	Description	Response	Omissions																								
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	<p>Installed capacity (MW)</p> <table> <tr> <td>U.S.</td><td>Mexico</td><td>Chile</td><td>Peru</td></tr> <tr> <td>Thermal:</td><td></td><td>11</td><td></td></tr> <tr> <td>Natural Gas:</td><td>1,186</td><td>625</td><td></td></tr> <tr> <td>Wind:</td><td>580</td><td>77.5</td><td></td></tr> <tr> <td>Solar:</td><td>388</td><td></td><td></td></tr> <tr> <td>Hydro:</td><td></td><td></td><td>100</td></tr> </table>	U.S.	Mexico	Chile	Peru	Thermal:		11		Natural Gas:	1,186	625		Wind:	580	77.5		Solar:	388			Hydro:			100	
U.S.	Mexico	Chile	Peru																								
Thermal:		11																									
Natural Gas:	1,186	625																									
Wind:	580	77.5																									
Solar:	388																										
Hydro:			100																								
EU2	Net energy output broken down by primary energy source and by regulatory regime	<p>Energy output (MWh)</p> <table> <tr> <td>U.S.</td><td>Mexico</td><td>Chile</td><td>Peru</td></tr> <tr> <td>Natural Gas:</td><td>6,167,258</td><td>3,797,823</td><td>8,700</td></tr> <tr> <td>Wind:</td><td>1,902,801</td><td>124,867</td><td></td></tr> <tr> <td>Solar:</td><td>931,285</td><td></td><td></td></tr> <tr> <td>Hydro:</td><td></td><td></td><td>187,658</td></tr> </table>	U.S.	Mexico	Chile	Peru	Natural Gas:	6,167,258	3,797,823	8,700	Wind:	1,902,801	124,867		Solar:	931,285			Hydro:			187,658					
U.S.	Mexico	Chile	Peru																								
Natural Gas:	6,167,258	3,797,823	8,700																								
Wind:	1,902,801	124,867																									
Solar:	931,285																										
Hydro:			187,658																								
EU3	Number of residential, industrial, institutional, and commercial customer accounts	<u>2015 Statistical Report</u>																									
EU4	Length of above and underground transmission and distribution lines by regulatory regime	<table> <tr> <td></td><td>U.S.</td><td>Chile</td><td>Peru</td></tr> <tr> <td>Above ground (miles):</td><td>23,127</td><td>10,023</td><td>13,442</td></tr> <tr> <td>Underground (miles):</td><td>143</td><td>0</td><td>16</td></tr> </table>		U.S.	Chile	Peru	Above ground (miles):	23,127	10,023	13,442	Underground (miles):	143	0	16													
	U.S.	Chile	Peru																								
Above ground (miles):	23,127	10,023	13,442																								
Underground (miles):	143	0	16																								
EU5	Allocation of CO ₂ e emissions allowances or equivalent, broken down by carbon trading framework	<p>As part of the effort to meet California's legal requirement that GHG emissions be reduced to 1990 levels by 2020, a cap-and-trade program was adopted. We participate in the program, which is now linked with Québec's cap-and-trade system. The first auction of vintage 2013 and 2015 allowances took place in November 2012 and quarterly auctions began in February 2013. Cap-and-trade compliance began in 2013, with the first compliance period covering electric generators, electricity importers and industrial sources that emit more than 25,000 metric tons of CO₂e per year. Phase 2 began in January 2015 and expanded to include distributors of fuels.</p> <p>See http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm for more information.</p>	Partial response.																								
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	<u>Risk management</u>																									
G4-15	External charters, principles, initiatives	These are referenced throughout the 2015 Corporate Responsibility Report.																									
G4-16	Memberships in associations	On sempra.com we publish [http://www.sempra.com/about/governance/political-engagement/governance-and-decision-making.shtml] a list of trade organizations and business memberships which received annual dues and payments of \$20,000 or more.																									
G4-17	Entities included in financial statements, and specify which are included/excluded from this report.	<p>Sempra Energy's principal operating units are:</p> <ul style="list-style-type: none"> - SDG&E and SoCalGas, which are separate, reportable segments; - Sempra International, which includes our Sempra South American utilities and Sempra Mexico reportable segments; and - Sempra U.S. Gas & Power, which includes our Sempra Renewables and Sempra Natural Gas reportable segments. <p>Information and data on all operating units is included in this report. Limitations are noted per indicator within the Content Index omissions column or as footnotes throughout the report.</p>																									
G4-18	Process for defining report content and Aspect boundaries	<u>About this report</u>	Partial response.																								
G4-19	List all material Aspects identified in the process for defining report content	<u>About this report</u>																									

G4 indicator	Description	Response	Omissions
G4-20	Aspect boundaries within the organization	See appendix	
G4-21	Aspect boundaries outside the organization	See appendix	
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	2014 greenhouse gas emissions data has been updated following an independent verification.	
G4-23	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	On October 1, 2014, Sempra Natural Gas and its joint venture project partners completed the formation of a joint venture for their investment in the development, construction and operation of a natural gas liquefaction export facility. Our 50.2-percent retained equity in the joint venture, Cameron LNG Holdings, was derived from the contribution of our existing Cameron LNG regasification facility in Hackberry, Louisiana to the joint venture. Given the projected significance of this facility to our future earnings we will report 50.2 percent of the data associated with this facility even though we do not have operational control. 2018 is expected to be the first year of full operations of the liquefaction facility.	
G4-24	List of stakeholder groups engaged by the organization	Engaging, building trust and fostering relationships with our stakeholders leads to a more stable and predictable business environment. These stakeholders include: our 17,000 employees; the 32 million consumers we serve; the hundreds of communities where we do business; regulators, policymakers and concerned leaders in the jurisdictions where we operate; and our shareholders. Governance Employees Customers and communities About this report	
G4-25	Basis for identification and selection of stakeholders with whom to engage	Governance Customers and communities About this report	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Governance Customers and communities About this report	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Governance Customers and communities About this report	
G4-28	Reporting Period	Calendar year 2015	
G4-29	Date of most recent previous report	July 2015, covering calendar year 2014	
G4-30	Reporting cycle	Annual	
G4-31	Contact information	Molly Cartmill, Director, Corporate Social Responsibility corporateresponsibility@sempra.com	
G4-32	"In accordance" option and location of the GRI content index	About this report GRI Index	
G4-33	Assurance	Greenhouse gas emissions for 2014 were verified as follows: SDG&E, by GHD Services, Inc.; SoCalGas, by Lloyd's Register Quality Assurance, Inc.; and Termoeléctrica de Mexicali, by Cameron-Cole, LLC. The verification process for 2015 greenhouse gas emissions will be completed in 2016. We are working towards assurance for other data in our corporate responsibility report in future years.	
G4-34	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	2016 Proxy Statement Board Committee Charters The board's Environmental, Health, Safety and Technology Committee assists the board in overseeing the Company's programs and performance related to these matters. The committee also reviews the annual corporate responsibility report prior to its publication and is briefed on the related data and content. This committee's focus is consistent with the board's general oversight role of corporate responsibility and stewardship.	

G4 indicator	Description	Response	Omissions
G4-36	Identify executive-level position with responsibility for economic, environmental and social topics and reporting to highest governance body.	Steven D. Davis, Executive Vice President - External Affairs and Corporate Strategy, also serves as Sempra Energy's Chief Sustainability Officer. Davis reports directly to Debra Reed, Chairman and CEO of Sempra Energy.	
G4-37	Mechanisms for consultation between stakeholders and highest governance body on economic, environmental and social topics	2016 Proxy Statement	
G4-38	Composition of the highest governance body and its committees	2016 Proxy Statement	
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer, and if so, reason for this arrangement.	Sempra Energy shareholder proposals have included the request that the company adopt a policy that our chairman of the board be independent and not a current or former executive of the company. Our board of directors believes we are best served by retaining the board's flexibility to determine on a case-by-base basis whether the chief executive officer or an independent director should serve as chairman of the board. In November 2012, our board of directors elected CEO Debra Reed as chairman of the board. During those periods in which our chairman is not independent, an independent lead director is appointed by the independent members of our board. William C. Rusnack has served in this role since 2009. Sempra Energy has established a strong lead director role, consistent with input from shareholders.	
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Corporate Governance Guidelines	
G4-41	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate Governance Guidelines 2016 Proxy Statement	
G4-44	Process for evaluating the board's own performance	Corporate Governance Committee Charter	
G4-51	Remuneration policies for highest governance body and senior executives; Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	2016 Proxy Statement	
G4-52	Process for determining remuneration	2016 Proxy Statement	
G4-53	How stakeholders' views are sought and taken into account regarding remuneration and whether they are independent of management	2016 Proxy Statement	
G4-56	Values, principles, standards and norms of behavior such as code of conduct and code of ethics	Codes of conduct: - Board of directors and senior officers - Employees - Standards for an ethical workplace - Suppliers - Extension of Sempra conduct standards Corporate values	

Specific standard disclosures

Category: Economic

Economic performance

DMA		Sempra Energy combines deep industry expertise with rigorous risk management to deliver superior shareholder returns. A company's financial performance matters, not just to its employees and shareholders, but also to its suppliers and contractors; to the customers it serves; and to the communities and governmental jurisdictions where it does business. <u>Year in Review</u> <u>2015 Annual Report</u>	
G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	<u>Customers and communities</u>	
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Sempra's response to the CDP's climate change survey also covers this in detail. Please see www.cdp.net <u>2015 Annual Report</u>	
G4-EC3	Coverage of the organization's defined benefit plan obligations	<u>2015 Annual Report</u>	
G4-EC4	Significant financial assistance received from government	No significant financial assistance was received from any of the governments in countries where we have operations. <u>2015 Annual Report</u>	

Market presence: *This aspect did not meet our threshold for materiality*

Indirect economic impacts

DMA		Energy is vital to the communities we serve. We engage with customers and community leaders to identify and discuss potential infrastructure needs and impacts and learn about ways to mitigate them.	
G4-EC7	Development and impact of infrastructure investments and services supported	http://semprausgp.com/our-commitment/community/ http://ienova.com.mx/english/sustainability-economic.html	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	http://semprausgp.com/our-commitment/community/ http://ienova.com.mx/english/sustainability-community.html http://sempralng.com/community/	

Procurement practices

DMA		<u>Supply chain impacts</u> <u>Business partners and suppliers</u>	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	At our California utilities, 66 percent of total supplier spend in 2015 was with suppliers headquartered in California.	Only data from California utilities is included.

EU Sector Aspect: Availability and Reliability

EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime	<u>2015 Annual Report</u> <u>SDG&E Long-Term Procurement Plan</u>	Only data from California utilities is included.
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EU Sector Aspect: System efficiency

EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime	Natural gas	U.S. 7,430	Mexico 7,204		Data from 11-megawatt power plant in Chile is not included.
EU12	Transmission and distribution losses as a percentage of total energy	Transmission losses Distribution losses	U.S. 1.85% 2.78%	Chile 1.27% 8.11%	Peru 2.1% 4.73%	

G4 indicator	Description	Response	Omissions
Category: Environmental			
Materials: <i>This aspect did not meet our threshold for materiality</i>			
Energy			
DMA		At Sempra Energy, our business strategy is directly linked to our forecast that demand for lower-carbon sources of energy will continue to rise. Our commitment to respecting the environment is aligned with our commitment to delivering shareholder value. We promote energy efficiency; develop and operate lower-carbon energy infrastructure; and embrace innovation because these activities position us to succeed in a low-carbon world and help the environment. Strategy and assets Climate change	
G4-EN3	Energy consumption within the organization	See our response to the CDP climate change survey at www.cdp.net	
G4-EN4	Energy consumption outside of the organization	As an energy utility we work to safely and reliably deliver electricity and natural gas. - Kilowatt-hour sales (millions of hours): 40,153 - Total natural gas throughput (billion cubic feet): 1,073	
G4-EN5	Energy intensity	Emissions	
G4-EN6	Reductions in energy consumption	Goals and results	Only data for electricity reduction at SDG&E and SoCalGas employee-occupied facilities is included.
Water			
DMA		Water Water Policy	
G4-EN8	Total water withdrawal by source	Sempra's response to the CDP's water survey also covers this in detail. Please see www.cdp.net . All numbers in billions of gallons: Surface water: 24.7 Ground water: .52 Rainwater: 0 Waste water: 2.3 Municipal water: .19	Partially reported. Does not include water from special projects or construction.
G4-EN10	Percentage and total volume of water recycled and reused	Several of our facilities utilize recycled water in their operations. For example, SDG&E's 566-megawatt Palomar Energy Center uses reclaimed water (treated wastewater) to generate electricity and Sempra International's 625-megawatt Termoeléctrica de Mexicali power plant uses treated sewage, cleaned in our own water treatment facility, to cool the plant. Water	Partially reported.
Biodiversity			
DMA		Biodiversity Biodiversity Policy	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	Partially reported, not all data available.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Biodiversity	Partially reported, not all data available.
G4-EN13	Habitats protected or restored	2015 Annual Report SDG&E preservation properties IEnova 2015 Sustainability Report	Partially reported, not all data available.

G4 indicator	Description	Response	Omissions
G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<ul style="list-style-type: none"> - <i>Coastal California gnatcatcher</i>: Federal - Threatened; California Department of Fish and Wildlife (CDFW) - Species of Special Concern - <i>Quino checkerspot butterfly</i>: Federal - Endangered - <i>Arroyo toad</i>: Federal - Endangered; CDFW - Species of Special Concern - <i>Least Bell's vireo</i>: Federal and State - Endangered - <i>Southwestern willow flycatcher</i>: Federal and State - Endangered - <i>Barefoot banded gecko</i>: State - Threatened - <i>Peninsular bighorn sheep</i>: Federal and State - Threatened; CDFW - Fully Protected 	Data reported is only for our SDG&E operations.
Emissions			
DMA		Strategy and assets Climate change Emissions	
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Emissions	Emissions from electric utility Luz del Sur are not included.
G4-EN16	Indirect greenhouse gas emissions (Scope 2)	Emissions	Emissions from electric utility Luz del Sur and Cameron LNG are not included.
G4-EN18	GHG Emissions intensity	Emissions	
G4-EN19	Reduction of greenhouse gas emissions	Emissions	
G4-EN21	NOx, SOx, and other significant air emissions by type	Performance data table	
Effluents and waste			
DMA		Waste and recycling Environmental Policy	
G4-EN22	Total water discharge by quality and destination	Water Sempra's response to the CDP's water survey also covers this in detail. Please see www.cdp.net	Partially reported, not all data available, including thermal discharges.
G4-EN23	Total weight of waste by type and disposal method	2015 waste disposal (in short tons) Waste recycled: 15,726 Waste composted: 57 Waste recovered: 55 Waste incinerated: 1,373 Waste disposed of through deep well injection: 6,571 Waste disposed of in a landfill: 26,354	
G4-EN24	Total number and volume of significant spills	Sempra Energy did not experience any significant spills in 2015.	
Products and services			
DMA		Energy efficiency has been a key part of operations at our California utilities for decades. In fact, our utilities have traditionally received financial incentives from the California Public Utilities Commission for helping customers use less energy. This regulatory model has been in place since 1978 and has kept per-capita electricity use nearly flat since that time. Our California utilities work with residential, business and industrial customers to find ways to save energy and reduce energy bills through energy audits, incentives and rebates.	

G4 indicator	Description	Response	Omissions
G4-EN27	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Climate change Goals and results	

Compliance

DMA		Governance Risk management Environmental compliance	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Environmental compliance	

Transport: *This aspect did not meet our threshold for materiality*

Overall

DMA		Environmental Policy	
G4-EN31	Total environmental protection expenditures and investments by type	In 2015 capital expenditures (including construction work in progress) in order to comply with environmental laws and regulations were \$64 million.	

Supplier environmental assessment

DMA		Supply chain impacts Business partners and suppliers Supplier Code of Conduct	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	At our California utilities, SDG&E and SoCalGas, all new suppliers are screened using environmental criteria.	Partially reported. Other U.S. and international operations are not included in this response, we are working to expand our reporting in this area.
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	We are unaware of any significant actual or potential negative environmental impacts in our supply chain.	

Environmental grievance mechanisms: *This aspect did not meet our threshold for materiality*

Category: Social

Subcategory: Labor practices and decent work

Employment

DMA		Employees	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	U.S. Employee turnover: 9% Voluntary turnover: 5%	Partially reported. While international operations are not included, we are working to expand our reporting in this area.
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and region	U.S. Eligible to retire in 5 years: 37% Eligible to retire in 10 years: 49%	Partially reported. While international operations are not included, we are working to expand our reporting in this area.
EU17	Days worked by contractor and subcontractor employees involved in construction, operation, & maintenance activities	We currently do not collect contractor and subcontractor data in this format.	

G4 indicator	Description	Response	Omissions
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	Sempra Energy is committed to the health and safety of its employees, customers, suppliers and the communities in which we operate. Our suppliers are expected to provide a safe working environment that supports accident prevention and minimizes exposure to health risks. It is the supplier's responsibility to know and understand the health and safety laws and regulations impacting the goods and services they provide.	
Labor/Management relations			
DMA		More than 40 percent of Sempra Energy employees are represented by labor unions. We value our association with the unions that represent our employees and work collaboratively with them to achieve results that are beneficial to employees, customers and the Sempra Energy family of companies.	
G4-LA4	Minimum notice regarding operational changes, including whether it is specified in collective agreements	2015 Annual Report	
Occupational health and safety			
DMA		At Sempra Energy, we are not satisfied unless every employee and contractor returns home safely after every workday. Our culture of personal responsibility is a critical part of safety performance. Our goal is for each employee and contractor to feel personally responsible and empowered to take care of their safety as well as the safety of those around them. Risk management Employees Customers and communities	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region and gender	Employees	
G4-LA8	Health and safety topics in formal agreements	2015 Annual Report	
Training and education			
DMA		Delivering safe, clean, reliable, affordable energy requires significant human capital, creativity and care. When our people are trained, challenged and empowered to take initiative, our business thrives. Employees	
G4-LA9	Average hours of training per year per employee by gender and employee category	Average hours of training and development per FTE in 2015 were 43.	
G4-LA10	Programs for skills management and lifelong learning	Employees	
G4-LA11	Percentage of employees receiving regular performance reviews by gender and employee category	All employees receive regular performance reviews from their manager.	
Diversity and equal opportunity			
DMA		Employees	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age, minority group member (other diversity)	Governance Employees	Partially reported.
Equal remuneration for women and men: <i>Although this aspect did not meet our threshold for materiality, we are providing some information because of its importance to some stakeholders.</i>			
DMA		Sempra Energy respects the diversity of our employees and is committed to policies of nondiscrimination and equal opportunity .	

G4 indicator	Description	Response	Omissions
Supplier assessment for labor practices			
DMA		<u>Supply chain impacts</u> <u>Business partners and suppliers</u> <u>Supplier Code of Conduct</u>	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	All suppliers are provided with Sempra's <u>Supplier Code of Conduct</u> which outlines our expectations regarding labor practices.	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	We are unaware of any actual or potential negative impacts for labor practices in our supply chain.	
Labor practices grievance mechanisms: <i>This aspect did not meet our threshold for materiality</i>			
Sub-category: Human rights			
Investment: <i>This aspect did not meet our threshold for materiality</i>			
Non-discrimination: <i>Although this aspect did not meet our threshold for materiality, we are providing some information because of its importance to some stakeholders.</i>			
DMA		Sempra Energy actively <u>supports</u> the antidiscrimination laws and regulations everywhere it conducts business.	
Freedom of association and collective bargaining			
DMA		<u>Supplier Code of Conduct</u>	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	No operations or suppliers identified. <u>2015 Annual Report</u> <u>Supplier Code of Conduct</u>	
Child labor: <i>Although this aspect did not meet our threshold for materiality, we are providing some information because of its importance to some stakeholders.</i>			
DMA		Throughout all of our operations, and across all stakeholder groups, Sempra Energy respects human rights. We recently completed a human rights assessment, which included peer benchmarking as well as an analysis of our worldwide operations for areas of potential risk and opportunity. <u>Customers and communities</u>	
Forced or compulsory labor: <i>Although this aspect did not meet our threshold for materiality, we are providing some information because of its importance to some stakeholders.</i>			
DMA		Throughout all of our operations, and across all stakeholder groups, Sempra Energy respects human rights. We recently completed a human rights assessment, which included peer benchmarking as well as an analysis of our worldwide operations for areas of potential risk and opportunity. <u>Customers and communities</u>	
Security practices: <i>This aspect did not meet our threshold for materiality</i>			
Indigenous rights			
DMA		<u>Customers and communities</u>	
G4-HR8	Violations of indigenous peoples rights and response and actions taken	No violations have been identified.	

G4 indicator	Description	Response	Omissions
Assessment			
DMA		Throughout all of our operations, and across all stakeholder groups, Sempra Energy respects human rights. We strive to engage with stakeholders, to listen to their concerns, and to incorporate their suggestions and ideas whenever and wherever feasible. We recently completed a human rights assessment, which included peer benchmarking as well as an analysis of our worldwide operations for areas of potential risk and opportunity. We are now reviewing the results of this assessment. <u>Code of Business Conduct</u>	
G4-HR9	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Sempra has adopted <u>Business Codes of Conduct</u> that cover human rights, environment, information disclosure, combating bribery, consumer interests, science, and technology, competition, and taxation. We are also currently completing a human rights mapping and assessment project of our operations that will inform future company actions in this area.	
Supplier human rights assessment			
DMA		<u>Supplier Code of Conduct</u>	
G4-HR10	Total and percent of new suppliers and contractors that have undergone human rights screening	All suppliers are expected to comply with Sempra's <u>Supplier Code of Conduct</u> and all applicable employment laws and regulations, including, but not limited to state, federal and applicable in-country laws and regulations regarding: equal employment opportunity; compensation and benefits; child labor; freedom of association; forced or compulsory labor; workplace harassment and discrimination; working hours; payment of wages; verification of employment eligibility; health and safety; and whistleblower protections.	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	No significant human rights impacts have been identified.	
Human rights grievance mechanisms: <i>This aspect did not meet our threshold for materiality</i>			
Subcategory: Society			
Local communities			
DMA		Energy is vital to the communities we serve. The infrastructure that delivers this energy includes power poles, substations, service trucks, transformers, valves, meters, pipes and wires. We engage with customers and community leaders to identify and discuss potential infrastructure impacts and learn about ways to mitigate them. Sempra's businesses connect with their customers through mail, email, door hangers, advertising, social media and news media. They host community forums, arrange face-to-face meetings and convene community advisory councils – representative groups of regional leaders who provide input on locally relevant topics. Customer satisfaction surveys provide data that indicate how well Sempra's businesses are serving their customers. With this information, our utilities are able to identify areas where improvement is needed and implement changes to their customer approach, policies and programs. <u>Customers and communities</u>	
G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	<u>Customers and communities</u> Given the nature of our business, our subsidiaries are deeply engaged and connected with all of the communities we serve.	Partially reported, not all data available.

G4 indicator	Description	Response	Omissions
Anti-corruption			
DMA		<u>Code of Business Conduct</u> <u>Governance</u>	
G4-S03	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	All business units are analyzed for risks associated with corruption.	
G4-S04	Communication and training on anti-corruption policies and procedures	To emphasize the importance of ethics and compliance, we require all employees to complete a training curriculum each year, customized according to their position and responsibilities. The courses address topics such as insider trading; Sarbanes-Oxley regulations; anti-corruption, including local laws and the Foreign Corrupt Practices Act; Federal Energy Regulatory Commission Standards of Conduct; California Public Utilities Commission affiliate-compliance rules; safety; harassment-free workplace and workplace violence. <u>Governance</u> <u>Risk management</u> <u>Code of Business Conduct</u>	
G4-S05	Confirmed incidents of corruption and actions taken	No incidents of corruption identified.	
Public policy			
DMA		Political involvement http://www.sempra.com/about/governance/political-engagement	
G4-S06	Total value of political contributions by country and recipient/boundary	http://www.sempra.com/about/governance/political-engagement	
Anti-competitive behavior: <i>This aspect did not meet our threshold for materiality, but we are providing some information because of its importance to some stakeholders</i>			
DMA		Federal and state antitrust laws were enacted to promote competition, preserve our private enterprise system and protect the public, including companies like Sempra Energy and its subsidiaries, from predatory conduct and unfair competition. It is the long established policy of Sempra Energy and its subsidiaries (the "Companies") to comply with all laws applicable to their conduct and, specifically, with the antitrust laws. Compliance with the antitrust laws can only further the Companies' goals since those laws are intended to protect and preserve a competitive economy in which private enterprise can flourish. <u>Code of Business Conduct</u>	
G4-S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	There were no legal actions taken for anti-competitive behavior in 2015.	
Compliance			
DMA		<u>Governance</u> <u>Environmental compliance</u> <u>Code of Business Conduct</u>	
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	<u>Environmental compliance</u>	
Supplier assessment for impacts on society			
DMA		<u>Supplier Code of Conduct</u>	
G4-S09	Percentage of new suppliers that were screened using criteria for impacts on society	All suppliers are provided with Sempra's <u>Supplier Code of Conduct</u> which outlines our expectations regarding impacts on society.	
G4-S010	Significant actual and potential negative impacts on society in the supply chain and actions taken	We are unaware of any significant actual or potential negative impacts on society in our supply chain.	

G4 indicator	Description	Response	Omissions
Grievance mechanisms for impacts on society: <i>This aspect did not meet our threshold for materiality</i>			
Sub-category: Product responsibility			
Customer health and safety			
DMA		<u>Customers and communities</u>	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Sempra Energy's subsidiaries provide gas and electric services to customers. Impacts of both of these services are assessed.	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	No incidents identified.	
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	<u>Customers and communities</u>	
Product and service labeling: <i>This aspect did not meet our threshold for materiality</i>			
Marketing communications: <i>This aspect did not meet our threshold for materiality</i>			
Customer privacy			
DMA		Cybersecurity includes the protection of our own operations and activities and the protection of sensitive customer data. The utility industry faces new cybersecurity risks associated with automated metering and smart grid infrastructure. Virtually all SDG&E customers have smart meters. Advanced meter deployment will be completed by 2017 in SoCalGas' service territory. While these new technologies will provide many benefits to customers, including access to their own energy-usage data, both utilities actively monitor, assess and update their systems to avoid cyber breaches. <u>Sempra Energy 2015 10K</u>	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No substantiated complaints identified.	
Compliance			
DMA		<u>Governance</u> <u>Code of Business Conduct</u>	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<u>Environmental compliance</u>	
EU sector aspect: Access			
EU26	Percentage of population unserved in licensed distribution or service areas	Access to electricity is an issue in some areas served by our South American utilities, where not everyone is connected to the grid. Peruvian utility Luz del Sur has brought electricity to thousands of Peruvians who live in underprivileged areas through participation in a government program intended to improve economic development and productivity by connecting those communities to electric service.	Partially reported, not all data available.

G4 indicator	Description	Response	Omissions
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	<p>Number of residential disconnections for non-payment is provided for Semptra's electric and/or natural gas utilities.</p> <p>Chilquinta Energía: 136,110 Ecogas: 3,395 Luz del Sur: 681,818 Mobile Gas: 12,163 SDG&E: 35,899 SoCalGas: 110,357 Willmut Gas: 2,284</p>	Partially reported, duration of disconnection is not included.
EU28	Power outage frequency	<u>Goals and results</u>	
EU29	Average power outage duration	<u>Goals and results</u>	
EU30	Average plant availability factor by energy source and by regulatory regime	<p>Natural gas: United States Mexico 84% 94%</p>	

Appendix: G4-20 and G4-21

Material issue for Semptra	Corresponding G4 Aspect	Aspect boundary within Semptra	Aspect boundary outside Semptra
Climate change	Emissions; Energy; Products and services	All	Select external stakeholders
Supply chain	Procurement practices; Supplier environmental assessment; Supplier assessment for impacts on society; Supplier assessment for labor practices; Supplier human rights assessment	All	Select external stakeholders
Water	Water	All	Select external stakeholders
Fair rates	Local communities; Access (EU)	All utilities	Customers; Elected officials, community leaders, investors and regulators
Reliability	Availability and reliability (EU); System efficiency (EU)	All utilities	Customers; Elected officials, community leaders, investors and regulators
Public safety	Customer health and safety	All	Customers; Elected officials, community leaders, investors and regulators
Compliance	Compliance; Overall; Biodiversity; Effluents and waste	All	Customers; Elected officials, community leaders, investors and regulators
Employee safety	Occupational health and safety	All	Customers; Elected officials, community leaders, investors and regulators
Ethical behavior	Local communities; Anti-corruption; Customer privacy; Labor/management relations; Diversity and equal opportunity; Non-discrimination; Freedom of association; Indigenous rights; Assessment; Access (EU)	All	Customers; Elected officials, community leaders, investors and regulators
Our future	Training and education; Employment	All	Select external stakeholders



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