



STAKEHOLDER ENGAGEMENT POLICY

Responsible Officer: Executive Vice President, Corporate Strategy and External Affairs

Applicability: All employees of Sempra Energy and its business units

Policy statement

We recognize that we impact our stakeholders, and likewise, that stakeholders impact our business and operations. 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. When we incorporate stakeholder input into our business decisions and activities, we can meet the needs of lenders and business partners and better serve customers and communities. This leads to a more stable and predictable business environment where we can reduce risk, limit legal challenges, protect our reputation and save both time and money. When engaging our stakeholders, we do it in compliance with the laws, regulations, relevant environmental and social management plans, and our company policies that govern us.

The company's stakeholder engagement shall have the following components, which are to be customized to meet the needs and permit requirements within each community.

- **Plan and prepare** (articulate purpose; identify stakeholders; determine methods of engagement; develop engagement plan, and prepare for engagement)
- **Engage, listen and act** (invite stakeholders to engage; provide briefing and listen carefully to stakeholder input; document the suggestions made; develop a plan that reflects stakeholder input; and communicate intentions and actions)
- **Follow up, evaluate and report** (monitor plan to ensure commitments are met; communicate actions taken to stakeholders as the project progresses; continue to adjust along the way if needed; summarize and report results of engagement)

Detailed information on the company's stakeholder process can be found in [Appendix A](#).

Background

Across the Sempra Energy family of companies, one of our values is to be a responsible partner. This means that we engage with our stakeholders to determine which issues matter most and to obtain input that can be helpful as we plan and develop infrastructure projects, design and communicate customer programs and services, and seek and consider business opportunities.

Stakeholder engagement begins through active involvement in community and civic affairs in communities where we do business, and extends to lenders, customers, business partners and



suppliers. Employees with external affairs or project development responsibilities are usually the individuals with whom the community at large engages. In areas where we own utilities, operations, customer service, marketing and project management employees may also engage directly.

On an ongoing basis, the company receives feedback from stakeholders in a variety of ways ranging from community advisory councils and major customer advisory panels, to face-to-face meetings, community open houses, customer satisfaction surveys, telephone conversations and social media interactions.

Community and stakeholder engagement is an essential component to developing, siting, building and operating energy infrastructure, and in some cases, may even be a requirement. To assist in managing stakeholder engagement, a stakeholder engagement plan should be developed when considering major infrastructure developments. The goal of the stakeholder engagement plan is to provide transparent, two-way communications to all stakeholder audiences to build trust and credibility. It also serves to meet agreed-upon governance objectives sometime required by lenders, business partners or customers. Additionally, a plan helps ensure that there is a structure for stakeholders to express any issues or concerns that may arise so that they can be resolved in a timely manner.

Definitions

Stakeholders: Stakeholders represent a broad range of interests and perspectives. They may support or oppose our projects or decisions, be influential in the community, hold relevant official positions or simply be affected by our business or decisions in the short or long term. In addition to employees, stakeholders include: contractors, organized labor, shareholders, financial analysts, customers, elected and government officials, regulators, interveners, suppliers, business partners, lenders, business partners, community leaders, groups and organizations, environmental interests, and the media.

Engagement: Engagement with stakeholders is key to obtaining feedback. Forms of engagement may include public meetings, open houses, forums, meetings, community events, phone calls, face-to-face interviews, surveys and group meetings where stakeholders are encouraged to express their views. By analyzing these views and comments, we can identify potential improvements in the way we do business and reduce risk.

Reputation: Our reputation must be earned. By engaging stakeholders, incorporating feedback and taking action, we can earn trust and respect and have some influence and control over the way stakeholders view us. Successful stakeholder engagement mitigates risks to the company, including damage to reputation; loss of consumer or regulatory trust; lost revenue or even losses in shareholder value; and lost confidence among stakeholder groups.



APPENDIX A: Stakeholder Engagement Process

Introduction

Sempra Energy believes it is important to be honest and forthright with stakeholders, share concerns and challenges, listen carefully and articulate up-front the engagement and communications processes that can foster constructive dialogue.

Relationships are built on a foundation of trust and this means being a responsible partner and acting with transparency, even when we run into roadblocks. We know that even the most contentious of relationships can grow and be nurtured over time if we are willing to share information, listen to stakeholders, respect their points-of-view and work honestly with one another. Scrutiny always makes us stronger and our efforts more meaningful. We also know that relationships must be grounded in mutual respect: for one another, for the environment and for the community.

Stakeholder input – routine business operations

Sempra Energy's companies regularly convene community advisory councils – representative groups of regional leaders in various geographic locations who provide input on locally-relevant topics and issues. Council members represent a diverse cross-section of each community, and provide guidance, insights and suggestions on issues ranging from routine business operations and environmental impacts, to customer programs, services and local community involvement. Customer advisory panels are convened, as needed, to obtain needed input on customer programs and/or communications strategies.

Stakeholder input – infrastructure project development

Special engagement efforts take place when new infrastructure projects are being planned and developed. We understand that it is important to identify stakeholders in communities where infrastructure projects are being considered, seek their advice and input, and then respond reasonably to their expectations and interests as we begin to plan for infrastructure upgrades or investments in new projects. This process benefits both the community and the Sempra company that is planning the project.

Sempra Energy's companies generally follow **four phases** as they seek to include the views of stakeholders in projects we are considering developing and building. When we build new projects, we have learned that as the project moves through different phases, the stakeholders wishing to provide input vary, as do their views.

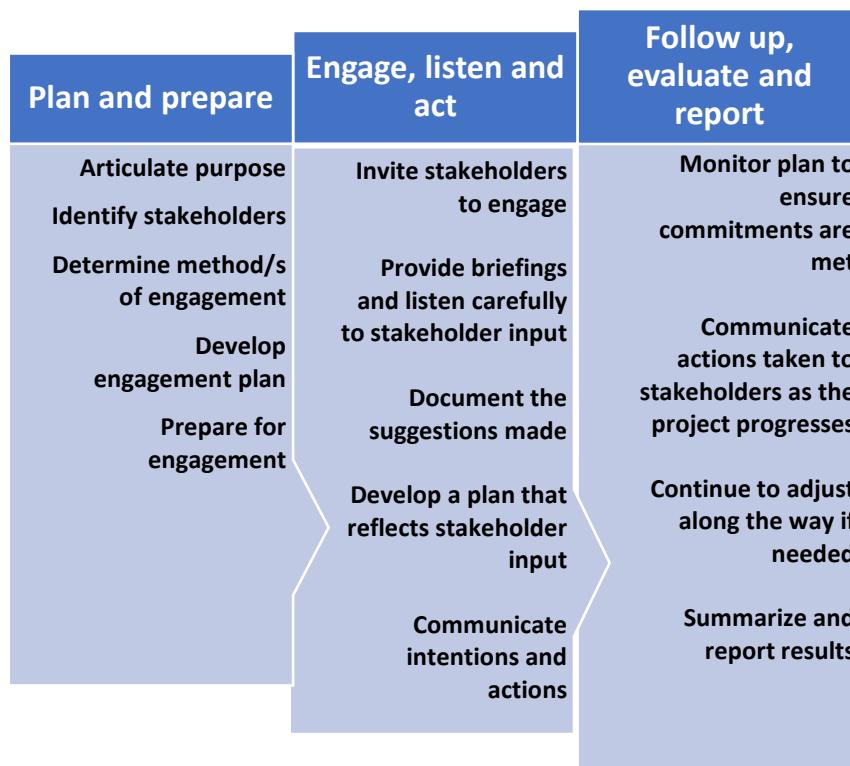
Four phases for stakeholder input:

1. Screening
2. Permitting
3. Construction
4. Operation

Customization of the stakeholder engagement process is a requirement because no community is the same. A community's needs and priorities differ, as do the permitting requirements and needs of lenders, business partners and customers. As such, we prioritize sharing, listening and responsiveness throughout all phases of infrastructure development.

Process and approach

Throughout each phase of a new infrastructure project, the stakeholders, issues and methods of engagement may change, but generally the process and approach articulated below shall be followed throughout all phases.



In the **screening phase** for example, stakeholders such as governmental officials or local business associations may care most about what the project will mean to job creation, local tax revenues, the land that will be necessary for such a project and perhaps its potential impact on biodiversity. The input received at this stage may help determine whether or not the company should even pursue the project.

The **permitting phase** begins when/if the company makes a decision to proceed, and it is often the longest phase of a project. Many different types of stakeholders, from policymakers and neighbors to local schools and businesses, may weigh in on every aspect of the project – from environmental considerations and project benefits, such as new jobs, community investment and public safety, to facility design, routes, location and other important parameters.

If successfully permitted, the **construction phase** follows, and during this phase, new stakeholders may wish to engage on new issues, such as perceptions around possible traffic, noise, waste and construction site safety. Communications and frequent updates with stakeholders will be critical during this phase.

Once built, a new company asset begins the **operations phase**: its employees become members of the community and citizenship becomes a priority, ensuring that commitments have been met.