# Sempra Energy - Water Security 2021

## W0. Introduction

### W0.1

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

Sempra Energy (doing business as Sempra and referred to in this questionnaire as "Sempra" or the "Company") is a California-based holding company with energy infrastructure investments in North America and 2020 revenues of $11.4 billion. We and our family of companies invest in, develop and operate energy infrastructure and provide electric and gas services to customers through regulated public utilities. We operate in what we believe are the most attractive markets in North America: California, Texas, and Mexico. Our businesses position us at the intersection of two broad trends: innovation in energy technology and infrastructure; and growing demand for lower-carbon energy. Sempra is committed to driving responsible strategies to meet the evolving market need for sustainable, resilient and affordable energy. This is critical to our ability to deliver long-term, sustainable value to our shareholders and other stakeholders. Our operating companies include:

- San Diego Gas & Electric Company (SDG&E), is a regulated public utility that provides electric services to, at December 31, 2020, ~3.7M consumers and natural gas services to ~3.4 million of those consumers, covering a service territory in Southern California that encompasses San Diego County and an adjacent portion of Orange County.
- Southern California Gas Company (SoCalGas), is a regulated public utility that owns and operates a natural gas distribution, transmission and storage system that supplies natural gas to, at December 31, 2020, ~22 million consumers, covering a service territory that encompasses Southern California and portions of central California (excluding San Diego County, the City of Long Beach and the desert area of San Bernardino County)
- Oncor Electric Delivery Company LLC (Oncor), is the largest regulated electric transmission and distribution company in Texas, working to provide safe and reliable service to ~10 million consumers.
- Infraestructura Energetica Nova, S.A.B. de C.V. (IEnova), develops, owns and operates, or holds interest in, energy infrastructure in Mexico in three key energy markets: gas, power and storage.
- Sempra LNG develops, builds, operates and invests in natural gas liquefaction export facilities, including natural gas pipelines and infrastructure, and buys, sells and transports natural gas through its marketing operations, all within North America.

### 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 | 1829 | 66.15 | 6009 |
| 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 | 407 | 14.72 | 1094 |
| Solar | 529 | 19.13 | 636 |
| Marine | 0 | 0 | 0 |
| Other renewable | 0 | 0 | 0 |
| Other non-renewable | 0 | 0 | 0 |
| Total | 2765 | 100 | 7739 |

### 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 2020 | December 31 2020 |

## W0.3

**(W0.3) Select the countries/areas for which you will be supplying data.**

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 that we also provide water data for the Cameron LNG facility where we have a 50.2% ownership share, but do not 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 used for hydrostatic testing of some natural gas pipelines at our California utilities. | Aggregated data collection for this source is not currently in place, we hope to include this in our disclosure in future years. Recycled water is typically used for this process and used several times before being discharged for an alternate use such as dust control. |
| 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. |

# 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), IEnova'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 our two California utilities, 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 our two California utilities, have goals related to water. |
| Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector] | <Not Applicable> | <Not Applicable> |
| Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector] | <Not Applicable> | <Not Applicable> |
| Water withdrawals quality | 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. Data related to water quality parameters utilized is also submitted to the corporate sustainability team annually. Additionally, certain facilities, such as those at our two California utilities, 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 other regulatory requirements. Our operating companies are held strictly accountable for following all environmental regulations and laws, including those related to water quality, and obtaining all required permits. For example, IEnova'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 IEnova'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 our two California utilities, 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 | 106483.25 | About the same | Our total water withdrawal was approximately 4% higher in 2020 as a result of the growth in our LNG operations. Water withdrawal varies year-over-year based on the operational needs of our facilities. While we continue to improve data collection related to water, these numbers do not account for all aspects of our operations, including natural gas pipeline testing at our California utilities. For comparability purposes, the prior year volume was adjusted to include water withdrawn at the Cameron LNG facility. The volume of water withdrawn in 2019, including Cameron LNG, was 101,649 megaliters. |
| Total discharges | 100746.73 | About the same | Our overall water discharges were 6% higher in 2020. Of the total water discharged, 92% was returned to source, with negligible losses or variation in quality. 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. For comparability purposes, the prior year volume was adjusted to include water discharged at the Cameron LNG facility. The volume of water discharged in 2019, including Cameron LNG, was 95,954.20 megaliters. |
| Total consumption | 5736.52 | Lower | Our overall consumption was 7% lower in 2020 as compared to 2019 based on an organization-wide calculation (total withdrawals minus total discharges). The variance is mainly due to an increase in water discharges at TDM, IEnova's natural gas power plant, that resulted from maintenance activities that took place in the cooling tower in 2020. Overall, Sempra consumed approximately 5% of the water withdrawn in 2020 and returned around 92% of the water withdrawn to the source of extraction. Water consumption varies year-over-year based on the operational needs of our facilities. |

## 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 | 1-10 | About the same | WRI Aqueduct | 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 that also use freshwater in their operations. The facilities exposed to water risks based on these qualifications consist of four SDG&E 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. In 2020, water withdrawn for power generation activities accounted for only 6.8% of Sempra's total water withdrawn and mainly came from reclaimed or recycled sources. Additionally, Sempra's use of fresh water is minimal, accounting for less than 1% of our total water withdrawn. We use alternative sources of water when reasonably possible to help preserve fresh water for nearby communities and mitigate any contribution to water scarcity. Based on the 2020 water risk assessment, the four SDG&E natural gas power plants located in water-stressed areas accounted for 2.2% of Sempra's total water withdrawn, and 91% of that water came from reclaimed or recycled sources. Compared to last year, total water withdrawn by these four facilities is 59% higher (1,514 in 2019 compared to 2,414 megaliters in 2020). This increase is mainly due to an increase in generation operations at Palomar Energy Center. The source of the water withdrawn for generation activities was all municipal waste water. Water withdrawals from water-stressed areas come mainly from SDG&E's natural gas power generation activities (which use predominantly reclaimed water, as noted above). |

## 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 | 1.13 | Higher | Fresh surface water withdrawal increased from 0.60 in 2019 to 1.13 in 2020. This increase is mainly attributed to rainwater removal from well cellars at SoCalGas where the water is typically returned to the surface. Fresh water withdrawals vary year-over-year based on rainfall amounts. This amount does not include rainwater removed at Cameron LNG. Overall our collected rainwater was less than 1% of total water withdrawn. |
| Brackish surface water/Seawater | Relevant | 98596.67 | About the same | Our seawater surface withdrawal remained about the same (5% increase in 2020). Our brackish surface water/seawater withdrawal varies year-over-year based on the operational needs of our facilities. |
| Groundwater – renewable | Relevant | 112.21 | Much higher | Fresh water withdrawn from ground water increased from the 27.31 reported in 2019 to 112.21 in 2020 primarily due to data that was not captured previously. We anticipate further variance in the amount of groundwater withdrawn as a result of increasing accuracy of water data captured. |
| Groundwater – non-renewable | Not relevant | <Not Applicable> | <Not Applicable> | |
| Produced/Entrained water | Relevant | 84.6 | This is our first year of measurement | Starting in 2020, SoCalGas' produced water withdrawn (recycled purple water) is included in our overall water reporting figures. Produced water was used to support SoCalGas' storage field operations. |
| Third party sources | Relevant | 7688.63 | About the same | Water withdrawals from third party sources come primarily from municipal wastewater and from municipal water. Our water withdrawals from these sources remained about the same (4% increase in 2020). The slight increase was mainly driven by an increase in electricity generation at SDG&E's Palomar Energy Center in 2020. Our water withdrawal from third party sources varies year-over-year based on the operational needs of our facilities. |

## 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 | <Not Applicable> | <Not Applicable> | Upon further review, water discharges previously reported as fresh surface water in 2019 and 2020 have been reclassified as water discharged to brackish surface water/seawater (below), as it is a more appropriate designation for this discharge. Refer to row below for explanations on the changes in classification. |
| Brackish surface water/seawater | Relevant | 99182 | About the same | Our seawater surface withdrawal remained about the same (5% decrease in 2020). Our brackish surface water/seawater withdrawal varies year-over-year based on the operational needs of our facilities (including factors such as power production, variability of plant dispatch, ambient weather, and water supply quality). This figure includes water volumes previously reported as fresh surface water originating from SDG&E's Palomar Energy Center operations. |
| Groundwater | Relevant | 0.82 | Much lower | We continue our efforts to enhance the accuracy of water discharge data captured at SoCalGas facilities (as noted in 2019). In 2020 we experienced a decrease in groundwater discharged mainly due to the increased accuracy of the water data captured. This figure includes water discharged to ponds that are unlined and recharge the aquifer. |
| Third-party destinations | Relevant | 1564 | Much higher | We experienced a significant increase in discharges to third-party destinations (municipal treatment plants and storage/waste lagoon) mainly attributed to an increase in water discharged from IEnova's TDM power plant due to cleaning and maintenance activities. Our water discharged to third party sources varies year-over-year based on the operational needs of our facilities (including factors such as power production, variability of plant dispatch, ambient weather, and water supply quality). |

## 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 | Volume (megaliters/year) | Comparison of treated volume with previous reporting year | % of your sites/facilities/operations this volume applies to | Please explain |
|---|---|---|---|---|---|
| Tertiary treatment | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |
| Secondary treatment | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |
| Primary treatment only | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |
| Discharge to the natural environment without treatment | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |
| Discharge to a third party without treatment | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |
| Other | Please select | <Not Applicable> | <Not Applicable> | <Not Applicable> | |

## 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 |
|---|---|---|---|---|
| 0.96 | Other, please specify (Water consumed for generation activities) | MWh | Higher | Sempra's water intensity from power generation activities increased by 7% year-over-year.* Though the water withdrawal for generation activities increased by only 4%, we experienced an overall 2% decrease in net generation compared to 2019 due to maintenance activities at IEnova's TDM power plant. *Note 2019 value was updated to .90 to correct the unit of measure. |

## 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**
This information is for SoCalGas and SDG&E only based on 2020 data and information. There are two ways that SDG&E and SoCalGas collect climate change and carbon information from suppliers. SDG&E is a member of the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA), a non-profit organization formed by investor-owned utilities across the U.S. to promote sustainability. Through EUISSCA, we survey suppliers to better understand their environmental impacts, policies, and any goal setting around water use, waste management and emissions reduction. The suppliers selected to complete the survey include top-tier (traditionally high spend suppliers), those identified as part of the Supplier Relationship Management (SRM) program, and any other suppliers critical to the business based on the our Supply Management Business Resumption plans. In 2020, SDG&E and SoCalGas invited 146 suppliers based on their criticality and overall spend on metrics addressing operational sustainability (presence of a management system and goal setting related to emissions, energy, water, and waste) to participate in the EUISSCA Annual Supplier Sustainability Assessment and achieved a response rate of approximately 40% of overall spend and 59% for invited suppliers. 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 2020 data and information. These businesses represent most of Sempra's expenditures with suppliers in 2020. 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. 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. Administration, Construction, etc.) to show areas of opportunity for improvement (starting with the 2019 survey). 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**

## 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. Sempra's engagement with its suppliers begins with the supplier code of conduct, which outlines our expectations for supplier behavior. 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. 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 2021 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains and pursuing opportunities to have supplier partners pursue more sustainable business practices. 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 2020 above.

**Impact of the engagement and measures of success**
The information provided in this section is for SDG&E and SoCalGas only. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2020. 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 11% for both California utilities 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. Requiring bidders to answer sustainability-related questions during the sourcing event allows all bidders to understand the significance of sustainability as part of doing business with SDG&E and SoCalGas. Our measure for success is receipt of additional information and data related to supplier sustainability efforts.

**Comment**

**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. Sempra's engagement with its suppliers begins with the supplier code of conduct, which outlines our expectations for supplier behavior. 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. 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 2021 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains and pursuing opportunities to have supplier partners pursue more sustainable business practices. Currently, SDG&E and SoCalGas evaluate supplier operational impacts through (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 2020 above.

**Impact of the engagement and measures of success**
The information provided in this section is for SDG&E and SoCalGas only. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2020. 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 11% for both California utilities 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. Requiring bidders to answer sustainability-related questions during the sourcing event allows all bidders to understand the significance of sustainability as part of doing business with SDG&E and SoCalGas. Our measure for success is receipt of additional information and data related to supplier sustainability efforts.

**Comment**

**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 2020 data and information. Sempra's engagement with its suppliers begins with the supplier code of conduct, which outlines our expectations for supplier behavior. 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 2021 through efforts including, but not limited to, implementing processes to incorporate sustainability into their supply chains and pursuing opportunities to have supplier partners pursue more sustainable business practices. Currently, SDG&E and SoCalGas evaluate supplier operational impacts through 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 2020 above.

**Impact of the engagement and measures of success**
The information provided in this section is for SDG&E and SoCalGas only based on 2020 data and information. These consolidated businesses represent most of Sempra's expenditures with suppliers in 2020. 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 11% for both California utilities 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. Requiring bidders to answer sustainability-related questions during the sourcing event allows all bidders to understand the significance of sustainability as part of doing business with SDG&E and SoCalGas. Our measure for success is receipt of additional information and data related to supplier sustainability efforts.

**Comment**

## W1.4c

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

Each year SDG&E and SoCalGas provide millions of dollars in incentives for homes and businesses to implement energy efficiency programs. They help to identify process improvements and incentivize new appliances that can help save water and energy; lower operating costs; and reduce greenhouse gas emissions. Energy efficiency programs are key to the state's GHG emissions reduction goals. In fact, California is the state with the second-lowest per capita energy consumption in the U.S., in part because California regulators provide incentives for utilities to achieve energy-efficiency goals. By improving energy efficiency, the state has avoided the need to build additional power generation facilities. In 2020, customer energy efficiency at our California utilities saved approximately 333 GWh of electricity and approximately 41.2 million therms of natural gas. * *Preliminary numbers

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?**

Yes, fines, enforcement orders or other penalties but none that are considered as significant

### W2.2a

**(W2.2a) Provide the total number and financial value of all water-related fines.**

**Row 1**

**Total number of fines**

1

**Total value of fines**

500

**% of total facilities/operations associated**

5

**Number of fines compared to previous reporting year**

Higher

**Comment**

In 2020, the City of San Diego Storm Water Division issued SDG&E a water-related notice of violation (NOV) alleging failure to timely submit an Exceedance Response Action (ERA) Report addressing an exceedance of solids in water as required by the General Permit for Storm Water Discharges for Industrial Activities by January 1, 2020. SDG&E paid a $500 fine on this water-related NOV in 2021. Corrective actions have been completed and confirmed via follow-up inspection on 12/31/2020. Compliance personnel at our businesses carefully review any NOVs and work diligently to resolve any concerns with the appropriate agency.

## 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 minimize 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 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. | Compliance with effluent quality standards<br>Measures to prevent spillage, leaching, and leakages<br>Community/stakeholder engagement<br>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. 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.**

**Direct operations**

**Coverage**
Full

**Risk assessment procedure**
Water risks are assessed as part of an enterprise risk management framework

**Frequency of assessment**
Annually

**How far into the future are risks considered?**
More than 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
Internal company methods

**Comment**
At the parent company level, the Board of directors and management's Compliance and Enterprise Risk Committee provide oversight on all identified risk areas. Water is integrated into this process. Parent company risk management, operating company risk management, environmental services and the corporate sustainability 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.

**Supply chain**

**Coverage**
Partial

**Risk assessment procedure**
Water risks are assessed in an environmental risk assessment

**Frequency of assessment**
Annually

**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
External consultants
Other, please specify (SDG&E is a member of the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA), a non-profit organization formed by investor-owned utilities across the U.S. to promote environmental stewardship.)

**Comment**
Through EUISSCA, suppliers are surveyed to better understand their environmental impacts, policies, and any goal setting around emissions reduction, water use and waste management. The suppliers selected to complete the survey include top-tier (traditionally high spend suppliers), those identified as part of the supplier relationship management (SRM) program, and any other suppliers critical to the business based on supply management business resumption plans. In 2020, SDG&E and SoCalGas invited 146 suppliers based on their criticality and overall spend to participate in the EUISSCA annual supplier sustainability assessment and achieved a response rate of approximately 40% of overall spend and 59% for invited suppliers. At SoCalGas, suppliers that are identified as critical become part of the SRM program. 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. The current SRM supplier areas were determined to be critical based on a segmentation approach in each commodity or service area. SoCalGas reviews critical and high-risk suppliers as part of the SRM program annually.

### Other stages of the value chain

#### Coverage
None

#### Risk assessment procedure
<Not Applicable>

#### Frequency of assessment
<Not Applicable>

#### How far into the future are risks considered?
<Not Applicable>

#### Type of tools and methods used
<Not Applicable>

#### Tools and methods used
<Not Applicable>

#### Comment

## W3.3b

### (W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

| | Relevance & inclusion | Please explain |
|---|---|---|
| Water availability at a basin/catchment level | Relevant, always included | Water is critical to our businesses, particularly for power generation and LNG regasification. These operations were designed to minimize the use of freshwater when reasonably possible, particularly in water-stressed areas. Examples of this include IEnova's power plant in Mexico which uses treated sewage water to cool the plant, and SDG&E's Palomar Energy Center in California which uses reclaimed water (treated wastewater) in its electric generation process. Additionally, LNG regasification operations utilize sea/brackish water as opposed to freshwater. Where water is needed for power generation, 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 to monitoring of wells and other water sources, public and regulatory affairs teams from across Sempra and several of our operating companies stay abreast of issues that affect our operations, including water availability and related regulations. In 2020, 92% of the water withdrawn was returned to the source, and freshwater represented just 0.7% of our total water withdrawal. |
| Water quality at a basin/catchment level | Relevant, always included | Water is critical to our businesses, particularly LNG regasification and power generation. These operations were designed to minimize the use of freshwater when reasonably possible, particularly in water-stressed areas. Examples of this include IEnova's power plant in Mexico which uses treated sewage water to cool the plant, and SDG&E's Palomar Energy Center in California which uses reclaimed water (treated wastewater) in its electric generation process. Additionally, our LNG regasification operations utilize sea/brackish water as opposed to freshwater. Water resource availability, quality, and reliability are addressed by regulatory permitting agencies for licensing power generation facilities. We must comply with all water requirements in the licensing process for the life of the project. |
| Stakeholder conflicts concerning water resources at a basin/catchment level | Relevant, always included | Sempra interacts with its key stakeholders on a continuous basis on a variety of topics, including water, especially during the various stages of an infrastructure project, from concept to permitting, construction and then operation. Our operating companies work with stakeholders, including water agencies, government and businesses to support joint energy and water efficiency programs. We customize our approach and response on a community-by-community basis in an effort to be responsive to stakeholder input. Our operating companies use a variety of methods to provide open communication with external audiences and stakeholders. This includes energy collaborative communities, online portals that bring innovation and communication together, and established stakeholder groups called Community Advisory Councils (CACs). In 2020, 110 members across SDG&E and SoCalGas' CACs held nearly 20 meetings to address a variety of topics. Additionally, our ethics and compliance helpline serves as our formal grievance mechanism for stakeholders to share concerns or describe how projects may impact them. Sempra's stakeholder engagement policy describes our approach to transparent, two-way communication, and is available through the following link: https://www.sempra.com/sites/default/files/content/files/node-page/file-list/2018/stakeholder-engagement-policy2.pdf |
| Implications of water on your key commodities/raw materials | Relevant, not included | Sempra is a large purchaser of natural gas (our utility SoCalGas has the largest customer base of any natural gas distribution utility in the U.S.). Natural gas production can be water intensive. We are working enhance our understanding of our natural gas upstream supply chain and water implications. |
| Water-related regulatory frameworks | Relevant, always included | Water resource availability, quality, and reliability are addressed by regulatory permitting agencies for licensing generation facilities. We must comply with all water requirements in the licensing process for the life of the project. Sempra's water policy emphasizes our commitment to use water in a responsible and sustainable manner and abide by applicable water related laws, regulations and permit requirements. Beyond these compliance issues our government affairs groups participate in the legislative and regulatory discourse on topics that affect our operations to identify, analyze and manage any associated risks and opportunities. |
| Status of ecosystems and habitats | Relevant, always included | Across the Sempra family of companies, we are committed to integrating biodiversity preservation and enhancement considerations into our planning and decision-making processes. This commitment is underpinned by our biodiversity policy, which describes how we integrate biodiversity considerations into the planning, permitting, construction and operation of our infrastructure. When we are looking to permit and build a new facility where water rights are needed, evaluation of ecosystems and habitats is an important part of this process. We often work with on NGOs with deep experience in ecosystems and habitat local to the area. For existing facilities, compliance with programmatic permits and other environmental regulations is continuously monitored. Refer to our Corporate Sustainability Report and our Biodiversity Policy for more details on how we integrate biodiversity considerations into the planning, construction and operation of energy facilities, balancing the protection of sensitive plant and animal life with project requirements. https://www.sempra.com/sites/default/files/content/files/node-page/file-list/2018/biodiversity-policy.pdf). |
| Access to fully-functioning, safely managed WASH services for all employees | Not relevant, explanation provided | Lack of access to WASH services is currently not relevant for our operations. |
| Other contextual issues, please specify | Relevant, always included | Other issues considered include physical risks related to climate change such as more frequent and intense floods, drought, wind events, wildfires and temperature extremes as well as sea level rise. The potential financial impacts of these risks include disruption to production or operation of our energy infrastructure assets; disruption to our supply chain, including changes in the cost of the natural gas and electricity that we purchase and deliver; physical damage to our assets; and changes in demand for the energy we provide. |

## W3.3c

### (W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

| | Relevance & inclusion | Please explain |
|---|---|---|
| Customers | Relevant, always included | Sempra companies serve over 36 million consumers in North America. Given that availability and access to water has the potential to impact our customers through impacts to rates and the reliability of the electric and transmission distribution systems at our utilities, the customer perspective is factored into our risk assessments. Ensuring energy reliability is key to our operations and we take action to prevent or mitigate water-related risks that could affect our customers starting from generation activities to aiding customers in being more energy and water efficient. We engage with customers on water primarily through energy efficiency initiatives that save both water and energy, encouraging reduced use. For example, we offer our California utility customers a no-cost kit that includes a low-flow shower head and three faucet aerators, which can help them save water, energy used for water-heating, and lower energy use. These items maintain a high-pressure flow while reducing water usage up to 11%. Additionally, these utilities provide millions of dollars in incentives for homes and businesses to implement energy efficiency programs. |
| Employees | Relevant, always included | Employees play a critical role in the overall effort to reduce water use at our facilities. Our use of fresh water is minimal, accounting for less than 1% of total water withdrawn, much of which is used for employee-occupied facilities. We are focused on employee engagement and communication to enhance their role in overall water conservation efforts. This includes employee organized sustainability teams at several locations that work to develop sustainability-related programs for employees. Provision of water for employee use is currently not an issue at our locations. |
| Investors | Relevant, always included | To the extent that water issues could affect the performance of Sempra and its operating companies, the investor perspective is included in our analysis. For example, frequent drought conditions and unseasonably warm temperatures have increased the degree and prevalence of wildfires in California including in SDG&E's and SoCalGas' service territories, making this a material risk. The risk of wildfires fueled by excessive drought conditions is identified as a material risk in our annual report on Form 10-K. For more details, refer to our Annual Report (p. 11): https://www.sempra.com/sites/default/files/content/files/node-report/2020/SempraEnergy_2020_AnnualReport.pdf. |
| Local communities | Relevant, always included | Sempra's operating companies are diligent in soliciting and maintaining a dialogue with stakeholders, including local communities, to understand their perspectives and concerns. One way we identify and monitor stakeholder issues is through our community advisory councils, which provide our operating companies with local guidance, perspective and insight. Community and stakeholder engagement is an essential component to developing, siting, building and operating energy infrastructure. To assist in managing stakeholder engagement, stakeholder engagement plans are developed when considering major infrastructure developments. The goal of the stakeholder engagement plan is to provide transparent, two-way communication to all stakeholder audiences to build trust and credibility. It also serves to meet agreed-upon governance objectives sometimes required by lenders, business partners or customers. Additionally, the plan creates a structure for stakeholders to express any issues or concerns that may arise so that they can be addressed in a timely manner. |
| NGOs | Relevant, always included | Sempra's operating companies are diligent in reaching out to, and maintaining a dialogue with stakeholders, including NGOs, to understand their perspectives and concerns. Employees, particularly those responsible for infrastructure planning, project development and operations, are expected to proactively engage with NGOs and other stakeholders to seek their input; listen to their perspectives; and consider, prioritize and integrate the input received, where possible. |
| Other water users at a basin/catchment level | Relevant, always included | Sempra's operating companies are diligent in maintaining a dialogue with stakeholders, other water users near our facilities, and water providers and agencies, to understand their perspectives and concerns. Our community advisory councils are one way we might have a dialogue with other water users. Employees, particularly those responsible for infrastructure planning, project development and operations, are expected to proactively engage with stakeholders to seek their input; listen to their perspectives; and consider, prioritize and integrate the input received, where possible. |
| Regulators | Relevant, always included | Sempra works with various regulators to manage our operations, including those impacting water. Our operating companies are heavily engaged with regulators especially during construction activities, for example during the permitting phase, regarding a wide array of topics from environmental considerations (including water) and project benefits, such as new jobs, community investment and public safety, to facility design, routes, location and other important parameters. Another way we engage with regulators is through our operating company government affairs teams. They closely monitor developments related to water regulations and use and analyze the associated risks and opportunities. |
| River basin management authorities | Relevant, always included | In our larger urban business areas, we have regular contact with the river basin management authorities. However, in more rural areas this contact may be less frequent. Our Stakeholder Engagement Policy provides further details on how we engage with our stakeholders to determine which issues matter most and it is available through the following link: https://www.sempra.com/sites/default/files/content/files/node-page/file-list/2018/stakeholder-engagement-policy.pdf. |
| Statutory special interest groups at a local level | Relevant, always included | Statutory special interest groups play a significant role, particularly for our utilities in California. An example of a special interest group we work with is North American tribal communities. Their positions are closely monitored and factored into our decision-making and risk management processes. |
| Suppliers | Relevant, always included | Water is of particular focus in contracts with electricity suppliers as it can be an important input for the production of electricity. For conventional capacity that we buy under contract, our RFO stipulates that respondents must have all necessary water rights. These suppliers are required to describe how they will deliver upon their contract and assure that risk associated with non-delivery is carried by them, consistent with our overall approach to risk management. |
| Water utilities at a local level | Relevant, always included | Sempra's operating companies maintain close relationships with water utilities and suppliers where we do business. We work together on water conservation initiatives, decreasing our use of freshwater, increasing use of recycled water and also discussing specific issues related to our facilities. |
| Other stakeholder, please specify | Not considered | |

## W3.3d

### (W3.3d) 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 . As an example, SDG&E's and IEnova's collective 5 natural gas-fired power generation facilities located in these areas are using dry-cooling and reclaimed water as an alternative to fresh water, saving nearly 2 billion gallons of fresh water in 2020 alone. Fresh water comprises less than 1% of our total water withdrawn.

## 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?**

The substantive financial and strategic 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 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 considered 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.

The operations and reliability dimension assesses potential disruptions to company operations that would impact customers.

The regulatory, legal and compliance dimension assesses potential sanctions imposed by regulators or legal judgments.

The financial dimension assesses potential financial losses.

It is Sempra's approach to work to mitigate impacts, 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 2020. 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. Four of 21 of our facilities have been identified as being 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. 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 SDG&E 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

**Production value for the metals & mining activities associated with these facilities**
<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**
Less than 1%

**% company's global oil & gas production volume that could be affected by these facilities**
<Not Applicable>

**% 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 1% of the organization's total gross generation in 2020. 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

**Production value for the metals & mining activities associated with these facilities**
<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**
1-25

**% company's global oil & gas production volume that could be affected by these facilities**
<Not Applicable>

**% 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 electric generation that had the potential to be affected by the water-related risks of this facility was 27% in 2020.

---

**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

**Production value for the metals & mining activities associated with these facilities**
<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**
Less than 1%

**% company's global oil & gas production volume that could be affected by these facilities**
<Not Applicable>

**% 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 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

**Production value for the metals & mining activities associated with these facilities**

<Not Applicable>

**% company's annual electricity generation that could be affected by these facilities**
26-50

**% company's global oil & gas production volume that could be affected by these facilities**
<Not Applicable>

**% 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 14% in 2020.

## 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**

| | |
|---|---|
| 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, SoCalGas and IEnova operations, we have a concentration of operations and infrastructure in coastal areas of California and Northern Baja California, Mexico. According to the San Diego Region Report issued by Scripps Institution of Oceanography in partnership with other regional partners as part of California's 4th climate change assessment, sea level may rise in the San Diego region significantly faster between now and 2050 than the roughly 0.6 feet of rise measured over the last century. In fact, the report says that by 2050, we could experience a rise of about 12 inches relative to sea level in 2000. 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. However, 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 (Bruzgul, Judsen, Robert Kay, Andy Petrow, Beth Rodehorst, David Revell, Maya Bruguera, Tommy Hendrickson, Kevin Petak, Dan Moreno, Julio Manik. (ICF and Revell Coastal). 2018. Potential Climate Change Impacts and Adaptation Actions for Gas Assets in the San Diego Gas and Electric Company Service Area. California's Fourth Climate Change Assessment, California Energy Commission. Publication number: CCCA4-CEC-2018- 009, p. iv.). 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?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
920000000

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**Explanation of financial impact**
The $920 million represents an example of the potential financial impact of service losses and operational challenges that could take place at IEnova's 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 and the facility were to not be operational. IEnova has mitigating measures like 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 that are considered in the estimated costs section.

**Primary response to risk**
Develop flood emergency plans

**Description of response**
To better understand this threat and be able to take the necessary actions, SDG&E and SoCalGas 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 Institution of Oceanography to install a sensor west of the substation that will monitor and generate wave models, which will 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 going out at least 50 years from today. 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**
3800000

**Explanation of cost of response**
IEnova is working to complete a climate change risk assessment to analyze the levels of threat, exposure and vulnerability of their operations under different climate-related scenarios. Based on the results of this study, IEnova 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. The $3,800,000 represents mitigating measures at the Energia Costa Azul facility for 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. To better understand this threat and be able to take the necessary actions, SDG&E and SoCalGas 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.

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**Country/Area & River basin**

| | |
|---|---|
| United States of America | Other, please specify (GHAASBasin 3724, 3725, 3736) |

**Type of risk & Primary risk driver**

| | |
|---|---|
| Physical | Severe weather events |

**Primary potential impact**
Increased operating costs

**Company-specific description**
A variety of factors including frequent and more severe drought conditions, precipitation changes, changes in vegetation, unseasonably warm temperatures, very low humidity and stronger winds have increased the duration of the wildfire season and the intensity and prevalence of wildfires, including in SDG&E's and SoCalGas' service territories, and have made these wildfires increasingly difficult to predict and contain. These wildfires could place third-party property and our California utilities' infrastructure in jeopardy and reduce the availability of hydroelectric generators, and the wildfires and associated weather conditions could lead to temporary power shortages. In addition, 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 that may not have the infrastructure or contingency plans necessary to address wildfire risks, which could lead to increased third-party claims and greater losses for which SDG&E may be liable. In addition, credit rating agencies routinely evaluate Sempra and its California utilities on a number of factors, including the increased risk of wildfires in California. We have also experienced increased costs and difficulties in obtaining insurance coverage for wildfires that could arise and these conditions could continue to worsen. The insurance that has been obtained for wildfire liabilities may not be sufficient to cover all losses that we may incur or may not be available in sufficient amounts to meet requirements of the California Assembly Bill (AB) 1054 and AB 111 (collectively, Wildfire Legislation) which addresses certain important issues related to catastrophic wildfires in the State of California and their impact on electric investor-owned utilities (IOUs) in the state. Uninsured losses may not be recoverable in customer rates. Increases in the cost of insurance may be challenged when we seek cost recovery. As a result of the strict liability standard applied to wildfires in California caused by electric IOUs, recent losses recorded by insurance companies, and the risk of an increase in the number and size of wildfires, insurance for wildfire liabilities may not be available or only at rates that are prohibitively expensive and may not be available in such amounts as are necessary to cover potential losses .

**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?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
451500000

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**Explanation of financial impact**
The expected financial impact is unknown but could be significant. The figure provided represents SDG&E's contributions and expected contributions to California's Wildfire Fund. In July 2019, the Governor of California signed 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 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. We are unable to predict 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. The $451.5 million financial impact figure represents the amount recorded by SDG&E for its commitment to make shareholder contributions to the Wildfire Fund, measured at its present value as of July 25, 2019 (the date by which SDG&E opted to contribute to the Wildfire Fund).

**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, including over $2.0 billion invested in wildfire mitigation since 2007 (which amount does not attempt to quantify future costs). In 2019, SDG&E issued its wildfire mitigation plan which outlines efforts to mitigate these risks. These efforts include: - A cross functional wildfire risk mitigation governance structure; extensive workforce wildfire prevention training; fire potential communicated daily; stringent monitoring and inspection standards with robust internal controls; - Aggressive infrastructure hardening + robust vegetation management program - Leading practices in construction, maintenance and operations, including proactive de-energization for safety - Dedicated firefighting resources and one of the largest heli-tankers in the world; - Advanced situational awareness tools for modelling fire risk: Santa Ana Wildfire Threat Index | Wildfire Risk Reduction Modelling; Highest concentration of utility-owned weather network in the U.S. with 100+ cameras; Robust vegetation management program tracking 460K+ trees; - Stakeholder collaboration with ~100 community partners - Weather data shared with fire and weather agencies, academia and general public - Community Resource Centers supporting most impacted customers. As part of its efforts to help manage this risk, SDG&E was one of the first utilities in the country to develop a dedicated Fire Science & Climate Adaptation Department. This department includes five full-time meteorologists that monitor weather conditions that could lead to wildfire events. These meteorologists analyze daily weather data using fire behavior modeling software created by SDG&E to provide microclimate forecasts to our electric system operators, as well as to partners across the county. In addition, SDG&E utilizes over 100 cameras that allow it to monitor the potential of wildfire events. This state-of-the art camera network includes 17 high-definition, live-streaming, pan-tilt-zoom cameras that help CAL FIRE more quickly locate and size up wildfires to develop initial plans of attack for first responders prior to their arrival. These cameras and the entire network have become vital in SDG&E's efforts to help prevent wildfire spread.

**Cost of response**
2000000000

**Explanation of cost of response**
SDG&E's strong risk management practices to mitigate wildfire risk have been an effort developed over the last decade, including over $2.0 billion invested in wildfire mitigation since 2007 (which amount does not attempt to quantify future costs). In 2019, SDG&E issued its 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**

| | |
|---|---|
| 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)**
<Not Applicable>

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**Explanation of financial impact**

**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**

| | |
|---|---|
| Physical | Increased water scarcity |

**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)**
<Not Applicable>

**Potential financial impact figure - minimum (currency)**
<Not Applicable>

**Potential financial impact figure - maximum (currency)**
<Not Applicable>

**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 minimize 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)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**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 SDG&E utility 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. 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?**
Yes, a single figure estimate

**Potential financial impact figure (currency)**
830000

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**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. Despite an unusually challenging year, SDG&E advanced its wildfire mitigation initiatives in 2020 and continues to do so in 2021, as highlighted in its 2021 Wildfire Mitigation Plan Update. Many of the initiatives described, such as hardening the overhead electric system, were undertaken without any precedent or road map for SDG&E to follow. 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, our California utilities 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**
Please select

**Magnitude of potential financial impact**
Please select

**Are you able to provide a potential financial impact figure?**
No, we do not have this figure

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
<Not Applicable>

**Potential financial impact figure – maximum (currency)**
<Not Applicable>

**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

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
32.78

**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**
32.78

**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)**
32.78

**Comparison of total consumption with previous reporting year**
About the same

**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. Compared to last year, water withdrawal is relatively the same ( experienced a 5% decrease). In this case, water consumption is equal to water withdrawal. 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

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
2201.52

**Comparison of total withdrawals with previous reporting year**
Much higher

**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**
2201.52

**Total water discharges at this facility (megaliters/year)**
688.22

**Comparison of total discharges with previous reporting year**
Higher

**Discharges to fresh surface water**
0

**Discharges to brackish surface water/seawater**
683.31

**Discharges to groundwater**
0

**Discharges to third party destinations**
4.91

**Total water consumption at this facility (megaliters/year)**
1513.3

**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). 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 were 69% higher than in 2019 due to a significant increase in power generation, and discharges were 56% higher, resulting in a large increase in water consumption (consumption increased by 75% compared to 2019). 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

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
0.05

**Comparison of total withdrawals with previous reporting year**
Higher

**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**
0.05

**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)**
0.05

**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. Water consumption decreased from 0.03 in 2019 to 0.05 megaliters in 2020, due to operational needs of the facility. Though this power plant utilizes minimal amounts of municipal water, we are including it because it meets our inclusion threshold based on it's 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

**Oil & gas sector business division**
<Not Applicable>

**Total water withdrawals at this facility (megaliters/year)**
180.13

**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**
180.13

**Total water discharges at this facility (megaliters/year)**
128.17

**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**
128.17

**Total water consumption at this facility (megaliters/year)**
51.95

**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). 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 and discharges were about the same as in 2019 ( withdrawals were 2% higher than in 2019, and discharges were 3% lower, resulting in a water consumption 18% higher compared to 2019. 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 externally verified?**

**Water withdrawals – total volumes**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water withdrawals – volume by source**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water withdrawals – quality**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water discharges – total volumes**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water discharges – volume by destination**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water discharges – volume by treatment method**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water discharge quality – quality by standard effluent parameters**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water discharge quality – temperature**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water consumption – total volume**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

**Water recycled/reused**

**% verified**
Not verified

**What standard and methodology was used?**
<Not Applicable>

## 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<br>Description of water-related performance standards for direct operations<br>Commitment to stakeholder awareness and education<br>Commitment to water stewardship and/or collective action<br>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 http://www.sempra.com/about/governance/corporate-policies.shtml 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 | Sempra's board of directors' Safety, Sustainability and Technology (SS&T) Committee focuses on health, safety, security (including cybersecurity), technology, climate change, sustainability and other related environmental, social and governance (ESG) matters that affect the corporation, including employees, customers and the communities in which Sempra and its family of companies operate. Six non-employee board members serve on the SS&T Committee, which is briefed by Sempra's compliance, technology, environmental, health, safety, security and sustainability officers and senior personnel. In 2020 and 2021, the board updated the charter of the SS&T Committee to strengthen and clarify the way in which the board oversees sustainability and other ESG matters. These changes included: expanding to more fully describe the committee's areas of oversight to include health, safety, security (including cyber security), technology, climate change, sustainability and other related ESG matters; adding language throughout the charter to more broadly reflect this oversight; describing the committee's role in liaising with other board committees to make recommendations to management and the board; adding language to clarify the committee's role in reviewing, evaluating and making recommendations to the board regarding technology applications that advance the organization's health, safety, cyber security, climate change, sustainability and other ESG goals; and adding oversight responsibility for reviewing controls and procedures with respect to the creation of the annual sustainability report. As an ESG matter , water-related issues fall under the purview of the SS&T Committee given their high relevance for the energy industry and Sempra. |

## 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<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding strategy<br>Reviewing and guiding corporate responsibility strategy<br>Reviewing innovation/R&D priorities<br>Setting performance objectives | Through the Sustainability, Safety and Technology Committee, the board oversees business strategies to mitigate the impact of operations on the environment, including with respect to climate change response and other sustainability matters. As part of this review, the Committee reviews and evaluates water-related matters. In 2020, the Committee held five meetings, including one specific meeting focused entirely on the Sempra's corporate sustainability report and data contained therein, including water (specifically water withdrawal, use and goals), environmental performance, greenhouse gas emissions, the organization's approach to climate change and related risks and opportunities, as well as sustainability reporting trends and investor interest in environmental, social and governance issues. Water-related issues may be discussed at other meetings as part of reviews related to overall strategy, innovation and operating company performance. |

## 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**

Both assessing and 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 VP of Sustainability reports to the CSO and has direct oversight of the sustainability team. The Sempra CSO has oversight of the annual sustainability reporting process, which includes goal-setting and ESG performance, as well as the aggregation of data and reporting of water use performance . A parent company sustainability steering committee, comprised of officers from across the company, works to align operating company sustainability efforts under the Sempra sustainability framework, develop goals and allows for a forum to share best practices in this area. Leaders at our operating companies oversee and drive climate management at their respective companies. Most of our operating companies also have CSOs and have developed executive-level sustainability steering committees to drive their response to climate-related issues.

## 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. We believe that our direct lobbying activities align with the relevant policies of 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. EPA'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 minimize 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)**

-85

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

**Water-related OPEX (+/- % change)**

-8

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

**Please explain**

2020 capital expenditures for water-related projects have decreased significantly in comparison to the previous reporting period. This decrease was primarily due to larger projects that took place in 2019 compared to 2020, such as the SoCalGas water treatment projects (i.e. legionella testing) at various SoCalGas locations to help ensure safe water supply to SoCalGas facilities, and several SDG&E new landscaping and irrigation projects. We expect capital expenditures to decrease slightly in 2021 as a result of the expected completion of SoCalGas' water pathogen management program. There was a small decrease in water operating expenditures in comparison with the previous reporting period, mainly due to the COVID-19 pandemic. Operating expenditures are expected to increase slightly in 2021 if employees return to on-site during the year.

## W7.3

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

| | Use of climate-related 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) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

## W7.3b

### (W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

| | Climate-related scenarios and models applied | Description of possible water-related outcomes | Company response to possible water-related outcomes |
|---|---|---|---|
| Row 1 | Other, please specify (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 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. | Immediate adaptation actions on the electric side identified through this study for SDG&E are: a. Enhance coastal storm prediction and response; 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; 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 minimize our use of fresh water when reasonably possible, particularly in water-stressed areas, and in 2020, 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.

# 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<br>Business level specific targets and/or goals<br>Site/facility specific targets and/or goals | Targets are monitored at the corporate level<br>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. |

## 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 water consumption compared to 2019 levels (SDG&E).

**Quantitative metric**
% reduction per business unit

**Baseline year**
2019

**Start year**
2020

**Target year**
2020

**% of target achieved**
100

**Please explain**
Decreased water consumption by 8.22% at employee occupied facilities as compared to 2019.

---

**Target reference number**
Target 2

**Category of target**
Water consumption

**Level**
Site/facility

**Primary motivation**
Water stewardship

**Description of target**
Reduce facility water consumption by 20 percent less than baseline year of 2010 (SDG&E facilities).

**Quantitative metric**
% reduction per business unit

**Baseline year**
2010

**Start year**
2020

**Target year**
2020

**% of target achieved**
100

**Please explain**
Compared to the baseline year of 2010, water consumption in 2020 decreased by 20%.

---

**Target reference number**
Target 3

**Category of target**
Water consumption

**Level**
Site/facility

**Primary motivation**
Water stewardship

**Description of target**
Reduce facility water consumption by 3 percent as compared to 2019 (SoCalGas).

**Quantitative metric**
% reduction per business unit

**Baseline year**
2019

**Start year**
2019

**Target year**
2020

**% of target achieved**
100

**Please explain**
Achieved a combined 6% reduction in facility water usage due in part to the remote work-from-home directives due to COVID-19 safety measures.

---

**Target reference number**
Target 4

**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**
2021

**Start year**
2021

**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 itsfacilities 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**
2019

**Start year**
2020

**End year**
2020

**Progress**
The 2020 corporate sustainability report, published in April 2021, includes a water section which discusses the importance of water to our businesses, water used and water sources, efforts to minimize 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 questionnaire 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 in any forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this questionnaire. 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 questionnaire, forward-looking statements can be identified by words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “under construction,” “in development,” “target,” “outlook,” “maintain,” “continue,” “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 described in any forward-looking statements 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 costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the Comisión Federal de Electricidad, California Public Utilities Commission (CPUC), U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent of partners or other third parties; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, and arbitrations, including, among others, those related to the natural gas leak at Southern California Gas Company’s (SoCalGas) Aliso Canyon natural gas storage facility; 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 substantial debt service obligations; actions to reduce or eliminate reliance on natural gas, including any deterioration of or increased uncertainty in the political or regulatory environment for local natural gas distribution companies operating in California; 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 property damage or personal injuries, fines and penalties, some of which may not be covered by insurance, may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power and 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; cybersecurity threats 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-party vendors and other parties with which we conduct business; expropriation of assets, failure of foreign governments and state-owned entities to honor their contracts, and property disputes; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation, 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; volatility in foreign currency exchange, inflation and interest rates and commodity prices and our ability to effectively hedge these risks; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are 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 North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra North American Infrastructure, Sempra LNG, 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 | Vice President, Sustainability | Other, please specify (Vice President) |

## 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 am submitting to | Public or Non-Public Submission |
|---|---|---|
| I am submitting my response | Investors | Public |

**Please confirm below**

I have read and accept the applicable Terms