Welcome to your CDP Water Security Questionnaire 2022

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Sempra is an energy infrastructure company focused on connecting millions through the power of people, ideas, and innovation. With more than $72 billion in total assets at the end of 2021, 20,000+ employees, and serving more than 40 million consumers worldwide, Sempra is proud to be a leader in the energy marketplace. From our San Diego, CA headquarters to our operations in key markets in North America, Sempra is developing forward-thinking energy solutions, and positively impacting the communities we serve by delivering energy with purpose.

Through informed and impactful strategies and an inspiring mission, we strive for sustainable long-term growth. Sempra is consistently recognized as a leader in sustainable business practices and for its long-standing commitment to building a high-performing culture focused on safety, workforce development and training, and diversity and inclusion. Sempra is the only North American utility sector company included on the Dow Jones Sustainability World Index and was also named one of the “World’s Most Admired Companies” for 2022 by Fortune Magazine.

- Sempra California
  - Sempra California is providing cleaner, safe and reliable energy to nearly 26 million consumers in Southern and Central California through its utilities, SDG&E and SoCalGas. With a focus on grid resiliency, reducing emissions and integrating increasingly renewable energy onto our networks, we’re also supporting California’s goal of getting five million electric vehicles on the road by 2030. California is known for technology and innovation, a spirit embraced at our utilities that are on the leading edge of research into hydrogen, battery storage, predictive technology and other tools designed to support the state’s ambitious climate goals.
- Sempra Texas

- Sempra Texas includes Oncor*, a regulated electric transmission and distribution utility headquartered in Dallas that delivers safe and reliable electricity to a population of approximately 13 million Texans. With more than 140,000 miles of transmission and distribution lines, Oncor is the largest transmission and distribution company in Texas based on the number of end-use customers and miles of transmission and distribution lines, connecting communities across the state to Texas' diverse energy supplies.

- Sempra Infrastructure
  - Sempra Infrastructure is focused on delivering energy for a better world by developing, building, operating and investing in clean power, energy networks, and LNG and net-zero solutions that are expected to play a crucial role in the energy systems of the future. Through the combined strength of its assets in North America, Sempra Infrastructure is connecting customers across the globe to cleaner energy technologies and modern infrastructure while advancing new technologies like carbon sequestration and clean hydrogen. Sempra Infrastructure is formed by consolidating two leading energy businesses: Sempra LNG and IEnova.
- *Sempra indirectly owns an 80.25% interest in Oncor.

W-EU0.1a

(W-EU0.1a) Which activities in the electric utilities sector does your organization engage in?

Electricity generation

Transmission

Distribution

W-EU0.1b

(W-EU0.1b) For your electricity generation activities, provide details of your nameplate capacity and the generation for each technology.

	Nameplate capacity (MW)	% of total nameplate capacity	Gross electricity generation (GWh)
Coal – hard	0	0	0
Lignite	0	0	0
Oil	0	0	0
Gas	1,829	64	6,189
Biomass	0	0	0

Waste (non-biomass)	0	0	0
Nuclear	0	0	0
Fossil-fuel plants fitted with carbon capture and storage	0	0	0
Geothermal	0	0	0
Hydropower	0	0	0
Wind	515	18	1,172
Solar	529	18	1,381
Marine	0	0	0
Other renewable	0	0	0
Other non-renewable	0	0	0
Total	2,873	100	8,742

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Mexico

United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Other, please specify

(Operational control, except we also provide water data for the Cameron LNG facility where we had an indirect 50.2% ownership share before our sales of minority stakes in SI in October 2021 and June 2022, but don't have operational control.)

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Water recycling/reuse in some of our operations.	While several of our facilities utilize water recycling, we are still working to capture this data from all relevant facilities.
Major construction projects and major projects outside the scope of normal operations.	Major construction and major projects are generally excluded from the scope of our corporate data collection process.

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, a Ticker symbol	SRE
Yes, an ISIN code	8168511090

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Freshwater (mostly municipal water) is used across our operations, particularly in employee-occupied facilities and some power plant operations. Natural gas and electricity suppliers are a critical part of our supply chain. While their water sources will vary, for some, access to freshwater is vital to the provision of natural gas and electricity to our companies.
Sufficient amounts of recycled, brackish and/or produced water available for use	Vital	Important	Salt/brackish and recycled water are particularly important to our operations. For example, our liquefied natural gas (LNG) regasification terminal in Mexico withdraws seawater for use in its operations, and carefully returns it to the ocean after it's used. Termoeléctrica de Mexicali (TDM), Sempra Infrastructure's natural gas-powered combined cycle electricity generating plant in Mexico relies heavily on recycled/wastewater for operations. Natural gas and electricity suppliers are a critical part of our supply chain. While their water sources will vary,

			for some, access to recycled, brackish or produced water is vital to the provision of natural gas and electricity to our companies.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water on a consistent basis, including withdrawals. Their measurement methods (well measurement, water utility bills) will depend on what is most relevant for the facility. Data is also submitted to the corporate sustainability team annually. Additionally, certain facilities, such as those at Sempra California, have goals related to water.
Water withdrawals – volumes by source	100%	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water data on a consistent basis, depending on what is most relevant for the facility. Water for operations comes from different sources, depending on the nature of operations. Data on water withdrawals by source is submitted to the corporate sustainability team annually. Additionally, certain facilities, such as those at Sempra California, have goals related to water.
Water withdrawals quality	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water data on a consistent basis, depending on what is most relevant for the facility. Data related to water quality parameters utilized is also submitted to the corporate sustainability team annually. Additionally, certain facilities, such as those at Sempra California, have goals related to water.

Water discharges – total volumes	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water data on a consistent basis, depending on what is most relevant for the facility. Data for water discharge volumes is submitted to the corporate sustainability team annually. Municipal water discharges at employee occupied facilities are not typically metered or tracked.
Water discharges – volumes by destination	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water data on a consistent basis, depending on what is most relevant for the facility. Data for water discharges by destination is also submitted to the corporate sustainability team annually. Municipal water discharges at employee occupied facilities are not typically metered or tracked.
Water discharges – volumes by treatment method	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. This is measured at the facility level, according to permitting and other regulatory requirements. Water treatment will vary based on the specific operations of the facility. Municipal water discharges at employee occupied facilities are not typically metered or tracked.
Water discharge quality – by standard effluent parameters	76-99	The term facility has the same definition as stated above. Water discharge quality is measured at the facility level, according to permit and regulatory requirements. Our operating companies are held strictly accountable for following all environmental regulations and laws, including those related to water quality, and obtain all required permits. For example, Sempra Infrastructure's TDM power plant processes over 1 billion gallons of sewage annually for plant operations. After it is used, clean irrigation-quality water is sent to the Rio Nuevo, which is considered one of the most polluted rivers of its size. Several water quality parameters are reviewed before water discharge. SDG&E's Palomar Energy Center, which uses reclaimed sewage water purchased from the city of Escondido, currently discharges water under an

		Industrial Use Discharge permit. Both sections of the permit have specific discharge limits and monitoring requirements, for TOCs, TSS, chlorine content and other parameters.
Water discharge quality – temperature	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water data on a consistent basis, depending on what is most relevant for the facility. For example, at Sempra Infrastructure's LNG regasification terminal in Mexico, water discharge temperature is very relevant. To help maintain compliance with environmental regulations, seawater withdrawn for its operations must be carefully monitored for temperature changes before it is discharged again to the ocean. Data is also submitted to the corporate sustainability team annually. Municipal water discharges at employee occupied facilities are not typically metered or tracked
Water consumption – total volume	76-99	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. Individual facilities monitor water consumption data on a consistent basis, depending on what is most relevant for the facility. Data is also submitted to the corporate sustainability team annually. Certain facilities, such as those at Sempra California, have goals related to water consumption.
Water recycled/reused	Less than 1%	For Sempra, the term 'facilities' encompasses employee occupied offices, power plants, renewable generation assets such as wind farms and solar plants, LNG terminals, and natural gas pipelines. While several of our facilities utilize water recycling, we are still working to ensure that all relevant facilities are included and are capturing recycled water use accurately, given the complexity of these calculations. In 2019, SoCalGas started tracking water discharges, including recycled water, and in October 2020, SDG&E established a goal to increase recycled water use to at least 90% at all their facilities by 2030.
The provision of fully-functioning, safely managed WASH services to all workers	Not relevant	Access to WASH services is currently not relevant for our operations. All facilities provide safely managed WASH services.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	105,239	About the same	Total for all facilities. Water withdrawal varies year-over-year based on the operational needs of our facilities.
Total discharges	99,038	About the same	Total for all facilities. Water discharge varies year-over-year based on the operational needs of our facilities. In future years, we expect that total water discharge will increase with the completion of new facilities.
Total consumption	6,201	About the same	Total for all facilities. Total water consumed showed a minimal increase primarily due to the growth of our LNG operations.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	About the same	WRI Aqueduct	Approximately 26 to 50% of our freshwater withdrawal is at production facilities (power generation, compressor stations, storage facilities and LNG facilities)in water stressed regions. We have mapped our facilities utilizing the WWF water risk filter 5.0 tool and WRI's Aqueduct tool. The facilities we consider to be exposed to water risks are those located in water-stressed areas considered to be 'High Risk' or 'Extremely High Risk' per the WRI mapping and use freshwater in their operations. The overall

					increase from prior years in % withdrawn from areas with water stress is a result of updates to our methodology to include additional facilities. Sempra's overall use of fresh water is minimal, accounting for less than 1% of our total water withdrawn.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	0.35	Much lower	Decrease related to less rainwater collected. California is currently in a multi-year drought.
Brackish surface water/Seawater	Relevant	97,323	About the same	Brackish surface water/Seawater usage has decreased by just over 1%, due to typical year-over-year fluctuations of water needs.
Groundwater – renewable	Relevant	92	Lower	
Groundwater – non-renewable	Not relevant			
Produced/Entrained water	Relevant	263	Higher	Increase is due to increased gas storage maintenance, along with increasing accuracy of reporting.
Third party sources	Relevant	7,552	About the same	Third party source usage has decreased by nearly 2%, due to typical year-over-year fluctuations of water needs.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			
Brackish surface water/seawater	Relevant	97,875	About the same	Overall discharge decreased by slightly year-over-year due to typical fluctuations of water demand in operations.
Groundwater	Relevant	12	Much higher	Water discharged to this source was previously captured in fresh surface water.
Third-party destinations	Relevant	1,152	Much lower	2020 figures were higher due to a meter failure and more maintenance activities, therefore resulting in a lower figure for 2021.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Please explain
Tertiary treatment	Not relevant	
Secondary treatment	Not relevant	
Primary treatment only	Not relevant	
Discharge to the natural environment without treatment	Not relevant	
Discharge to a third party without treatment	Not relevant	
Other	Not relevant	

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	12,857,000,000	104,574	122,946.430279037	While we anticipate that water withdrawal may increase due to new operations coming on line in future years, we are also implementing water saving measures and looking to increase use of reclaimed water.

W-EU1.3

(W-EU1.3) Do you calculate water intensity for your electricity generation activities?

Yes

W-EU1.3a

(W-EU1.3a) Provide the following intensity information associated with your electricity generation activities.

Water intensity value (m3)	Numerator: water aspect	Denominator	Comparison with previous reporting year	Please explain
1.19	Other, please specify Water consumed for generation activities	MWh	Higher	Sempra's water intensity from power generation activities increased by 24% year-over-year. Though the water withdrawal for generation activities decreased by 2.25%, we experienced an overall 3.16% increase in net generation compared to 2020.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

51-75

% of total procurement spend

26-50

Rationale for this coverage

There are two ways that SDG&E and SoCalGas collect environmental information from suppliers. SDG&E is a member of the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA), a non-profit organization of investor-owned utilities across the U.S. to promote supply chain sustainability. Through EUISSCA, we survey suppliers to understand their environmental impacts, policies, and goal setting around resource use and emissions reduction. The suppliers selected to complete the survey include top-tier suppliers, those identified as part of the Supplier Relationship Management (SRM) program, and any other suppliers critical to the business based on our Supply Management Business Continuity Plans. In 2021, SDG&E and SoCalGas invited 158 suppliers to participate in the EUISSCA Annual Supplier Sustainability Assessment and achieved a response rate of approximately 64% of overall spend and 72% for invited suppliers. The percentage response rate for invited suppliers is reflected in the 72% shown under “% of suppliers by number.” The number of invited suppliers represents approximately 4.2% of our overall suppliers. SDG&E and SoCalGas are working to streamline this selection process and data collection effort in the future. These suppliers responded by completing the assessment phase of the survey and at least initiating the improvement planning phase. At SoCalGas, suppliers that are identified as critical become part of the SRM program. Suppliers review requests for information as part of the initial phase of doing business. The current SRM supplier areas were determined to be critical based on a segmentation approach in each commodity or service area and SoCalGas has reviewed critical and high-risk suppliers as part of the SRM program annually. The supplier questionnaire highlights sustainability as an area of focus for SoCalGas, creating awareness among suppliers that we consider this area important to engage in business with them and that improvement is encouraged and expected. Through this program, SoCalGas tracks supplier

performance and looks for ways to gain efficiencies, in terms of safety, cost, industry best practice, diverse business spend, and environmental impact.

Impact of the engagement and measures of success

The information provided in this section is for SDG&E and SoCalGas only based on 2021 data and information. These businesses represent most of Sempra's expenditures with suppliers in 2021. Measures of success vary with each method of engagement. With regard to sustainability metrics, success in many cases is receipt of increased information and data related to suppliers' impacts. Through the EUISSCA Annual Supplier Sustainability Assessment survey, SDG&E and SoCalGas have gathered data that provides baseline sustainability information for the selected suppliers that will help shape the sustainability programs for both utilities. Capital spend is expected to increase over the next five years for both SDG&E and SoCalGas. Therefore, the number of supplier engagements through the EUISSCA survey is expected to increase. The survey tool gives suppliers a score in the applicable areas, benchmarking dashboards to compare their performance against others in their category, and best practices to increase scores in the applicable areas. Additionally, the tool allows suppliers to create plans in areas the supplier feels best fits their company to enhance their everyday sustainability activities and thereby raise their scores in the following year. Suppliers are provided percentage scores based on their responses, including a percentage breakdown per area (e.g., Governance & Management, Office/Grounds, Design & Engineering, Procurement, Construction, etc.) to show areas of opportunity for improvement. Each area provides methodologies to enhance performance in the targeted areas. With other programs mentioned, such as the SRM program, success can be measured in terms of reductions in cost and environmental impact. As part of our SRM program at SoCalGas, suppliers meet with the utility and areas associated with the contractor (e.g., Safety, Contractor Controls, Pipeline Integrity, etc.) regularly. During the meeting, the supplier informs us about the efforts they have made regarding environmental, social, and economic sustainability aspects. The information obtained serves to gauge what activities suppliers are currently undertaking, and to define a baseline. Once we are able to get some best practice options, we may look to include a best practice as part of any renegotiated contracts or in the execution of new requests for proposals.

Comment

This information is for SoCalGas and SDG&E only based on 2021 data and information.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism
Requirement for water-related targets is included in your supplier selection mechanism
Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

51-75

% of total procurement spend

1-25

Rationale for the coverage of your engagement

The information is for SDG&E and SoCalGas only based on 2021 data and information. Sempra's engagement with its suppliers begins with the supplier code of business conduct, which outlines our expectations for supplier behavior including environmental protection and sustainability; human rights; supplier diversity; and health and safety, among other topics. Our standard terms and conditions state that suppliers are to follow all applicable environmental laws and regulations. It is a supplier's responsibility to know and understand the environmental issues associated with the production of their goods and services and be good stewards of the environment. We value suppliers that evaluate their products and services from a total lifecycle perspective, have solid environmental metrics tracking practices, use resources responsibly, reuse and recycle when possible, and work to eliminate environmental incidents. Our California utilities, SDG&E and SoCalGas, have and are currently implementing specific programs to address sustainable business practices with suppliers, including GHG emissions and climate change. Both SDG&E and SoCalGas plan to continue to expand and build upon their supply chain sustainability programs in 2022 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains, working with supplier partners to pursue more sustainable business practices, and prioritizing critical material supply chain risks and opportunities. Currently, SDG&E and SoCalGas evaluate supplier operational impacts through Requests for Proposals (RFPs) above a certain dollar threshold by including sustainability questions that are given weight in the bid award evaluation, which is reflected in the percentages of suppliers covered by number and total procurement spend for 2021 above.

Impact of the engagement and measures of success

The information provided in this section is for Sempra California only based on 2021 data and information. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2021. The supplier percentages above are estimates based on the number of suppliers with RFPs that go through the bidding process (sourceable spend) that are required to include sustainability questions based on company procedures. The number of suppliers that receive sustainability RFP questions does not directly relate to the percentage of overall spend because not all suppliers are awarded a contract, some agreements are non-funded master agreements, and not all spend occurs within the year that the contract was awarded. Therefore, the estimated percentage of total procurement spend listed above for Sempra California is based on the number of suppliers with spend over $1 million, which does not capture all suppliers the utilities have engaged with on sustainability matters (including those who were not awarded a contract or whose spend is under $1 million). The percentage of suppliers includes all bidders, not solely suppliers with whom the utilities contract as a result of evaluation. This process allows all bidders to understand the significance of sustainability as part of doing business with Sempra California by requiring bidders to answer sustainability-related questions during the sourcing event. Therefore, our measure for success is receipt of additional information and data related to supplier sustainability efforts.

Comment

The information provided in this section is for SDG&E and SoCalGas only based on 2021 data and information.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Water management and stewardship action is integrated into your supplier evaluation

% of suppliers by number

1-25

% of total procurement spend

26-50

Rationale for the coverage of your engagement

The information is for SDG&E and SoCalGas only based on 2021 data and information. Sempra's engagement with its suppliers begins with the supplier code of business conduct, which outlines our expectations for supplier behavior including environmental protection and sustainability; human rights; supplier diversity; and health and safety, among other topics. Our standard terms and conditions state that suppliers are to follow all applicable environmental laws and regulations. It is a supplier's responsibility to know and understand the environmental issues associated with the production of their goods and services and be good stewards of the environment. We value suppliers that evaluate their products and services from a total lifecycle perspective, have solid environmental metrics tracking practices, use resources responsibly, reuse and recycle when possible, and work to eliminate environmental incidents. Our California utilities, SDG&E and SoCalGas, have and are currently implementing specific programs to address sustainable business practices with suppliers, including GHG emissions and climate change. Both SDG&E and SoCalGas plan to continue to expand and build upon their supply chain sustainability programs in 2022 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains, working with supplier partners to pursue more sustainable business practices, and prioritizing critical material supply chain risks and opportunities. Currently, SDG&E and SoCalGas evaluate supplier operational impacts through Requests for Proposals (RFPs) above a certain dollar threshold by including sustainability questions that are given weight in the bid award evaluation, which is reflected in the percentages of suppliers covered by number and total procurement spend for 2021 above.

Impact of the engagement and measures of success

The information provided in this section is for Sempra California only based on 2021 data and information. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2021. The supplier percentages above are estimates based on the number of suppliers with RFPs that go through the bidding process (sourceable spend) that are required to include sustainability questions based on company procedures. The number of suppliers that receive sustainability RFP questions does not directly relate to the percentage of overall spend because not all suppliers are awarded a contract, some agreements are non-funded master agreements, and not all spend occurs within the year that the contract was awarded. Therefore, the estimated percentage of total procurement spend listed above for Sempra California is based on the number of suppliers with spend over $1 million, which does not capture all suppliers the utilities have engaged with on sustainability matters (including those who were not awarded a contract or whose spend is under $1 million). The percentage of suppliers includes all bidders, not solely suppliers with whom the utilities contract as a result of evaluation. This process allows all bidders to understand the significance of sustainability as part of doing business with Sempra California by requiring bidders to answer sustainability-related questions during the sourcing event. Therefore, our measure for success is receipt of additional information and data related to supplier sustainability efforts.

Comment

The information provided in this section is for SDG&E and SoCalGas only based on 2021 data and information.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services

% of suppliers by number

1-25

% of total procurement spend

26-50

Rationale for the coverage of your engagement

The information is for SDG&E and SoCalGas only based on 2021 data and information. Sempra's engagement with its suppliers begins with the supplier code of business conduct, which outlines our expectations for supplier behavior including environmental protection and sustainability; human rights; supplier diversity; and health and safety, among other topics. Our standard terms and conditions state that suppliers are to follow all applicable environmental laws and regulations. It is a supplier's responsibility to know and understand the environmental issues associated with the production of their goods and services and be good stewards of the environment. We value suppliers that evaluate their products and services from a total lifecycle perspective, have solid environmental metrics tracking practices, use resources responsibly, reuse and recycle when possible, and work to eliminate environmental incidents. Our California utilities, SDG&E and SoCalGas, have and are currently implementing specific programs to address sustainable business practices with suppliers, including GHG emissions and climate change. Both SDG&E and SoCalGas plan to continue to expand and build upon their supply chain sustainability programs in 2022 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains, working with supplier partners to pursue more sustainable business practices, and prioritizing critical material supply chain risks and opportunities. Currently, SDG&E and SoCalGas evaluate supplier operational impacts through Requests for Proposals (RFPs) above a certain dollar threshold by including sustainability questions that are given weight in the bid award evaluation, which is reflected in the percentages of suppliers covered by number and total procurement spend for 2021 above.

Impact of the engagement and measures of success

The information provided in this section is for Sempra California only based on 2021 data and information. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2021. The supplier percentages above are estimates based on the number of suppliers with RFPs that go through the bidding process (sourceable spend) that are required to include sustainability questions based on company procedures. The number of suppliers that receive sustainability RFP questions does not directly relate to the percentage of overall spend because not all suppliers are awarded a contract, some agreements are non-funded master agreements, and not all spend occurs within the year that the contract was awarded. Therefore, the estimated percentage of total procurement spend of 6% for Sempra California is based on the number of suppliers with spend over $1 million, which does not capture all suppliers the utilities have engaged with on sustainability matters (including those who were not awarded a contract or whose spend is under $1 million). The percentage of suppliers includes all bidders, not solely suppliers with whom the utilities contract as a result of evaluation. This process allows all bidders to understand the significance of sustainability as part of doing business with Sempra California by requiring bidders to answer sustainability-related questions during the sourcing event. Therefore, our measure for success is receipt of additional information and data related to supplier sustainability efforts.

Comment

The information provided in this section is for SDG&E and SoCalGas only based on 2021 data and information.

W1.4c

(W1.4c) What is your organization’s rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

In 2021, customer energy efficiency programs at Sempra California surpassed goals and saved approximately 466 gigawatt-hours1 of electricity and more than 46 million therms of natural gas. These efforts avoided more than 788,700 metric tons of greenhouse gas emissions and resulted in customer savings of nearly $176 million in energy costs last year alone.*
*Preliminary data

As part of these efforts, our companies utilize a variety of programs to engage with value chain customers on water-related issues. For example, in California, where we often face extreme drought conditions, programs exist to assist customers in implementing water efficient solutions. SDG&E offers a no-cost program, Water Infrastructure and System Efficiency (WISE), to conduct water pump optimization and utilization testing linking reduced energy to reduced water use for agricultural customers and other businesses facilities. Additionally, financial incentives and rebate programs are available to help offset WISE project implementation costs. This rebate program incentivizes businesses/agricultural customers to test their water pump

systems to confirm they are operating efficiently and determine any maintenance needs. The testing results in energy cost savings, reduction of GHG emissions, and reduced water waste.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-EU3.1

(W-EU3.1) How does your organization identify and classify potential water pollutants associated with your business activities in the electric utilities sector that could have a detrimental impact on water ecosystems or human health?

Sempra's water policy addresses our commitment to use water in a responsible and sustainable manner. This includes preparing for water-related emergencies and abiding by applicable water-related laws, regulations and permit requirements. Our operating companies measure and report on their use of water; are sensitive to water availability and work to reduce the use of water in operations when feasible; address water quality issues related to operations; and work to ensure that water discharged from facilities meets or exceeds permit requirements. Under this framework each business manages the identification and classification of potential water pollutants in line with the relevant regulatory requirements in each location.

Examples of these efforts related to electric utility operations include:

- At facilities where water discharge occurs, after the potential water pollutants are identified and classified, our operating companies and facilities require testing and analysis of the water prior to discharging to maintain compliance with applicable laws and regulations around water pollutant parameters.
- At SDG&E, every product used must be evaluated to determine the nature of potential hazards. SDG&E safety and environmental departments must approve all hazardous substances for use, including all purchased chemicals, samples, and demonstration material. Therefore, any potential water pollutants are identified prior to their exposure to any water ecosystem. Water pollutants vary depending on the business activity (e.g. construction, facilities, support activities, etc). These water pollutants are further classified by various environmental rules, regulations, and permits to protect air, water, land and natural resources on the local, state, or federal levels. As a result of these regulations, SDG&E implemented company policies, a construction best management practices manual, a water pollution control plan, and a state construction general permit , storm water pollution prevention plan, among others. Additionally, SDG&E has permits such as the national pollution discharge elimination system, industrial user discharge, and water reuse requirements. Further, employees receive training and implement monitoring activities such as inspections and routine reports to comply with internal and external requirements.
- Examples of water pollutants according to the activity are:
    - Construction projects (dirt disturbance less than 1 acre, locally regulated): sediment, trash, equipment, material, vehicle related pollutants (e.g. total suspended solids (TSS), and oil and grease)
    - Construction projects (dirt disturbance of 1 acre or more): sediment, trash, equipment, material, vehicle related pollutants (e.g. total suspended solids - TSS, pH, and oil and grease)
    - Facilities: water pollutants include those mentioned for construction activities plus pH, Oil/grease/ TSS, free Chlorine, Chromium, Residual Chlorine, Zinc, Clean Water Act Priority Pollutants (added for cooling tower maintenance).
    - Support activities (vault dewatering, industrial user discharge, water reclamation and reuse, etc): Oil/grease, Chemical Oxygen Demand, pH, TPH-Diesel, TPH-Gas and TSS.
- The potential water pollutants vary across our operating companies depending on their activities. For example, residual water resulting from electricity generation operations in Mexico is regulated by the NOM (Norma Oficial Mexicana - Mexican environmental standards). The NOM establishes and defines the water pollutants, permissible parameters, and testing methods, which serve as the basis for water testing protocols and procedures.
- For our midstream-related operations, potential water pollutants are identified through the Globally Harmonized System (GHS) program managed by the United Nations, which provides a Safety Data Sheet (SDS) for onsite chemicals. In addition to the GHS program the site Spill Prevention Control and Countermeasure (SPCC) plan identifies petroleum products stored onsite and how to prevent impacts to water ecosystems and/or human health.
- In addition, we have zero liquid discharge facilities, such as the Desert Star Energy Center (DSEC), which is mandated by Groundwater Discharge Permit issued by the State of Nevada – Division of Environmental Protection. Under local stormwater requirements discharges are also not allowed at the Miramar natural gas-fired power plant.

W-EU3.1a

(W-EU3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants associated with your activities in the electric utilities sector on water ecosystems or human health.

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain
Other, please specify Trash, chemicals, metal, equipment, etc.	The type of pollutant varies according to business operations and activities, which includes construction projects, facility-related activities, and other support activities. Some examples of water pollutants are sediment, trash, equipment, material, and vehicle related pollutants (e.g. total suspended solids, pH, oil and grease), or chemicals and metals, such as free chlorine, chromium, residual chlorine, and zinc. The main pollutants of concern in stormwater runoff from power generation sources are oil/grease, pH, TSS, and metals such as iron and zinc. In addition, the cooling tower blowdowns from steam cycle power plants also contain residual chlorine (from the use of chlorine for control of biofouling). Erosion of soil at construction sites is the major source of total suspended solids (TSS). The TSS in stormwater runoff from construction activities can contribute to water quality, habitat, and aesthetic problems in urban waterways. Elevated levels of TSS increase turbidity, reduce the penetration of light at depth within the water column, and limit the growth of	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	Water pollutants are regulated by water quality standards, which define the parameters of pollutants allowed. To mitigate adverse environmental impacts, activities are typically governed by company policies and/or by various environmental rules, regulations, and permits to protect water and other natural resources on the local, state, or federal levels. These regulations and water quality standards define the parameters of pollutants allowed. For example, SDG&E activities are generally assessed up-front for water-related risk which includes: assessing water quality impacts from construction projects and facility operations, determining pollutants of concern, identifying pollutant pathways, assessing exposure to stormwater contamination, characterizing discharge for pollutants, assessing potential impacts to impaired receiving waters, identifying appropriate management practices for implementation, and securing required permits, or authorizations.

	desirable aquatic plants. Solids that settle out as bottom deposits contribute to sedimentation and can alter and eventually destroy habitat for fish and bottom-dwelling organisms. TSS also provide a medium for the accumulation, transport and storage of other pollutants including nutrients, metals, and oil and grease that could increase toxicity in receiving water bodies and alter ecosystems and ultimately impact human health (via bioaccumulation in fish and subsequent human consumption). Stormwater runoff from construction sites if not adequately controlled (via use of management practices, appropriate housekeeping, or treatment), can be laden with sediment and other pollutants such as building materials, concrete washout, paint, fuel, wastewater, oil and solvents. The contaminated runoff can then potentially enter a Municipal Separate Storm Sewer System (MS4) system and can be routed to local streams, rivers, lakes, or ocean outfalls.		Every product used at SDG&E is evaluated to determine the nature of potential hazards. SDG&E safety and environmental departments must approve all hazardous substances for use, including all purchased chemicals, samples, and demonstration materials, through the safety and environmental product approval and inventory update process. Therefore, any potential water pollutants are identified prior to their exposure to any water ecosystem. Another example of preventative activities at SDG&E is the implementation of a construction best management practices manual, water pollution control plan, and storm water pollution prevention plan, among others. Routine inspections, training, monitoring and assessments help to ensure compliance with these plans.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market
Enterprise risk management
Other

Tools and methods used

WRI Aqueduct
WWF Water Risk Filter
COSO Enterprise Risk Management Framework
Enterprise Risk Management
Internal company methods

Contextual issues considered

Water availability at a basin/catchment level

Stakeholders considered

Customers
Employees
Investors
Local communities
NGOs
Regulators
Suppliers
Water utilities at a local level
Other water users at the basin/catchment level

Comment

At the parent company level, the Board and Enterprise Risk Management Oversight Committee provide oversight and guidance in all risk areas to identify, analyze and manage them adequately. Water is integrated into this process. Corporate, operating company risk management, environmental services and the corporate responsibility teams assess and monitor exposure through risk maps and other risk analysis tools. Risks identified as affecting the entire organization include environmental compliance, climate-related, regulatory, health/safety, operational/reliability, and financial risks, among others.

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Not defined

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Other, please specify

SDG&E is a member of the Electric Utility Industry Sustainable Supply Chain Alliance, a non-profit organization formed by investor-owned utilities across the U.S. to promote environmental stewardship.

Contextual issues considered

Stakeholders considered

Suppliers

Comment

As part of RFPs over $1,000,000, suppliers at Sempra California are evaluated on their operational impact on the environment through questionnaires (including sustainability questions, some focused on water). Supplier responses to the questionnaires are considered during the bid award evaluation. Additionally, we continue to engage with suppliers and integrate sustainability into our value chain is by surveying those considered to be critical to our business on metrics addressing operational sustainability, including their water use. The sustainability questionnaire used as part of our RFP process at Sempra California, has been developed through collaboration with the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA or Alliance) . The use of this questionnaire helps to leverage the best practices of approximately 20 electric utilities nationwide.

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Sempra and its family of companies identify, assess and, where possible, mitigate a broad and complex set of risks commonly associated with the energy industry, as well as risks specific to each company. Management of climate-related risks, including water-related risks, is integrated into Sempra's overall approach to risk, is assessed throughout the year and covers our own operations in addition to downstream and upstream impacts. At the parent company level, the Sempra board of directors and the Compliance and Enterprise Risk Committee provide oversight on all identified risk areas. Risk management teams at each operating company and the parent company lead an established enterprise risk management program to assess risks using risk maps and other tools that help identify and monitor business risk exposure. To evaluate these risks, we look at different scenarios including the impact of regulatory frameworks and the introduction of technologies that could lead to market changes. We also consider different scenarios related to changes in the physical environment, including models of sea-level rise and extreme weather events. Issues are identified by their ability to impact each of our company's core businesses through impacts on operational costs, costs to customers, or reputation. For example, to identify issues related to regulatory schemes, we conduct sensitivity analyses allowing us to estimate the level of risk associated with different scenarios. This serves to identify issues to be monitored on an ongoing basis. Internally developed scoring matrices are consistently used across the enterprise. The substantive impact of each identified risk is assessed and evaluated at various levels within the organization, including by line managers, officers and senior management teams in each business. Some risks are shorter term, such as preparing for a wildfire season exacerbated by drought. Others are medium-term, such as meeting a regulatory target to promote safety, increase operational efficiencies or avoid penalties or fines. Others, such as the potential impact of sea-level rise, are longer-term. We consider these and other risks as we plan capital expenditures. SDG&E employs full-time meteorologists, prepares for adverse weather and related impacts, and conducts and reviews studies to assess the degree to which climate change poses a threat to infrastructure, employees and customers. We routinely plan for impacts to a variety of stakeholders; and review, monitor and adjust insurance coverage as necessary and to the extent the market permits, sharing and transferring risk when and where possible, in addition to other risk mitigation activities. Physical climate risk example: Rising temperatures, drought conditions, increased frequency of extreme weather and sea-level rise can impact our operations. We have increased our resilience by incorporating climate projections into our planning process. This includes determining the impact of rising temperatures on the efficiency and durability of natural gas and electric infrastructure; understanding how sea level rise and floods might impact our facilities; and evaluating the potential for more severe drought conditions and increased wildfire frequency. We are mitigating these risks by strengthening our infrastructure. This includes reducing our reliance on fresh water due to water scarcity in the Southwestern United States and northern Mexico, among other actions.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Financial and strategic impacts of each identified risk are assessed and evaluated at various levels within the organization, including by line managers, officers, and senior management teams in each operating company. There are four dimensions that we consider when evaluating risk: health, safety and environmental; operations and reliability; regulatory, legal and compliance; and financial impact. What is understood to be reasonably likely and substantive is evaluated from each of these perspectives (at the operating company level and rolled up into the overall enterprise risk management process), which will vary by risk type. The health, safety and environmental dimension assesses potential hazards to employees, the public, and the environment. With the consolidation of IEnova and Sempra LNG as Sempra Infrastructure (since October 2021), company-wide processes are being reviewed. Former risk management practices may change accordingly. The operations and reliability dimension assesses potential disruptions to Company operations that would impact customers. SoCalGas, part of Sempra California, enhances their damage prevention program to decrease the rate of third-party pipeline damages 40% by 2030 compared to a 2020 baseline as a part of environmental and operations and reliability dimensions. The regulatory, legal and compliance dimension assesses potential sanctions imposed by regulators or legal judgments. The financial dimension assesses potential financial losses. For example, SB 100 requires each California electric utility, including SDG&E, to procure at least 50% of its annual electric energy requirements from renewable energy sources by 2026, and 60% by 2030. SB 100 also creates the policy of meeting all of California's retail electricity supply with a mix of RPS Program-eligible and zero-carbon resources by 2045. It is Sempra's approach to work to mitigate impacts, at times even for those that may fall below the threshold of substantive.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	4	1-25	Sempra's responses in section W4 include all facilities owned and operated as of year-end 2021. In the context of section W4 responses, our use of the term “facility” refers to Sempra’s assets that, given their exposure to water risks, have the potential to have a substantive financial or strategic impact on our business. Aside from employee-occupied offices and buildings, all operations (such as power generation plants and related gas and power infrastructure) are included. Data for certain facilities may be aggregated (for example, pipelines) based on how the data is collected for corporate sustainability reporting. We have determined that four power generation facilities are exposed to substantive water risks due to their location within a region of water stress, as determined using the WRI's Aqueduct Water Assessment Tool and use of freshwater. The facilities we consider to be exposed to water risks are those located in water-stressed areas considered to be 'High Risk' or 'Extremely High Risk' per the WRI mapping and that also use freshwater in their operations. The facilities exposed to water risks include four natural gas power generation plants, which are critical components for the reliable delivery of power to our customers. We have additional operations located in water-stressed areas that utilize minimal or no freshwater and have less water-related risk; therefore, these facilities are not included above. For example, there is one natural gas power plant in Mexico, two employee-occupied office buildings and

			an LNG regasification terminal located in water-stressed regions, but that utilize minimal or no freshwater and therefore have less water-related risk.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3725

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's annual electricity generation that could be affected by these facilities

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

The facility affected by this river basin is the Miramar Energy Center (generation power plant), which represents 5% of organization-wide facilities. This 96MW peaker power plant provided less than 1% of the organization's total gross generation in 2021. The two employee occupied buildings mentioned in W4.1b, Sempra and SDG&E headquarters buildings, are also located in this river basin.

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3736

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's annual electricity generation that could be affected by these facilities

1-25

% company's total global revenue that could be affected

Unknown

Comment

The facility affected by this river basin is Palomar Energy Center, which represents 5% of organization-wide facilities. Palomar Energy Center is a 560 MW natural gas-powered electric generation facility. The portion of our gross electric generation that had the potential to be affected by the water-related risks of this facility was 22% in 2021.

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3724

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's annual electricity generation that could be affected by these facilities

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

The facility affected by this river basin is our Cuyamaca Energy Center peaker power plant. The percentage of organization-wide facilities this represents is 5%, and the portion of our gross electric generation that could be affected due to the water-related risks of this facility is not significant (0.1%).

Country/Area & River basin

United States of America

Other, please specify

Boulder City, Nevada (Colorado River)

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

% company's annual electricity generation that could be affected by these facilities

26-50

% company's total global revenue that could be affected

Unknown

Comment

Desert Star Energy Center is a 480MW natural gas-powered electric generation facility owned by SDG&E located in Boulder City, Nev. As a dry-cooling facility, it uses 90-percent less water than a traditional power plant. This facility represents 5% of organization-wide facilities. The portion of our electric generation that had the potential to be affected by the water-related risks of this facility was 12% in 2021.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3724, 3725 and 3736

Type of risk & Primary risk driver

Acute physical

Other, please specify

Rising sea levels

Primary potential impact

Impact on company assets

Company-specific description

Rising sea levels pose a threat to our energy infrastructure located in coastal areas. Through SDG&E and SoCalGas and Sempra Infrastructure operations, we have a concentration of operations and infrastructure in coastal areas of California and Northern Baja California, Mexico. Sea level rise may be compounded by other causes of flooding that we already experience- extreme high tides and storm surges- that are expected to cause the greatest impacts. Coastal flooding may also lead to further beach and bluff erosion as well as runoff and drainage problems from

intense storms. If these effects were to occur, extended service losses and operational challenges could result. The gas system could also experience some impacts from climate change, including in the form of increased repair/maintenance needs or localized disruptions. Widespread disruptions to natural gas infrastructure would not be expected due to limited project exposure to climate hazards, and low system sensitivity when hazards do occur. Other indirect impacts could be experienced by nearby communities if critical customers served by the substations, such as sewage pumping stations, hospitals, airports, and ports, are affected by outages. For other asset types, potential direct impacts are expected in the form of increased maintenance and repair costs.

Timeframe

More than 6 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

As one example, Sempra Infrastructure has estimated impacts of service losses and operational challenges that could take place at the Energia Costa Azul LNG facility located in the coastal area of Rosarito-Ensenada in Baja California if nothing were done to mitigate the impacts

of sea level rise if the facility were to not be operational. Mitigating measures are in place, including buoys that permanently monitor waves and tides, an insurance policy that covers for climate disasters, and maintenance programs to help maintain this asset's integrity.

Primary response to risk

Develop flood emergency plans

Description of response

In 2021, Sempra Infrastructure analyzed physical risks related to climate change of 18 of its assets in Mexico, which represents nearly 50% of assets in Mexico. Based on these results of this study, Sempra Infrastructure will look to determine the potential economic impact to its business derived from these risks and identify the necessary adaptation measures in an effort to avoid or reduce negative impacts to operations as a result of climate change, where possible.

SDG&E and SoCalGas have participated in a study with the California Energy Commission analyzing the exposure of utility assets to climate change-driven sea level rise. To develop action plans for the adaptation actions identified in the study, SDG&E and SoCalGas have focused on reporting the study results throughout the organization, utilizing workshops and one-on-one communication. Maps are being developed that will be integrated into the geographic information system highlighting at-risk infrastructure and locations that can be used to inform new construction standards. SDG&E is identifying monitoring procedures through a flexible adaptation pathways approach in which short- and long-term adaptation measures are identified and evaluated. For example, upon looking further into the results of the scenario analysis study, SDG&E determined that one substation faces the highest level of risk for impacts related to sea level rise. SDG&E has partnered with the Scripps Institute of Oceanography to install a sensor west of the substation to monitor and generate wave models and allow for more detailed projections of coastal flooding and better understanding of potential sea level rise in the future. In addition, SDG&E is now engaged in a vulnerability assessment for its entire service territory and all its assets for a multitude of climate hazards on several different time scales, creating projections for the next 50 years. This will be the most comprehensive assessment the utility has conducted to date and will serve as a guiding document for how the utility addresses climate change risks moving forward.

Cost of response

Explanation of cost of response

In 2021, Sempra Infrastructure analyzed physical risks related to climate change of 18 of its assets in Mexico, which represents nearly 50% of its total assets in Mexico. Based on the results of this study, Sempra Infrastructure will look to determine the potential economic impact to its

business derived from these risks and identify the necessary adaptation measures in an effort to avoid or reduce negative impacts to operations as a result of climate change, where possible. Mitigating measures at the Energia Costa Azul facility include buoys that permanently monitor waves and tides, an insurance policy that covers for climate disasters, and maintenance programs to help maintain this asset's integrity.

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin 3724, 3725, 3736

Type of risk & Primary risk driver

Chronic physical

Changing precipitation patterns and types (rain, hail, snow/ice)

Primary potential impact

Increased operating costs

Company-specific description

Over the past few years, California has been experiencing some of the largest wildfires (measured by acres burned) in its history. Frequent and more severe drought conditions, inconsistent and extreme swings in precipitation, changes in vegetation, unseasonably warm temperatures, very low humidity, stronger winds and other factors have increased the duration of the wildfire season and the intensity and prevalence of wildfires in California, including in SDG&E's and SoCalGas' service territories, and have made these wildfires increasingly difficult to prevent and contain. Changing weather patterns, including as a result of climate change, could cause these conditions to become even more extreme and unpredictable. These wildfires could jeopardize thirdparty property and SDG&E's and SoCalGas' electric and natural gas infrastructure and result in temporary power shortages in SDG&E's and SoCalGas' service territories. Certain of California's local land use policies and forestry management practices have been relaxed to allow for the construction and development of residential and commercial projects in high-risk fire areas, which could lead to increased third-party claims and greater losses in the event of fires in these areas for which SDG&E or SoCalGas may be liable. Any such wildfires in SDG&E's and SoCalGas' territories could materially adversely affect SDG&E's, SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Timeframe

Current up to one year

Magnitude of potential impact

High

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The potential financial impact is unknown but could be significant. In July 2019, the Governor of California signed Assembly Bills (AB) 1054 and 111 (the Wildfire Legislation) into law. The Wildfire Legislation did not change the doctrine of inverse condemnation, which imposes strict liability (meaning that liability is imposed regardless of fault) on a utility whose equipment is determined to be a cause of a fire. The Wildfire Legislation established a revised legal standard for the recovery of wildfire costs (Revised Prudent Manager Standard) and established a fund (the Wildfire Fund) designed to provide liquidity to participating California electric investor-owned utilities (IOUs) to pay IOU wildfire-related claims in the event the governmental agency responsible for determining causation determines the applicable IOU's equipment caused the ignition of a wildfire, primary insurance coverage is exceeded and certain other conditions are satisfied. It cannot be predicted whether the Wildfire Legislation will be effectively implemented or consistently applied and its impact on SDG&E's ability to recover certain costs and expenses in the event that SDG&E's equipment is determined to be a cause of a fire.

Primary response to risk

Other, please specify

Hardening of infrastructure

Description of response

SDG&E has strong risk management practices in place to mitigate wildfire risk. This has been an effort developed over the last decade. In 2021, SDG&E updated its wildfire mitigation plan which outlines efforts to mitigate these risks. Efforts include:

- Leveraging the WRRM-Ops model to inform operational decision-making by providing a better understanding of ignition probability and estimations of wildfire.
- Advanced situational awareness tools such as weather stations, cameras, wireless fault indicators, and the Fire Potential Index for system planning, emergency operations, and the safe implementation of PSPS. Added 30 weather stations (total 220) to improve coverage for critical, data driven, real-time decision making.
- Continue implementing system hardening projects: enhanced 10 switches / projects, installed permanent, renewable solutions for 2 microgrids.
- Continue maintenance and inspection of facilities.
- Inspect vegetation, determine success and efficacy of fire-retardant fuels treatment, stringent monitoring and inspection standards with robust internal controls; identify expanded scope and applicability of fuels management program.
- Stakeholder collaboration with over 3,000 customers, elected officials, non-profit support organizations, first responders and more.

Cost of response

2,000,000,000

Explanation of cost of response

SDG&E's strong risk management practices to mitigate wildfire risk have been an effort developed over more than a decade, including significant investments in wildfire mitigation since 2007 (which amount does not attempt to quantify future costs). Since 2019, SDG&E has issued an annual wildfire mitigation plan which outlines efforts to mitigate these risks, including those listed above.

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3724, 3725 and 3736

Type of risk & Primary risk driver

Acute physical

Drought

Primary potential impact

Increased operating costs

Company-specific description

Changing precipitation patterns and increased drought are one of the impacts of a changing climate. Long-term drought conditions lead to decreasing water supplies, and negatively impact the availability of hydroelectric resources in the Northwest U.S., which subsequently impacts the availability of a reliable energy supply into the California electric grid. Without an alternative source of electricity, this could result in temporary power shortages in SDG&E's service territory.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

N/A

Primary response to risk

Engage with suppliers

Description of response

While our SDG&E utility does not rely on any large hydroelectric resources to meet load, such a scenario would put further pressure on the state's already-strained power grid. To avoid load shedding, more fossil and renewable generation along with additional import capacity from adjacent states may be needed. More than 30 years ago, the company recognized the benefits of our proximity to Tijuana and the rest of Baja California and built our region's first cross-border energy ties to the Federal Electricity Commission in Mexico -- linking our electrical grids and demonstrating economic cooperation and support for one another. The financial implications associated with long-term drought are not as significant to our utility SDG&E as they might be to other generators that rely on hydropower, because it is already a major importer of power from other markets where drought conditions are uncommon. Still, in response to ongoing drought conditions, we have taken steps to provide adequate in-basin generation resources and transmission import capacity to meet demand. We require our suppliers of capacity, through the procurement process, to describe in detail how they will deliver on their contract with us in times of water or natural gas-related shortages. We also assign all risk and related costs associated with non-delivery of contracted electricity to our suppliers. Within company operations, each department also annually develops business resumption plans.

Cost of response

Explanation of cost of response

Costs of this response are already built into existing budgets for applicable departments, including resource planning and emergency management. A cost estimate cannot be determined.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

United States of America

Other, please specify

(various, southwest U.S.)

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Primary potential impact

Disruption to sales due to value chain dissruption

Company-specific description

We work with suppliers located throughout the U.S. who provide contracted electricity capacity to our SDG&E utility. According to the WRI Aqueduct Water Tool, our suppliers located in Southern California reside in a water-stressed region. As water can be a key component in the electricity generation process (particularly for fossil fuel-fired generation), any interruption in the operations of our suppliers due to water scarcity could negatively impact our ability to provide electricity to customers.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The financial impacts (although likely negative and potentially significant) are difficult to estimate.

Primary response to risk

Supplier engagement

Develop supplier drought emergency plans

Description of response

Water is an important factor in our contracts with electricity suppliers because water is generally an important ingredient in the production of electricity. For conventional capacity that we buy under contract with power producers, our Request for Offer (RFO) stipulates that respondents must have all necessary water rights consistent with the generating resource needs. We also manage water risk in the supply chain by including sustainability-related questions in Requests for Proposals (RFPs), customizing our questions to the material or service being procured. We further work to model the water impacts of our supply chain to identify key suppliers with whom to engage on this issue.

Cost of response

Explanation of cost of response

The cost of response is already built into the budget. A cost estimate cannot be determined.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify

Enhanced reputation

Company-specific description & strategy to realize opportunity

Sempra has taken many steps to reduce water use in our operations when reasonably possible. This includes using reclaimed water and dry-cooling at our power plants. As water becomes an increasingly scarce resource and Sempra and its operating companies are recognized for taking action to reduce water use, this can positively impact our reputation, making it easier to do business and get new projects permitted and approved. In order to continue to realize this opportunity, we must continue communication efforts with key stakeholders about how we do business and our efforts to reduce our impacts on the environment. Examples include: Our annual corporate sustainability report; Community Advisory Councils where community leaders have direct interaction with senior Sempra business leaders and discuss a variety of topics; customer communications on key programs and plans through websites, bill inserts, advertising messages and social media networks.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Unknown

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

It is difficult to estimate financial impacts related to reputational issues.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Our Sempra headquarters building and other locations are reducing water use at employee-occupied facilities through equipment upgrades, such as a more efficient heating, ventilation, and air conditioning system, low flow domestic water devices (toilets, faucets, shower heads, etc.), in addition to water-saving measures for landscaping, such as drought-tolerant plants and weather-based irrigation. As one example, the water

savings from the drought tolerant landscaping reduced water consumption at Century Park (SDG&E's headquarters building) by 43%, or a 15% total consumption reduction at SDG&E's employee occupied facilities. It is estimated to lead to 4,000,000 gallons of water savings on an annual basis.

We also utilize water-saving technologies for power generation, including dry cooling and the use of reclaimed water. When we save water, we also reduce energy use, further reducing costs and impacts to the environment. In order to take advantage of this opportunity, we must continue to make improvements to our operations to further reduce our water use.

Estimated timeframe for realization

More than 6 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Specifically, for the drought tolerant landscaping at Century Park, the investment cost amounted to $830,000. After rebates and the total annual return on investment related to water savings and reduced maintenance, we expected to recover the financial investment for this project approximately 10 years after implementation.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

The resiliency of our infrastructure is crucial in a world where the impacts of climate change are increasing. For example, in California with the increase in droughts in the area, wildfire prevention and mitigation is a critical part of improving the resilience of our infrastructure, and SDG&E has long been considered an industry leader. In response to changing weather conditions, SDG&E developed an in-house meteorology team to forecast fire danger and enable the company to undertake advanced preparations for severe weather events. The company built one of the first of-its-kind networks of dense, utility-owned weather stations to provide detailed weather data across its service territory, which informs day-to-day operational decision-making at all levels of the company. Additionally – and as a last resort when conditions warrant – SDG&E pioneered the use of deenergization (i.e., Public Safety Power Shutoffs) to help protect public safety from major wildfires. SDG&E continues to innovate and improve wildfire mitigation initiatives to help keep its communities safe through situational awareness, prevention, communication and collaboration.

As another example of our climate resilience efforts, SDG&E and SoCalGas recently modeled different sea-level rise scenarios (0.0, 0.5 and 2 meters) and analyzed the potential impacts on each company's infrastructure and communities. For electric infrastructure, modeling showed that a significant number of assets and services may be exposed to coastal hazards related to sea-level rise. SDG&E is now engaged in a vulnerability assessment reviewing all assets for a multitude of climate hazards on several different time scales going out at least 50 years from today. This will be the most comprehensive assessment the utility has conducted to date and is designed to serve as a guiding document for how the utility addresses climate change risks moving forward. Armed with this information, SDG&E and SoCalGas expect to be able to better plan for future capital projects and determine what work is necessary to improve infrastructure resilience to sea level rise.

Estimated timeframe for realization

Magnitude of potential financial impact

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Miramar Energy Center

Country/Area & River basin

United States of America
Other, please specify
GHAASBasin3725

Latitude
32.878013

Longitude
-117.166674

Located in area with water stress
Yes

Primary power generation source for your electricity generation at this facility
Gas

Total water withdrawals at this facility (megaliters/year)
10

Comparison of total withdrawals with previous reporting year
Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes
0

Withdrawals from brackish surface water/seawater
0

Withdrawals from groundwater - renewable
0

Withdrawals from groundwater - non-renewable
0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

10

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

10

Comparison of total consumption with previous reporting year

Lower

Please explain

This site is located in a water stressed area (areas considered to be 'High Risk' or 'Extremely High Risk' per the WRI Aqueduct Water Tool). Miramar Energy Center is a peaker power plant that produces 96 MW of power and can reach full generating capacity within 10 to 15 minutes to

meet immediate demand on the grid. This facility utilizes municipal water and does not track discharges. Therefore we currently do not have insight into the amount of water discharged. Water consumption was equal to water withdrawal, which is the same as the previous reporting year. Our water withdrawal from third party sources varies from year-to year based on the operational needs of our facilities, as such we cannot anticipate future withdrawals.

Facility reference number

Facility 2

Facility name (optional)

Palomar Energy Center

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3736

Latitude

33.119593

Longitude

-117.117413

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

Gas

Total water withdrawals at this facility (megaliters/year)

1,948

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

1,948

Total water discharges at this facility (megaliters/year)

645

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

641

Discharges to groundwater

0

Discharges to third party destinations

3.3

Total water consumption at this facility (megaliters/year)

1,303

Comparison of total consumption with previous reporting year

Lower

Please explain

This site is located in a water stressed area (areas considered to be 'High Risk' or 'Extremely High Risk'per the WRI Aqueduct Water Tool). Palomar Energy Center is a 560 MW natural gas power plant that was designed to use reclaimed water (99% of the water withdrawn came from municipal waste water) to generate electricity in an effort to increase water conservation and use recycled water, which mitigates the impact the generation plant has on regional water supply. The amount of water withdrawal and discharged at this facility is directly measured, and consumption is calculated manually (withdrawals minus discharges). Water withdrawals decreased by 11.54%, total discharges decreased by 6.8%, and total consumption decreased by 13.91%, in each case compared to the last reporting year. Our water withdrawal from third party sources varies from year-to-year based on the operational needs of our facilities, as such we cannot anticipate future withdrawals.

Facility reference number

Facility 3

Facility name (optional)

Cuyamaca Peak Energy Plant

Country/Area & River basin

United States of America

Other, please specify

GHAASBasin3724

Latitude

32.796635

Longitude

-116.971039

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

Gas

Total water withdrawals at this facility (megaliters/year)

0.4

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

0.4

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

0.4

Comparison of total consumption with previous reporting year

Higher

Please explain

This site is located in a water stressed area (areas considered to be 'High Risk' or 'Extremely High Risk'per the WRI Aqueduct Water Tool). Cuyamaca Peak Energy Plant is a peaker power plant that produces 45 MW of power. This facility utilizes municipal water for sanitation and does not track discharges. Therefore we currently do not have insight into the amount of water discharged. In this case, water withdrawal is

equal to water consumed. The water use amount is directly measured through a meter and is monitored by the facility throughout the year. Though this power plant utilizes minimal amounts of municipal water, we are including it because it meets our inclusion threshold based on its location in a water stressed area and its use of freshwater.

Facility reference number

Facility 4

Facility name (optional)

Desert Star

Country/Area & River basin

United States of America

Other, please specify

Nevada

Latitude

35.789728

Longitude

-114.994542

Located in area with water stress

Yes

Primary power generation source for your electricity generation at this facility

Gas

Total water withdrawals at this facility (megaliters/year)

117

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

117

Total water discharges at this facility (megaliters/year)

0

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

0

Total water consumption at this facility (megaliters/year)

117

Comparison of total consumption with previous reporting year

Lower

Please explain

This site is located in a water stressed area (areas considered to be 'High Risk' or 'Extremely High Risk'per the WRI Aqueduct Water Tool). Desert Star Energy Center is a 480 MW natural gas-powered electric generation facility owned by San Diego Gas & Electric (SDG&E) located in Boulder City, Nev. As a dry-cooling facility, it uses 90-percent less water than a traditional power plant. The amount of water withdrawal and discharged at this facility is directly measured, and consumption is calculated manually (withdrawals minus discharges). Water withdrawals decreased in 2021 due to a reduction in plant starts over 2020, which reduced the amount of water used.. Our water withdrawal from third party sources varies from year-to-year based on the operational needs of our facilities, as such we cannot anticipate future withdrawals.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

Not verified

Please explain

Water withdrawals – volume by source

% verified

Not verified

Please explain

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

Water discharges – total volumes

% verified

Not verified

Please explain

Water discharges – volume by destination

% verified

Not verified

Please explain

Water discharges – volume by final treatment level

% verified

Not verified

Please explain

Water discharges – quality by standard water quality parameters

% verified

Not verified

Please explain

Water consumption – total volume

% verified

Not verified

Please explain

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of water-related performance standards for direct operations Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Recognition of environmental linkages, for example, due to climate change	Sempra implemented an organization-wide water policy in May 2015 (updated in December 2017) that applies to all operations of Sempra and its operating companies. The policy focuses on the connection between energy and water and Sempra's commitment to: use water in a responsible and sustainable manner; work to minimize the use of water in operations when feasible; measure and report on our use of water, along with the related risks and opportunities to our business; adopt practices to minimize our impacts on water supplies, including monitoring to help ensure that water discharged from our facilities meets or exceeds permit requirements, minimizing discharge to the greatest degree possible; prepare for water-related emergencies; and abide by applicable water related laws, regulations and permit requirements. Additionally we are committed to continue to work with our stakeholders including water agencies, government and businesses to support joint energy and water efficiency programs. The policy is publicly available at https://www.sempra.com/sites/default/files/content/files/node-media-document/2021/Sempra_Water_Policy.pdf In addition to the organization-wide policy, certain operating companies, such as SDG&E and SoCalGas, have their own policies, which express their commitment to reducing freshwater consumption and preserving water quality through the design and operation of their facilities. Refer to the corporate sustainability report for details on performance related to water reduction goals established at these utilities.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board-level committee	The Safety, Sustainability and Technology (SS&T) Committee of Sempra's Board focuses on health, safety, security, cybersecurity, technology, climate change, sustainability and other related environmental, social and governance (ESG) matters that affect the Company and its employees, customers and the communities in which we operate. Six non-employee Board members serve on the committee, which is briefed by the Company's compliance, technology, environmental, health, safety, security and sustainability officers and senior personnel. In 2020, '21 and '22, the Board updated the SS&T Committee charter to strengthen and clarify the way this committee oversees and considers sustainability and other related matters. As an example of decision-making related to sustainability, the SS&T committee engaged in the development of the Company's framework for advancing the energy transition and emphasizing a climate-centered business strategy. This included specific greenhouse gas (GHG) emissions goals and key areas of investment that Sempra expects will be central to achieving global net-zero goals by 2050.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding major plans of action	The Board monitors overall governance processes and delegates specific areas of focus to standing committees. For example, the Board's SS&T Committee reviews with management and, where appropriate, makes recommendations to management and the Board regarding, the Company's policies, practices and strategies with respect to ESG matters, including

		Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	human rights, environmental, health, safety, security, cybersecurity, technology, climate change, sustainability and others. Climate and related implications are woven into the fabric of corporate strategic planning. With significant environmental regulation and exposure to both climate-related risks and opportunities, it is critical that these issues are monitored at the highest level. The Board, primarily through the SS&T Committee and sometimes at the full Board, oversees business strategies to mitigate the impact of Company operations on the environment, including climate change response and other sustainability matters. The Board's SS&T Committee also reviews and evaluates issues related to the Company's preparedness for extraordinary weather-related events.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues
Row 1	Not assessed

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Sustainability Officer (CSO)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

Sempra's Chief Sustainability Officer (CSO) reports directly to Sempra's CEO and serves also as Senior Vice President – Corporate Affairs. The Sempra CSO has oversight of annual sustainability reporting, which includes goal setting and ESG performance, as well as aggregation of data and reporting of water use. Sempra's CSO also serves as the primary link between the SS&T Committee of Sempra's Board and the organization's sustainability function and helps implement Sempra's sustainability strategy. A parent company sustainability steering committee comprising officers from across the Company works to align operating company sustainability efforts under the Sempra sustainability framework, develop goals for the Company and allows for a forum to share best practices. Leaders at our operating companies oversee and drive water management at their respective companies. Our principal operating companies also have CSOs and have developed executive-level sustainability steering committees.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers
Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Sempra has a centralized external affairs department that works closely with external affairs groups across our operating companies to develop policy positions on climate change issues (including water) and help ensure consistency of direct and indirect activities. This department plays an essential role in developing and coordinating a consistent approach across operating companies and geographies. In addition, Sempra's sustainability steering committee, comprised of executives of all of our large operating companies, builds on the efforts of the external affairs groups and also helps to ensure that policy-related activities are consistent with our climate strategy. The Sempra family of companies engages in direct and indirect lobbying activities at the federal, state, and local levels of government, consistent with our commitment to creating long-term, sustainable value. Our direct lobbying activities align with relevant policies within the legislative and regulatory jurisdictions in which we operate, such as California's goal to achieve economy-wide carbon neutrality by 2045 and the U.S. Environmental Protection Agency's methane rules, and important global multi-lateral collaborations, including the Paris Agreement's goals of limiting average global warming to well below 2°C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5°C.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	16-20	Water is integral to many energy-related processes, including the cooling of power generation facilities. The facilities that we build and operate require securing a long-term water supply. Therefore, when planning for these facilities, which include power generation, LNG terminals and other natural gas infrastructure, these water issues are considered up front for the life of the facility, in an effort to help ensure that the asset will operate as expected over this time period. As an example, during the building of the Palomar Energy Center, the issue of long-term water supply was addressed through the decision to purchase reclaimed water from the city of Escondido, California. 16-20 years was chosen as facilities are expected to be operational for at least this amount of time.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	16-20	Business planning and risk management processes play a key role in determining Sempra's strategy and focus areas for the future. Risks ranging from strategic, operational, financial, regulatory, safety, to environmental, such as climate-related changes in weather, decreasing water supply and strain on the electric grid, have been considered in the development and implementation of Sempra's business plan. This has influenced our operating companies' capital expenditure budgets. Given the role that water plays in our operations, the permitting of our power plants and those of our suppliers requires securing a long-term supply and completing an impact mitigation plan. In addition, our power generation facilities were designed to reduce water use when reasonably possible - many are air-cooled or use brackish or recycled water. We continually analyze the operations of our existing facilities versus water requirements to help manage this issue and help protect water availability. For new facilities where water is a critical component of operations, it is often our practice to exceed code requirements for water use. Therefore, the ability of water quality and quantity issues to affect the success of these projects is considered and factored into our overall planning and strategy process.

			16-20 years was chosen as facilities are expected to be operational for at least this amount of time.
Financial planning	Yes, water-related issues are integrated	5-10	As part of our 5-year planning process, we evaluate the status of all our existing and planned facilities. This process would include any projected expenditures related to water that may be necessary to execute on our strategy.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-76

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

-1

Anticipated forward trend for OPEX (+/- % change)

-1

Please explain

Capital Expenditure (CAPEX) on water decreased from $309,968.83 in 2020 to $74,795.39 in 2021. Operational expenditure (OPEX) on water decreased from $1,126,751.31 in 2020 to $1,120,001.58 in 2021.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	SDG&E and SoCalGas completed a scenario analysis, including water-related impacts, focused on mid-century exposure. This is in line with energy infrastructure planning horizons and considers that energy systems are likely to change significantly in the future. The analysis included the identification of potential impacts of sea level rise and coastal hazards (i.e. tidal inundation and coastal erosion) on the electric system, and potential impacts of all climate-related hazards (coastal hazards, wildfire, extreme heat, inland flooding, and landslides/mudslides) on the natural gas system. Analyses like this allow our companies to better plan for future capital projects and determine what work is necessary to improve our infrastructure's ability to withstand any sea level rise that may occur. For example, there are plans to integrate maps into SDG&E's geographic information system to highlight at-risk infrastructure and inform new construction.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	RCP 4.5 and RCP 8.5	SDG&E and SoCalGas have evaluated the impact of rising seas on electric and natural gas infrastructure. On the electric side, it was determined that a significant number of	Immediate adaptation actions on the electric side identified through this study for SDG&E are: a. Enhance coastal storm prediction and response; b. Identify

			assets and services may be exposed to coastal hazards related to climate change. Areas of concern for the utility by mid-century are located in low-lying areas around bays and estuaries and on the coastline adjacent to erodible cliffs and dunes. The most significant direct impacts could occur from damage to substations near the San Diego and Mission Bays. If inundated with sufficient water to damage equipment, these substations could go out of service until flooding recedes and repairs can be made, potentially disrupting service to customers. Other direct impacts could come in the form of increased maintenance or repair costs, rather than widespread service disruptions. Natural gas infrastructure is likely to experience limited impacts in the form of increased repair/maintenance needs or localized disruptions. The cumulative impacts of increased costs could not be quantified in this study, but could potentially be significant given the large number of assets potentially exposed.	signposts and thresholds that can be used to determine when the need for an adaptation decision is approaching or reached; c. Consult with regional stakeholders to identify opportunities to improve community-wide resilience; d. Adjust cost-benefit analysis techniques to account for unique features of climate change; e. Develop maps that will be integrated into the SDG&E geographic information system to highlight at-risk infrastructure and inform new construction; and f. Partnered with the Scripps Institution of Oceanography to install a censor west of the substation determined to be the most at risk, which will monitor and generate wave models, allowing for more detailed projections of coastal flooding. Immediate adaptation measures identified through this study for SoCalGas are: a. Integrate climate change hazard maps into planning & operations; b. Identify signposts and thresholds that can be used to determine when the need for an adaptation decision is approaching or reached; c. Consult with regional stakeholders to identify opportunities to improve community-wide resilience; and d. Adjust cost-benefit analysis techniques to account for unique features of climate change.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

Water is critical to our businesses, particularly LNG and power generation operations. We recognize water quantity and quality is increasingly a global concern and given the connection between energy and water, we believe it deserves special attention from energy companies. For these reasons, we continue to work to reduce our use of fresh water when reasonably possible, particularly in water-stressed areas, and in 2021, 92% of the water withdrawn for our operations was returned to source. At this time, water-related risks are managed by working with local water agencies and by integrating climate-related water risks (including the potential impact of both droughts and floods) into construction and business resumption plans. We continue to monitor and assess these risks on an ongoing basis.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	Minimal to no use of fresh water.	In Mexico, 95% of the water consumed is seawater, and the remaining 5% is from the municipal water supply. In 2021, our total water withdrawal decreased by 1% to approximately 28 billion gallons as a result of less withdrawal at our LNG operations in Mexico. We returned 92% of the water withdrawn to the source. Our use of fresh water is minimal and is primarily utilized in employee occupied facilities, accounting for less than 1% of our total water withdrawn. Minimal fresh water is utilized in power generation operations. Reclaimed or recycled water is primarily used for power generation operations.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Sempra's Water Policy states our organization-wide commitment to adopt practices that mitigate our impacts on water supplies and work to ensure that water discharged from our facilities meets or exceeds permit requirements, minimizing discharge to the greatest degree possible. Sempra additionally has a goal to measure and report on our use of water, along with related risks and opportunities to our business. Targets are set at the operating company and facility levels given the distinct operating conditions, risks, and impacts of each one on water resources. For example, in California, a water-stressed region, targets are set at our California utilities, SoCalGas and SDG&E. These targets are set and monitored at each utility, and reported to the corporate sustainability team at the corporate-level. For example, by 2030, SDG&E aims to increase recycled water use to at least 90% at all company facilities and reduce facilities freshwater use by 50% (against a 2010 baseline) by investing in low-flow/waterless fixtures, rainfall and water recovery systems and drought-tolerant landscaping.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water consumption

Level

Site/facility

Primary motivation

Water stewardship

Description of target

Reduce facility freshwater consumption by 20 percent less than baseline year of 2010 (SDG&E facilities).

Quantitative metric

% reduction per business unit

Baseline year

2010

Start year

2021

Target year

2021

% of target achieved

Please explain

Target reference number

Target 2

Category of target

Water recycling/reuse

Level

Site/facility

Primary motivation

Water stewardship

Description of target

Increase recycled water use to at least 90% at all SDG&E facilities by 2030.

Quantitative metric

% increase in water use met through recycling/reuse

Baseline year

2020

Start year

2020

Target year

2030

% of target achieved

Please explain

In October 2020, SDG&E released its sustainability strategy, which included a goal to increase recycled water use to at least 90% at all its facilities by 2030. SDG&E's water conservation initiatives have reclaimed or conserved more than 1.5 billion gallons since 2017 alone.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Promotion of water data transparency

Level

Company-wide

Motivation

Corporate social responsibility

Description of goal

Sempra publishes an annual corporate sustainability report which highlights our performance and progress on environmental, social, and governance metrics. This report discusses our companies' use of water and our efforts to minimize fresh water when reasonably possible, particularly in water stressed areas.

Baseline year

2020

Start year

2021

End year

2021

Progress

The 2021 corporate sustainability report, published in April 2022, includes a water section which discusses the importance of water to our businesses, water used and water sources, efforts to reduce fresh water use in power generation operations when reasonably possible, and environmental compliance performance (including water-related issues, if applicable).

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

This response to CDP contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed or implied in any forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this response to CDP. 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 response to CDP, forward-looking statements can be identified by words such as “believes,” “expects,” “intends,” “anticipates,” “contemplates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “construct,” “develop,” “opportunity,” “target,” “outlook,” “maintain,” “continue,” “progress,” “advance,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover all or a substantial portion of costs from insurance, the wildfire fund established by California Assembly Bill 1054, in

rates from customers or a combination thereof; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) the U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of partners or other third parties, including governmental and regulatory bodies; civil and criminal litigation, regulatory inquiries, investigations, arbitrations, property disputes and other proceedings, including those related to the natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon natural gas storage facility; changes to laws and regulations, including certain of Mexico's laws and rules that impact energy supplier permitting, energy contract rates, the electricity industry generally and the import, export, transport and storage of hydrocarbons; cybersecurity threats, including by state and state-sponsored actors, to the energy grid, storage and pipeline infrastructure, information and systems used to operate our businesses, and confidentiality of our proprietary information and personal information of our customers and employees, including ransomware attacks on our systems and the systems of third-parties with which we conduct business, all of which have become more pronounced due to recent geopolitical events and other uncertainties, such as the war in Ukraine; failure of foreign governments, state-owned entities and our counterparties to honor their contracts and commitments; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our debt service obligations; the impact of energy and climate policies, laws, rules and disclosures, as well as related goals and actions of companies in our industry, including actions to reduce or eliminate reliance on natural gas generally and any deterioration of or increased uncertainty in the political or regulatory environment for California natural gas distribution companies and the risk of nonrecovery for stranded assets; the pace of the development and adoption of new technologies in the energy sector, including those designed to support governmental and private party energy and climate goals, and our ability to timely and economically incorporate them into our businesses; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, information system outages or other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires or subject us to liability for damages, fines and penalties, some of which may be disputed or not covered by insurers, may not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; inflationary and interest rate pressures, volatility in foreign currency exchange rates and commodity prices, our ability to effectively hedge these risks, and their impact, as applicable, on San Diego Gas & Electric Company's (SDG&E) and SoCalGas' cost of capital and the affordability of customer rates; the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or limitations on the withdrawal of natural gas from storage facilities; the impact of the COVID-19 pandemic on capital projects, regulatory approvals and the execution of our operations; the impact at SDG&E on competitive customer rates and reliability due to growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Community Choice Aggregation and Direct Access, and the risk of nonrecovery for stranded assets and

contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; changes in tax and trade policies, laws and regulations, including tariffs, revisions to international trade agreements and sanctions, such as those that have been imposed and that may be imposed in the future in connection with the war in Ukraine, which may increase our costs, reduce our competitiveness, impact our ability to do business with certain counterparties, or impair our ability to resolve trade disputes; and other uncertainties, some of which are difficult to predict and beyond our control.
These risks and uncertainties are further discussed in the reports that Sempra has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov, and on Sempra's website, www.sempra.com. Investors should not rely unduly on any forward-looking statements.

This questionnaire may include market, demographic and industry data and forecasts that are based on or derived from third-party sources such as independent industry publications, publicly available information, government data and other similar information from third parties. We do not guarantee the accuracy or completeness of any of this information, and we have not independently verified any of the information provided by these third-party sources. In addition, market, demographic and industry data and forecasts involve estimates, assumptions and other uncertainties and are subject to change based on various factors, including those discussed above. Accordingly, you should not place undue reliance on any of this information. This questionnaire also contains links to third-party websites that are not hosted or managed by Sempra or its family of companies. We are not responsible for, nor do we recommend, endorse or support, any information contained on any such third-party websites. In addition, this questionnaire includes descriptions of positions of third-party trade associations, which descriptions are provided in the manner articulated by each such trade association and do not necessarily reflect the manner in which we would describe these positions, even if we have stated our views are consistent.

Sempra Infrastructure, Sempra Texas, Sempra Mexico, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra Texas, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Senior Vice President- External Affairs	Chief Sustainability Officer (CSO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms