

A woman in a pink jacket and black leggings is running on a bridge at dusk. The bridge has a metal railing, and the background shows a cityscape with lights reflecting on the water. The image is split diagonally, with the top-left corner being white and the rest being a dark blue gradient.

# Sustainable Financing Framework

Innovation, Sustainability and Leadership

August 5, 2021

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# Introduction

Sempra is an energy infrastructure company with 2020 revenues of \$11.4 billion. We invest in, develop, and operate transmission and distribution infrastructure in what we believe are among the most attractive markets in North America.

## Decarbonization platforms

 <p><b>Sempra is helping lead the energy transition in the markets where we operate</b></p>	<p><b>SEMPRA<sup>1</sup></b> CALIFORNIA</p> <ul style="list-style-type: none"> <li>San Diego Gas &amp; Electric (SDG&amp;E) and Southern California Gas Company (SoCalGas)</li> <li>145,000 miles T&amp;D lines<sup>2</sup></li> <li>Decoupled from electricity and gas sales</li> </ul>	<p><b>SEMPRA<sup>1</sup></b> TEXAS</p> <ul style="list-style-type: none"> <li>Oncor Electric Delivery Company LLC (Oncor)</li> <li>139,000 miles T&amp;D lines<sup>3</sup></li> <li>Pure T&amp;D infrastructure (wires-only)</li> </ul>	<p><b>SEMPRA<sup>1</sup></b> INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>Sempra LNG and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova)</li> <li>5,000 miles T&amp;D lines<sup>4</sup></li> <li>Limited volumetric or commodity exposure</li> </ul>	T&D Platform
	<p>Helping lead the decarbonization of California's energy system</p>	<p>Connecting customers to zero- and low-carbon energy sources</p>	<p>Enhancing affordable access to zero- and low-carbon energy</p>	Commitment
	<ul style="list-style-type: none"> <li>CA is #2 solar and wind producer in the United States<sup>5</sup></li> <li>Continue to integrate renewable energy onto system</li> <li>Support CA goal of 5M electric vehicles by 2030<sup>6</sup></li> <li>Execute SoCalGas goal of 20% RNG by 2030<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>Connect renewables to load centers through T&amp;D investments</li> <li>157 GW of solar, wind and storage under study in ERCOT<sup>8</sup></li> <li>Support climate resiliency through extensive T&amp;D network</li> </ul>	<ul style="list-style-type: none"> <li>Displace carbon-intensive coal and oil around the world</li> <li>Increase access to renewables and natural gas</li> <li>Support Mexico goal of 40% renewable generation by 2035<sup>9</sup></li> </ul>	<p>Future Goal</p> <p><b>NET ZERO 2050<sup>10</sup></b></p>

<sup>1</sup> Our Sempra California platform consists of San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas); our Sempra Texas platform consists of our indirect investments in Oncor Electric Delivery Company LLC (Oncor) and Sharyland Utilities, L.L.C. (Sharyland); and our Sempra Infrastructure platform consists of our Sempra LNG reportable segment and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova).

<sup>2</sup> Amounts are approximate and includes SDG&E and SoCalGas as of 12/31/2020. Distribution lines included in the T&D miles total include distribution and service pipelines.

<sup>3</sup> Amounts are approximate and includes 100% of Oncor and Sharyland as of 12/31/2020.

<sup>4</sup> Amounts are approximate and includes 100% of IEnova as of 12/31/2020. As of 6/30/2021, Sempra owned approximately 96.4% of IEnova.

<sup>5</sup> 2019 data. U.S. Energy Information Administration (EIA) net generation for all sectors within the U.S.

<sup>6</sup> California Executive Order (E.O.) B-48-18.

<sup>7</sup> Renewable Natural Gas (RNG). SoCalGas aims to provide 20% renewable natural gas to its "core service" as defined in SoCalGas Tariff Rule No. 23, by 2030. SoCalGas will need the support of state regulators, such as establishing RNG targets or goals to be considered by the California Public Utilities Commission (CPUC) as part of Senate Bill (SB) 1440, in order to meet its 2030 goal. We can provide no assurance that we will receive the required support of state legislators.

<sup>8</sup> Amounts are approximate. Electric Reliability Council of Texas (ERCOT) Data, May 2021. Gigawatt (GW).

<sup>9</sup> International Renewable Energy Agency (IRENA) "A Renewable Energy Roadmap." May 2015.

<sup>10</sup> Certain ring-fencing measures limit Sempra's ability to direct the management of Oncor. As a result, Oncor sets its own environmental, social, and governance (ESG) goals, and unless specifically indicated, enterprise goals and activities do not include Oncor. Achieving net zero GHG emissions across Scopes 1, 2 and 3 by 2050 is an enterprise-wide aspirational goal. See page 6 for how we define Scopes 1, 2 and 3.

## Sempra's mission is to be North America's premier energy infrastructure company.

As of August 5, 2021, our companies and their more than 19,000 employees served over 36 million consumers. With more than \$68 billion in total assets as of June 30, 2021, Sempra is the owner of one of the largest energy networks in North America serving some of the world's leading economies.

As used in this framework, "we," "us," and "our" generally refer to Sempra and its consolidated subsidiaries; "include" and "including" generally mean "including without limitation;" and "such as," "for example" and "e.g." generally signify non-comprehensive lists of examples, in each case unless the context indicates or otherwise requires.

Sempra's family of companies have been advancing programs to decarbonize, diversify, and digitalize our energy infrastructure while continuing to deliver reliable and affordable energy to our customers. For example, in 2019 and

2020 approximately 40% of the electricity that SDG&E delivered to its customers came from renewable sources of energy.<sup>1</sup> As of April 28, 2021, SDG&E had installed, owned, and operated approximately 3,000 electric vehicle chargers at more than 250 workplaces and multi-unit dwellings. RNG represented nearly 4% of core gas deliveries at SoCalGas as of the end of 2020, with a goal to reach 20% by 2030.<sup>2</sup> We believe that SoCalGas and SDG&E are among the leaders in the industry in using the latest advanced monitoring technologies to identify leaks and continue to reduce methane emissions from gas systems. As of April 28, 2021, IEnova owned 131 wind turbines with 407 megawatts of generation capacity, with an additional 108 megawatts under construction, along with 4,490 acres of photovoltaic solar facilities with 529 megawatts of generation capacity. Sempra LNG's proposed Hackberry carbon capture utilization + sequestration (CCUS) project, if completed, would sequester CO2 volumes from Cameron LNG, a natural gas liquefaction export facility operating in Louisiana in which Sempra LNG owns a 50.2% interest, and could allow Cameron LNG to achieve an estimated 15% reduction in Scope 1 CO2 emissions.<sup>3</sup>

## Framework for the energy transition: the 3Ds



### Decarbonization

Reducing the carbon content of energy is central to interdicting and decarbonizing the industrial, transportation and power generation sectors. Over time, the electrons and molecules delivered to customers will need to become less carbon intensive.



### Diversification

Bringing new lower- to zero-carbon fuel choices to every market is a central part of the global solution, coupled with expansion of distributed networks and storage to improve resiliency.



### Digitalization

Improving operational efficiency, safety and service will turn on the integration of real-time information and cutting-edge analytics, benefiting network operators and consumers.

<sup>1</sup> The renewables percentage SDG&E reports, in compliance with California's Renewable Portfolio Standard, is approximately 40% (for both 2019 and 2020), inclusive of renewable energy credits.

<sup>2</sup> SoCalGas aims to provide 20% renewable natural gas to its "core service" as defined in SoCalGas Tariff Rule No. 23, by 2030. SoCalGas will need the support of state regulators, such as establishing RNG targets or goals to be considered by the CPUC as part of SB 1440, in order to meet its 2030 goal. We can provide no assurance that we will receive the required support of state legislators.

<sup>3</sup> The ability to complete major construction projects is subject to a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q for a description of the risks and other factors associated with project development, construction, and other opportunities.

# Key awards and recognitions

Sempra has garnered recognition in ESG, including Forbes' America's Best Employers for Diversity in 2021 and Diversity Inc.'s Top Company for ESG in 2020. Sempra was included in Barron's Top 100 Most Sustainable Companies in 2020 and has been a part of the Dow Jones Sustainability North American Index since 2011; Sempra is the only U.S. utility owner to be included on the Dow Jones Sustainability World Index from 2018 to 2020. Please see page 2 of our [2020 Corporate Sustainability Report](#) for additional awards and recognitions.

**Fortune Magazine's "World's Most Admired Companies"**

**Dow Jones Sustainability World Index**

**Dow Jones Sustainability North American Index**

**Bloomberg Gender - Equality Index**

**Human Rights Campaign's "Best Places to Work for LGBTQ Equality"**

**Center for Political Accountability - Zicklin Index - Trendsetter**

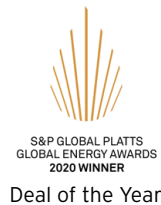
**National Association of Corporate Directors' NXT Award for excellence in diversity and inclusion**

**Forbes' and Just Capital's JUST 100**

**Newsweek's America's Most Responsible Companies**

Sempra is committed to creating long-term, sustainable value for shareholders and other stakeholders by managing risks and capturing opportunities related to ESG factors. Our actions are anchored to four key sustainability goals:

- **Enabling the energy transition** - Set ambitious but attainable sustainability goals through 2050;
- **Driving resilient operations** - Aim to achieve electric reliability in the top quartile of North American utilities each year;
- **Achieving world-class safety** - Approach safety strategically, deliberately, and holistically;
- **Championing people** - Invest in people and create an inclusive environment to elevate performance and partner responsibly.



# Strategy

For two decades, the Sempra family of companies have been on a path to decarbonize our business operations and the markets we serve.

In 2021, Sempra set a target to reach net-zero greenhouse gas (GHG) emissions across all three scopes referred to below by 2050, with an interim target of a 50% reduction in our California utility and Mexico (non-LNG) scopes 1 and 2 emissions by 2030 compared to a 2019 baseline. Accomplishing this goal by 2050 is intended to aid in limiting global warming below a one-and-a-half to two-degree Celsius change, compared to pre-industrial levels, consistent with the [2015 Paris Agreement](#).

**Sempra's targets to achieve net-zero include:**

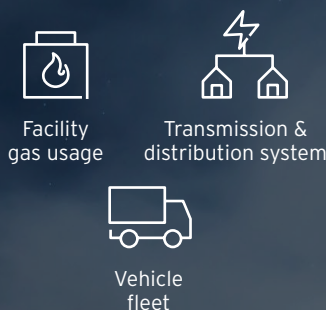
- Deliver 100% renewable or zero-carbon energy to SDG&E's electric utility customers by 2045;
- Deliver 20% renewable natural gas by 2030 at SoCalGas;<sup>1</sup>
- Reduce fugitive emissions from our natural gas transmission and distribution systems by at least 40% from a 2015 baseline by 2030 (SDG&E, SoCalGas, and IEnova efforts contribute to this goal);
- Eliminate 100% of natural gas vented during planned transmission pipeline work at SoCalGas and SDG&E by 2030;<sup>2</sup>
- Fulfill 100% of renewable energy requests for interconnections at Oncor.

For more information on SDG&E's and SoCalGas's sustainability efforts, visit [SDG&E's Sustainability Strategy](#) and [Net Zero Announcement](#) and [SoCalGas's sustainability website](#) and its [ASPIRE-2045](#), the climate commitment portion of its sustainability strategy.

SDG&E and SoCalGas have also made individual net-zero goals across all GHG emission scopes in line with California's goal to be net-zero economy-wide by 2045

**Scope 1**

Direct GHG emissions that occur from sources owned or controlled by the company.



**Scope 2**

Indirect GHG emissions associated with the generation of purchased electricity consumed by the company.



**Scope 3**

Indirect GHG emissions from sources not owned or controlled by the company.



<sup>1</sup> SoCalGas aims to provide 20% renewable natural gas to its "core service" as defined in SoCalGas' Tariff Rule No. 23, by 2030. SoCalGas will need the support of state regulators, such as establishing RNG targets or goals to be considered by the CPUC as part of SB 1440, in order to meet its 2030 goal. We can provide no assurance that we will receive the required support of state legislators.

<sup>2</sup> Excluding emergency repairs.

**There is a critical need to build a more robust global energy system by the middle of the century. We believe that Sempra is well positioned to take a leadership role in the energy transition, while working to capture new opportunities to grow and scale the business for the betterment of the environment and the lives of those we serve.**

Being a leader in the energy transition is a natural extension of our North America-focused transmission and distribution (T&D) platform, where we aim to:

- **Maintain top-tier positions in what we believe are among the most attractive markets in North America;**
- **Invest in critical T&D infrastructure;**
- **Advance global energy diversity; and**
- **Leverage core competencies in innovation, operational excellence, safety, and stakeholder engagement.**

Innovation and new technologies will be central to achieving a net-zero goal by 2050 and we intend to invest in three capabilities that we expect will be needed - decarbonization, diversification, and digitalization. We believe that developing and promoting new capabilities across these 3Ds will help drive our ESG commitments to support long-term, sustainable value for our shareholders and our other stakeholders.



# Action plan to achieve net-zero

We believe that our long-term strategy of achieving net-zero GHG emissions across all scopes by 2050 demonstrates our strong commitment to our investment thesis around the 3Ds: decarbonization, diversification and digitalization. The following chart provides examples of some of the investment opportunities that are or may be available over three estimated timeframes, 2021-2025, 2026-2030 and 2031-2050.<sup>1</sup>

	2021-2025	2026-2030	2031-2050
 <p><b>Decarbonization</b></p>	<ul style="list-style-type: none"> <li>• Battery storage</li> <li>• Green hydrogen pilots</li> <li>• Renewable generation (U.S., Mexico)</li> <li>• RNG</li> </ul>	<ul style="list-style-type: none"> <li>• Electrolyzer ownership and utility-scale green hydrogen projects</li> <li>• Green hydrogen methanation pilot</li> <li>• Enhanced battery storage fleets</li> </ul>	<ul style="list-style-type: none"> <li>• Utility-scale green hydrogen and methanation</li> <li>• Commercial-scale CCUS</li> <li>• Micro-nuclear fuel cell pilots</li> </ul>
 <p><b>Diversification</b></p>	<ul style="list-style-type: none"> <li>• LNG export infrastructure and marketing</li> <li>• Replace fuel oil in power production in Mexico</li> <li>• Back country microgrid pilots</li> <li>• Electric vehicle charging infrastructure</li> <li>• Renewable natural gas connections</li> </ul>	<ul style="list-style-type: none"> <li>• Green hydrogen storage and export proof of concept</li> <li>• Electric transmission to unlock renewables</li> <li>• Power-to-gas interconnections</li> <li>• Hydrogen fueling stations</li> <li>• Non-wire alternative</li> </ul>	<ul style="list-style-type: none"> <li>• Green hydrogen storage and export commercial projects</li> <li>• Pipeline hydrogen blending</li> <li>• Green hydrogen and CCUS-dedicated pipelines and storage, enabling industrial decarbonization</li> <li>• Hydrogen transportation fueling network</li> </ul>
 <p><b>Digitalization</b></p>	<ul style="list-style-type: none"> <li>• Machine learning/AI efforts</li> <li>• Predictive analytics (e.g., leak detection, wildfires)</li> <li>• Circuit-level power shutoffs to improve</li> </ul>	<ul style="list-style-type: none"> <li>• Satellite methane detection</li> <li>• Smart grid 2.0/grid management technologies</li> <li>• AI/robots for utility functions</li> </ul>	<ul style="list-style-type: none"> <li>• Lower emission natural gas procurement (e.g., blockchain tracking and dynamic procurement)</li> <li>• New energy markets/ procurement strategies leveraging distributed energy resource</li> </ul>

<sup>1</sup> The investment opportunities reflected above are subject to risks and uncertainties, including risks inherent in developing, constructing and implementing new equipment, facilities and technologies. For example, the technologies necessary to implement some of these opportunities may not have been developed or may not have been proven to be workable on a commercial scale, and these opportunities may require governmental approvals (which may not be granted) or face other challenges and uncertainties. The foregoing information is intended to illustrate some of the investment opportunities that are or may be available to implement the 3Ds and does not purport to represent the investment opportunities that we will actually pursue or implement. Accordingly, there can be no assurance that we will pursue or implement the investment opportunities appearing above or that implementation of any such investment opportunities that we do pursue will occur within the foregoing timeframes.



# Alignment with the U.N. Sustainable Development Goals (SDGs)

In 2015, the United Nations (U.N.) released its 2030 Development Agenda, which included 17 SDGs and supporting targets. Given our core business, the primary SDGs related to environmental impact Sempra, SDG&E, and SoCalGas plan to contribute to are SDGs 3, 7, 9, and 13, along with targets underlying SDG 11. In addition to those further described below, we are also aligned with SDGs 8 and 10.



**SDG 3 is to ensure healthy lives and promote well-being for all at all ages.**

SoCalGas and SDG&E are contributing to this goal by working alongside other electric and natural gas distribution utilities to conduct hydrogen blending<sup>1</sup> research and lab testing in support of demonstration opportunities with the goal of increasing hydrogen to 20% of gas volumes, as part of California’s consideration of opportunities for transporting hydrogen through the natural gas network. SoCalGas is also supporting the development of engineering guidelines for transmission and distribution operators to support hydrogen injection into the natural gas grid.



**SDG 7 is to ensure access to affordable, reliable, sustainable, and modern energy for all.**

To this end, SDG&E is committed to its goal to deliver 100% renewable or zero-carbon energy by 2045. SDG&E is also encouraging the implementation of microgrids that can react to changing environmental and system conditions – and disconnect and function independently during emergencies. By 2045, SDG&E and SoCalGas aim to achieve net-zero GHG emissions across scopes 1, 2, and 3, in line with California GHG emissions reductions targets. SoCalGas has also committed to deliver 20% renewable natural gas to its core consumers by 2030.<sup>2</sup>



**SDG 9 is to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.**

Sempra’s strategy of integrating energy storage, smart meters, electric vehicles, time-of-use pricing, and customer engagement strategies into its California utility operations is designed to help reduce its environmental impact.

<sup>1</sup> Hydrogen blending is a developing technology for combining hydrogen with natural gas.

<sup>2</sup> SoCalGas aims to provide 20% renewable natural gas to its “core service” as defined in SoCalGas’ Tariff Rule No. 23, by 2030. SoCalGas will need the support of state regulators, such as establishing RNG targets or goals to be considered by the CPUC as part of SB 1440, in order to meet its 2030 goal. We can provide no assurance that we will receive the required support of state legislators.

## U.N. Sustainable Development Goals (continued)



**SDG 11 is to make cities and human settlements inclusive, safe, resilient, and sustainable.**

By 2025, SoCalGas is aiming to achieve net-zero energy for 100% of its newly constructed buildings and major renovations of its buildings over 10,000 square feet (excluding compressor and transmission facilities), along with its goal of replacing 50% of its over-the-road<sup>1</sup> fleet with electric, hybrid, renewable gas, and fuel cell electric vehicles.<sup>2</sup> By 2030, SDG&E is aiming to electrify 100% of its light-duty fleet and transition 30% of its overall fleet to zero emission vehicles (ZEV). By 2035, SDG&E is targeting to operate a 100% ZEV fleet while SoCalGas is aiming to operate a 100% ZEV over-the-road fleet.

<sup>1</sup> Long-distance trucking.

<sup>2</sup> Dependent on functional application and availability of vehicle products.

<sup>3</sup> SoCalGas' Natural Gas Leak Abatement Report (June 2021), pending review before the CPUC. California SB 1371 and D.19-08-020 require California gas corporations to reduce methane emissions by 20% below 2015 baseline by 2025 and 40% below 2015 baseline by 2030.



**SDG 13 is to take urgent action to combat climate change and its impacts.**

In response to climate change, SDG&E is investing in infrastructure and grid-hardening measures to combat increasing wildfire risk, sea-level rise, and elevated temperatures. Wildfire risk management in California has become increasingly important and we believe that SDG&E is a leader with its wildfire mitigation efforts and protecting the communities it serves. As of 2020, SoCalGas had achieved over a 19% reduction in methane emissions from a 2015 baseline, significantly ahead of California's 20% methane reduction target by 2025.<sup>3</sup>



**SDG 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.**

Sempra's family of companies are committed to supplier diversity as a core business value and an integral strategy that fosters innovation, cost effectiveness and competition in our supply chain by promoting an inclusive supplier base that represents our customers, stakeholders and the communities we serve. We look to our suppliers as partners in creating a culture and environment that fosters improvement and innovation across every area of our business.

**SDG 10 is to reduce inequality within and among countries.**

Sempra's California utilities have a long history of partnering with Diverse Business Enterprises (DBEs) to supply them with goods and services they need to serve their customers. By building a diverse supply chain, they create an inclusive culture - and can often achieve better business outcomes. Supplier DBE categories we support include minority, minority women, women, service-disabled veteran, and lesbian, gay, bisexual, transgender.

# Alignment with sustainable financing guidelines

This Sustainable Financing Framework (Framework) is aligned with the International Capital Market Association's (ICMA) Green Bond Principles, 2021 (GBP), Social Bond Principles, 2021 (SBP), Sustainability Bond Guidelines, 2021 (SBG), and the Loan Syndications and Trading Association's (LSTA) Green Loan Principles, 2021 (GLP). This Framework governs issuances of green bonds, social bonds, sustainability bonds (each as defined in the GBP, SBP or SBG, as applicable), loans (as defined in the GLP), or other financial instruments (collectively the Sustainable Financing Instruments) by Sempra, SDG&E, and SoCalGas (any such issuer, an Issuing Entity). Oncor has published and issued financing instruments under its own Sustainable Bond Framework.



## Use of proceeds

The applicable Issuing Entity will allocate an amount equal to the net proceeds from all Sustainable Financing Instruments it issues to finance and/or refinance, in whole or in part, investments in or expenditures on one or more new or existing Eligible Projects. Eligible Projects (as defined below) are projects that are intended to have an environmental and/or social impact as described in the project categories below. Net proceeds from any Sustainable Financing Instrument may be allocated to finance or refinance investments and expenditures made on a new or existing Eligible Project within 36 months prior to and 36 months subsequent to the issuance date of such Sustainable Financing Instrument. Each Issuing Entity intends to determine the allocation of the amount equal to the net proceeds of any Sustainable Financing Instrument issued by such entity within 36 months after the issuance date of such Sustainable Financing Instrument.

We define Eligible Projects as projects falling into one or more of the following categories (each, an Eligible Project Category):

- Climate change adaptation
- Pollution prevention and control
- Clean energy solutions
- Clean transportation
- Green buildings
- Energy efficiency
- Socio-economic advancement and empowerment

Net proceeds from any issuance of a Sustainable Financing Instrument will not knowingly be allocated to the following:

- The same portion of an investment or expenditure that received an allocation of proceeds under any other Sustainable Financing Instruments issued by any Issuing Entity (provided that, for the avoidance of doubt, any such net proceeds may be allocated to any portion of an investment or expenditure that has not received an allocation of proceeds under any other Sustainable Financing Instruments issued by any Issuing Entity);
- Activities related to the exploration, production, or transportation of fossil fuels, except those activities that are included in the Eligible Project Categories (e.g., retrofit and replacement of natural gas networks); or
- Consumption of fossil fuels for the purpose of power generation, except those activities that are included in the Eligible Project Categories (e.g., projects that include energy storage to mitigate emissions related to power generation).

# Eligible projects

## Climate change adaptation

### Criteria and projects

Investments and expenditures in infrastructure and grid hardening intended to reduce climate change risks such as wildfires, sea-level rise and elevated temperatures, including:

- Infrastructure for hardening and resilience, primarily for wildfire mitigation
- Aerial inspections and monitoring (artificial intelligence, machine learning, sensing, drones, satellite imaging)
- Microgrids for improved local resilience and reliable energy delivery, and more efficient use of lower-carbon sources of energy, including energy storage

### UN SDG ALIGNMENT

9 Industry, innovation and infrastructure



13 Climate Action



## Pollution prevention and control

### Criteria and projects

Investments and expenditures related to decarbonizing the gas network and construction, development, renovation, and maintenance of infrastructure designed to mitigate and eliminate emissions and/or produce cleaner energy, including:

- Retrofit and replacement of pipelines to facilitate the reduction of methane leakage or integration of hydrogen and other low-carbon gases
- Compressor station modernization
- Advanced fugitive and vented emissions elimination technologies
- Sulfur hexafluoride (SF6) switch replacement

### UN SDG ALIGNMENT

3 Good health and well-being



9 Industry, innovation and infrastructure



## Clean energy solutions

### Criteria and projects

Investments and expenditures in the construction, development, acquisition, expansion, research and development, generation, and operation of clean energy infrastructure, including:

- Green hydrogen projects targeting multiple use cases
- Renewable natural gas projects from biomass waste (not impacting food supply), which can create negative emission pathway opportunities
- Virtual power plants
- Energy storage (battery storage - all chemistries, long duration storage - green hydrogen, mechanical - flywheels)
- Power-to-gas technologies (renewable solar/wind and electrolysis systems)
- Clean fueled combined heat and power systems

### UN SDG ALIGNMENT

7 Affordable & clean Energy



13 Climate Action



## Clean transportation

### Criteria and projects

Investments and expenditures in clean transportation charging infrastructure, including:

- Development and installation of infrastructure to extract, produce and dispense renewable gases such as hydrogen for use in the transportation sector (transportation, marine, rail, heavy-duty trucks, etc.)
- Installation of electric vehicle (EV) chargers and make-ready infrastructure<sup>1</sup>
- Vehicle to grid technology and infrastructure

### UN SDG ALIGNMENT

11 Sustainable cities and communities



<sup>1</sup> "Make-ready" means that all necessary electrical infrastructure to operate the charging stations is completed.

# Eligible projects

## Green buildings

### Criteria and projects

Investments and expenditures related to the purchasing, development, expansion, construction, renovation, and maintenance of buildings that have received or are anticipated to receive one or more of the following ratings:

- LEED: Gold or Platinum
- Energy Star (85+)

### UN SDG ALIGNMENT

11 Sustainable cities and communities



## Energy efficiency

### Criteria and projects

Investments and expenditures related to the production, construction, development, research, and maintenance of efficient energy assets and technologies, including:

- Advanced metering infrastructure (AMI)
- Customer interface platform (energy efficiency, demand response, flexible load management)
- Enhanced analytic, modeling, and monitoring systems for improving performance of end-use equipment and appliances
- Investments in the research, development, and demonstration of highly efficient, no global warming potential (GWP) refrigerant end-use equipment and appliances
- Smart transformers
- Fuel cell technologies (multiple end-use applications)
- Smart grid fuel cell/battery systems

### UN SDG ALIGNMENT

7 Affordable & clean Energy



13 Climate action



## Socio-economic advancement and empowerment

### Criteria and projects

Expenditures related to the development of programs focused on supplier diversity:

- Target populations include: racial/ethnic minorities, women, veterans, and the LGBTQ community
- Diverse Business Enterprise (DBE) Program

### UN SDG ALIGNMENT

8 Decent work and economic growth



10 Reduced inequalities



# Process for project evaluation and selection

The applicable Issuing Entity will form a cross-functional group to conduct annual reviews and select Eligible Projects in accordance with the eligibility criteria set forth in this Framework. Each such group will consist of personnel from some or all of the following departments from the applicable Issuing Entity:

Treasury, Sustainability, Legal, Business Planning, Accounting & Finance, Operations, and Information Technology. Each Issuing Entity's cross-functional group will be responsible for evaluating and selecting such entity's Eligible Projects from time to time, annually reviewing the list of previously determined Eligible Projects against the eligibility and exclusionary criteria, and working with Sempra to update this Framework as necessary. If a project no longer meets the eligibility criteria set forth in the Framework, the applicable group will evaluate and select another Eligible Project as a replacement. Final sign-off on the selection of Eligible Projects will be made by senior management of the Issuing Entity (which, for purposes of this Framework, consists of any one or more of the Issuing Entity's Chief Financial Officer, Chief Accounting Officer, Controller, and/or Treasurer).



# Management of proceeds

The Issuing Entity will manage the allocation of an amount equal to the net proceeds of each Sustainable Financing Instrument to Eligible Projects. Prior to full allocation of an amount equal to the net proceeds of any issued Sustainable Financing Instrument, such amounts will be used to temporarily invest in cash or cash equivalents in accordance with Sempra's Cash Investment Policy, or to temporarily repay outstanding indebtedness.

If an Eligible Project is no longer deemed eligible pursuant to the eligibility criteria set forth in this Framework or the Issuing Entity's interest in such a project is divested, the net proceeds from the Sustainable Financing Instrument previously allocated to such project will be reallocated to other Eligible Projects.

Payment of principal, premium, if any, and interest on any Sustainable Financing Instrument will be made from the general account of the Issuing Entity and will not be linked to the performance of any Eligible Project.



# Reporting

## Allocation reporting

Each Issuing Entity will publish a report annually containing senior management's assertion of the allocations of the net proceeds received from each Sustainable Financing Instrument issued by such entity until the full allocation of the net proceeds has been achieved. The report will include the following information:

- The total net proceeds of all outstanding Sustainable Financing Instruments issued by such Issuing Entity;
- The proportional allocation of net proceeds among the Eligible Project Categories;
- Subject to confidentiality considerations, a list of Eligible Projects refinanced or financed through each Sustainable Financing Instrument issued by such Issuing Entity, including a description of the projects and the amount of net proceeds allocated to each project;
- The percentage of allocation of net proceeds between financing/refinancing of existing and new Eligible Projects;
- The remaining balance of unallocated net proceeds, if any.

## Impact reporting

Each Issuing Entity will report on the relevant environmental and social impact of the Eligible Projects wholly or partially financed or refinanced with the net proceeds from such entity's Sustainable Financing Instruments. Examples of impact metrics that may be included in the reports are

Eligible Project Category	Potential quantitative impact metrics
Climate change adaptation	<ul style="list-style-type: none"> <li>• Number of miles of electric system hardening</li> <li>• High-fire threat district bare conductor mitigated (circuit miles of covered conductor and undergrounded conductor)</li> <li>• Microgrid connected (megawatts (MW)/megawatt hours (MWh))</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>• Fugitive emissions reduction (metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e))</li> </ul>
Clean energy solutions	<ul style="list-style-type: none"> <li>• Energy storage connected (MW/MWh)</li> <li>• Related research and development expenditures</li> <li>• Clean fuels connected (MW/MWh)</li> <li>• Number of clean energy solution pilot programs</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>• EV charging stations installed</li> <li>• Displaced diesel/gasoline gallon equivalents</li> </ul>
Green buildings	<ul style="list-style-type: none"> <li>• Zero net energy penetration for existing company buildings (%)</li> <li>• Cumulative number of LEED certified buildings and any certified in reporting year</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• GHG emissions avoided (MT CO<sub>2</sub>e)</li> <li>• Annual gigawatt hours (GWh) of electricity or natural gas saved</li> <li>• Annual MW of demand reduction</li> </ul>
Socio-economic advancement and empowerment	<ul style="list-style-type: none"> <li>• Number of DBEs engaged</li> <li>• Number of jobs created/supported by spending with DBEs</li> <li>• Percentage spend on local suppliers</li> </ul>

## Second party opinion

Sempra retained Vigeo Eiris (V.E), an independent global provider of ESG research and ratings, to deliver a second party opinion that confirms this Framework is in alignment with respective ICMA and LSTA principles (GPB, SBP, SBG, and GLP). The second party opinion is posted on Sempra's website.

## Assurance

Each calendar year, an attestation of the Issuing Entity's senior management's assertions by an independent auditor, which may include each Issuing Entity's independent registered public accounting firm, will accompany each Issuing Entity's annual allocation report. Such attestation will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

## Forward-looking statements and other information

This Framework 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 Framework or any other date that may be expressly stated herein with respect to a specific statement. 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 Framework, 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](http://www.sec.gov), and on the company's

website, [www.sempra.com](http://www.sempra.com). Investors should not rely unduly on any forward-looking statements.

This Framework 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 Framework also contains references or links to websites of Sempra and its operating companies, as well as third-party websites that are not hosted or managed by Sempra or its family of companies. None of the information (including, without limitation, in our Corporate Sustainability Report, SDG&E's Sustainability Strategy and Net Zero Announcement, SoCalGas' Aspire 2045 and the second party opinion of V.E) on, or that can be accessed through, any of these websites is a part of, or incorporated by reference in, this Framework, and we are not responsible for, nor do we recommend, endorse or support, any information contained on any such third-party websites.

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.