



Sustainability report

2022 Highlights and Progress



Contents

- 01 About**
- 02 Message from leadership**
- 03 Year in numbers**
- 04 Doing business sustainably**
 - 05 Enabling the energy transition
 - 06 Driving resilient operations
 - 07 Achieving world-class safety
 - 08 Championing people
- 09 Conclusion**





About

As the nation's largest natural gas distribution utility,¹ SoCalGas delivers affordable, reliable and increasingly renewable gas service to over 21 million consumers in our service territory covering 24,000 square miles of Southern California and portions of central California. Like other investor-owned utilities in the state, SoCalGas' operations are regulated by the California Public Utilities Commission (CPUC) and other state and federal agencies. Gas delivered through the company's pipelines is expected to play a key role in California's clean energy transition—providing electric grid reliability and supporting wind and solar energy deployment.

SoCalGas' mission is to build the cleanest, safest and most innovative energy company in America. We believe that every Californian deserves a clean, affordable and resilient energy future, and SoCalGas is working to achieve that future by investing in innovation to advance decarbonization, leveraging our infrastructure to provide reliable and flexible energy delivery, and collaborating with partners and stakeholders to advance California's climate goals. In support of that mission, SoCalGas aims to have net-zero greenhouse gas emissions by 2045 and to replace 20% of its traditional natural gas supply to core customers with renewable natural gas (RNG) by 2030.² SoCalGas' goal to achieve net-zero greenhouse gas (GHG) emissions requires partnership and collaboration with business partners, customers, regulatory and policy stakeholders.

SoCalGas is guided by three values: *do the right thing, champion people and shape the future*. These values permeate the company. They guide how employees think and drive company actions. As one of America's largest energy providers, these values are the lens through which SoCalGas sees every opportunity and challenge. With these values providing a strong foundation, the company's mission statement presents an actionable framework of purpose and intent.

¹ Based on total customers and sales revenues reported in American Gas Association's (AGA) Utility Rankings by Volumes, Revenues and Customers 2021 Report.

² Core customers is "core service" as defined in SoCalGas' Tariff Rule No. 23.

Message from leadership

Sustainability at SoCalGas means innovating our business to create lasting benefits for stakeholders by doing the right thing, championing people and shaping the future.

In 2022, we released our ASPIRE 2045 Sustainability Strategy, a set of sustainable business priorities that is anchored by our core values and permeates every area of our organization. Building upon our long-term climate aim to have net-zero greenhouse gas emissions by 2045, ASPIRE 2045 focuses on the clean energy transition, environmental health, social equity, and the safety and well-being of our employees, customers, and the communities we serve.

Over the past year, SoCalGas has achieved several accomplishments in support of ASPIRE 2045. Our company reduced methane emissions in our pipeline system by 37% through 2021 relative to a 2015 baseline—exceeding California’s goal of a 20% reduction by 2025 and nearing the state’s goal of a 40% reduction by 2030. We unveiled the [H2] Innovation Experience—one of the first projects of its kind in the U.S. that demonstrates how renewable hydrogen can be used to transition to clean and resilient energy systems of the future. We also became the first gas-only utility in the United States to issue green bonds in a public

offering, raising \$600 million to support specific projects within SoCalGas’ sustainability initiatives. SoCalGas continues to advance a diverse, equitable, and inclusive culture in the workplace and in the communities we serve. For example, our workforce development programs provide youth, veterans, and other underserved populations with skills training to help support their employment. We expanded to five Employee Resource Groups (ERG) in 2022, accelerating progress on our Diversity Equity & Inclusion (DE&I) strategy. In 2022, SoCalGas purchased over \$1 billion, or nearly 43% of all goods and services, from minority, women, service-disabled veteran, and LGBTQ-owned businesses, collaborating with 578 diverse businesses in support of the company’s operations and mission to build the cleanest, safest and most innovative energy company in America.

Finally, SoCalGas received the 2022 Business Transformation Award from Reuters, identifying our company as a leader in sustainable business practices among a field of major global companies.

On behalf of the more than 8,000 SoCalGas employees, I appreciate your interest in our efforts as we work together to build a more sustainable and equitable future.



Sincerely,

A handwritten signature in black ink, appearing to read 'Jawaad A. Malik'.

Jawaad A. Malik
Chief Strategy and Sustainability Officer
SoCalGas

2022 Year in Numbers

37%

reduction in methane emissions

through 2021 since 2015 (passing the state's goal of a 20% reduction by 2025)

100%

of grid-connected company facilities secured onto a green tariff

where local electric utility green tariff program is available (this represents over 86% of all grid-connected company facilities)

36%

of over-the-road fleet converted to alternative fuel vehicles

100%

RNG delivered

through SoCalGas compressed natural gas refueling stations

5%

RNG

of core customer throughput delivered¹

41.8M

therms avoided

by customers through energy efficiency programs, exceeding CPUC goals; equivalent of heating energy use for over 104.5K homes for a year

19.3%

reduction in rate of pipeline excavation damages

relative to 2020 baseline, supports infrastructure and public safety and progressing towards 40% 2030 target²

\$1.03B

spent with diverse business enterprises;

~43% of total spend

100%

of eligible customers enrolled in support,

enhancing energy access and affordability³

¹ Core customers is "core service" as defined in SoCalGas' Tariff Rule No. 23.

² The goal is based on anticipated program expansion approval from the CPUC

³ The CARE Program is available for eligible low-income customers to receive a 20% discount on their natural gas bill. The California Public Utilities Commission (CPUC) sets CARE enrollment rate goals for each regulated utility, which may vary by year. 2022 figures reflect enrollment rates of 111% for SoCalGas, calculated based on actual customer enrollment against an estimated total of income-eligible customers as determined and defined by the CPUC.

Doing business sustainably

SoCalGas' sustainability strategy is anchored by its core values of doing the right thing, championing people and shaping the future. It is also aligned with the key sustainability pillars of its parent company, Sempra, comprising: enabling the energy transition, driving resilient operations, achieving world-class safety and championing people.

SoCalGas reports on key environmental, social and governance (ESG) performance indicators and progress on sustainability goals through Sempra. To help shape a brighter future, SoCalGas is investing in technologies and collaborating with stakeholders and industries around the world—always focusing on people, safety and sustainable business practices.



**Enabling
the energy
transition**



**Driving
resilient
operations**



**Achieving
world-class
safety**



**Championing
people**

DOING BUSINESS SUSTAINABLY

Enabling the energy transition



Angeles Link

In February 2022, SoCalGas announced its proposal to develop [Angeles Link](#), an energy infrastructure system that could deliver reliable clean renewable hydrogen to the Los Angeles Basin for use in heavy-duty transportation, industrial processes, electric generation and other “hard-to-electrify” sectors of the Southern California economy. The proposed Angeles Link could significantly decrease demand for natural gas, diesel and other fossil fuels in the Los Angeles Basin, helping to accelerate California’s and the region’s climate and clean air goals. Angeles Link supports SoCalGas’ [ASPIRE 2045](#) sustainability strategy, including the company’s aim to have net-zero greenhouse gas emissions by 2045. In December 2022, the CPUC [approved SoCalGas’ request](#) to track costs for the feasibility studies in the first phase. This decision allows SoCalGas to record costs associated with the stakeholder engagement, engineering, design and environmental work necessary to develop Angeles Link. Along with existing infrastructure, clean fuels such as those supplied through the Angeles Link proposal could play a critical role

in a resilient energy future for California. The decision acknowledged that “clean renewable hydrogen holds promise as a potential solution to decarbonize California’s energy future and bring economic opportunities and new jobs.”¹

[H2] Innovation Experience

SoCalGas’ [\[H2\] Innovation Experience](#) demonstrates how renewable hydrogen could be used to transition to clean and resilient energy systems of the future. The [H2] Innovation Experience is one of the first fully integrated demonstration projects that incorporates solar, energy storage, fuel cell and electrolyzer technologies to supply electricity to the home and produce green hydrogen to blend with natural gas for use in the home’s tankless water heater, clothes dryer, stove, fireplace and barbeque grill. The [H2] Innovation Experience features an approximately 2,000 sq. ft. home that can use renewable hydrogen in diversified applications such as pure hydrogen in the fuel cell for renewable electricity, hydrogen blended with natural gas to produce lower carbon intensity energy for use in the home, and for hydrogen storage.

The SoCalGas [H2] Innovation Experience is constructed to Leadership in Energy and Environmental Design (LEED) Platinum standards and runs on solar and renewable hydrogen for electricity. The renewable hydrogen microgrid can provide a resilient and reliable source of power—even on days when the grid is stretched by excessive heat, wildfires, rain or persistent

cloud cover. The home’s microgrid is designed to support the energy loads of up to 100 homes. Neighborhoods with multiple renewable hydrogen homes may be able to share a community microgrid, operating independently of utility scale energy grids that may be subject to brown and blackouts—an important potential benefit for sustainability and energy resilience.

Green bonds issuance

In 2022, SoCalGas became the first gas-only utility in the U.S. to issue green bonds in a public offering. The bonds were issued following Sempra’s Sustainable Financing Framework (Sempra Financing Framework) and SoCalGas raised \$600 million to support specified projects within its sustainability initiatives. The net proceeds from the fixed-rate green bonds will finance and/or refinance sustainability investments in any of these three Sempra Financing Framework categories: pollution prevention and control, green buildings and clean transportation. Eligible projects in those categories may include retrofitting and replacing older pipelines to reduce fugitive methane emissions and prepare them to transport clean fuels such as hydrogen, advancing fugitive emissions reduction technologies, investing in LEED-certified green buildings, and investing in infrastructure to support clean transportation.

¹ CPUC Decision (D).22-12-055 at 2.

DOING BUSINESS SUSTAINABLY

Driving resilient operations



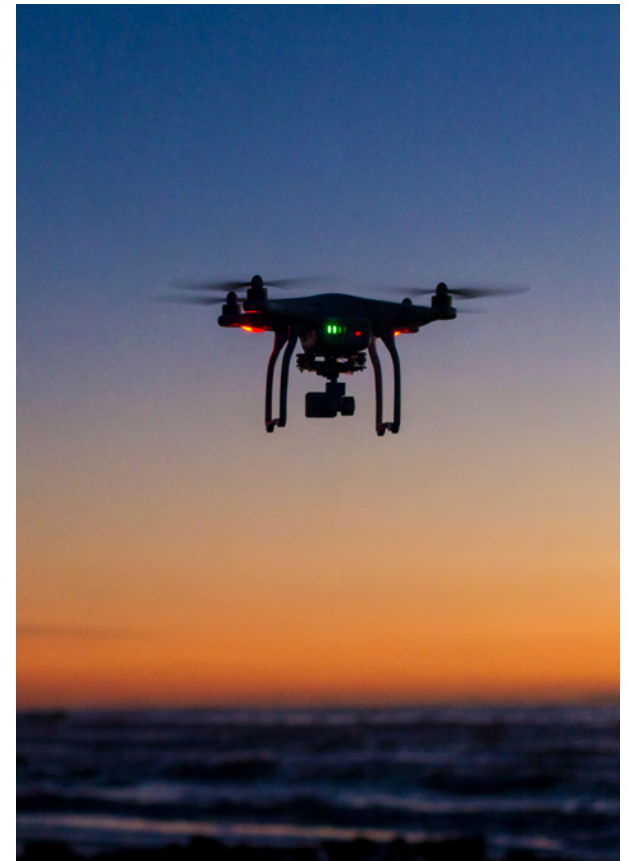
Methane emissions

An effort that both enables the energy transition and drives resilient operations is SoCalGas' work to reduce methane emissions. SoCalGas reduced methane emissions by 37% through 2021—exceeding the state's goal of a 20% reduction by 2025 and nearing the state's goal of a 40% reduction by 2030.¹

SoCalGas' success in this area comes from innovation in new detection technologies. For example, SoCalGas began using drones—including testing some of the [first-of-its-kind to use hydrogen-powered drone technology](#)—to map and detect methane.

By investing in leak detection technologies, SoCalGas has been able to meaningfully advance methane emissions reductions. Through 2021, the company has:

- Accelerated leak discovery and repairs through its aerial methane mapping program, resulting in (i) reduced methane emissions equivalent to avoiding approximately 3,102 metric tons of carbon dioxide equivalent (CO₂e) emitted since 2015 and (ii) enhancement of the ability to detect and repair leaks more efficiently;
- Conducted more frequent leak survey cycles from every three years to every year for certain types of pipe, leading to more prompt leak repairs;
- Reduced gas venting during maintenance or repairs of transmission pipelines when compared to 2015 by 94%, which is equivalent to avoiding over 83,000 metric tons of CO₂e;
- Decreased emissions from SoCalGas storage facilities since 2015 by 92%² due to upgrades in compressor and venting equipment; and
- Utilized Advanced Metering gas consumption analytics at residential customer meters to detect, investigate and mitigate methane emissions that our customers are not able to detect. In addition to emissions reduction, this program supports customer safety and energy efficiency.



¹ Percentage calculations are based upon a 2015 emissions baseline. Utilities' progress toward state goals are tracked and reported via CPUC-mandated annual reports.

² Excludes emissions released during the 2015-2016 leak at the SoCalGas Aliso Canyon natural gas storage facility SS25 well.

DOING BUSINESS SUSTAINABLY

Achieving world-class safety



Safety forward

Safety is a core value and is foundational to SoCalGas. SoCalGas’ commitment to safety is embedded in its culture and practiced daily by its dedicated employees who operate energy infrastructure throughout parts of southern and central California. To SoCalGas, safety is more than just the absence of incidents, safety is the presence of controls for known hazards, actions to anticipate and guard against unknown hazards, and the commitment to continue to improve its ability to recognize and mitigate hazards. SoCalGas’ safety culture fosters an environment where employees at all levels, across all work locations and departments, are committed, engaged and empowered to continue to improve the safety of the company’s operations.

Consistent with this value and commitment, SoCalGas has launched a “Safety Forward” campaign, focused on learning and continued improvement to better leverage the knowledge and expertise of employees to further advance an integrated and systemic approach to safety. The campaign leverages employee dialogues, engagement and collaboration to identify strengths and opportunities to change and improve. SoCalGas’ goals are to broaden its focus on public, system, employee and contractor safety; collaborate with and empower employees to better understand and manage risk; enhance learning for individuals, teams and the organization; and critically look at current systems, processes and procedures to see how the company can further learn and improve.

Pipeline safety innovation

The landscape in California is constantly shifting—literally. While SoCalGas’ underground pipeline infrastructure is resilient, the company continues to seek innovative ways to prepare for the unexpected.

For example, SoCalGas has a fiber optic technology pilot program at select locations on

its transmission pipelines. The high-tech sensor system monitors the environment to detect changes in temperature, movement and sound. When triggered, a digital alert is sent to a central monitoring control center for early detection, assessment and operations deployment to address the safety risk. SoCalGas continues to explore opportunities for expanding this technology to other parts of its gas system.

The fiber optic technology can provide advance notice for the SoCalGas operations team to have sufficient time to quickly assess potential alerts and develop a plan to proactively address impacts to the system. Pipeline fiber optics technology contributes to early detection, mitigation and prevention of potential damage, providing significant value to infrastructure and public safety.



DOING BUSINESS SUSTAINABLY

Championing people



Workforce diversity

SoCalGas aims to increase diversity, equity and inclusion (DE&I) in the workplace and in the communities it serves. For example, SoCalGas embraces workforce diversity through its employment practices for veterans who have left or would be leaving military service. In 2020, SoCalGas collaborated with the Utility Workers Union of America to help train veterans and established a designated role to address barriers for women entering the workforce. In addition, since 2020, SoCalGas' community grants program has invested more than \$683,000 in programs that provide youth, veterans and other underserved populations with customer service and technical skills training to help create a pipeline to viable employment. SoCalGas has hired 16 individuals to date through these efforts, and many others have secured employment in their communities. For more information on some of the 2022 grant programs focused on workforce development, see this year's editions of [Empower Magazine](#) and the [Construction Career Academy with the Los Angeles Urban League](#).

Employee resource groups

As part of SoCalGas' Equity Action Plan, the company launched an Employee Resource Group

(ERG) pilot in 2021, which has since expanded to five ERGs, to accelerate progress on its DE&I strategy. ERGs are voluntary, employee-led groups composed of employees who identify with shared characteristics such as those related to race, gender, national origin, sexual orientation or background/experience, along with their allies.

SoCalGas views ERGs as an integral component of championing people. ERGs create safe spaces for employees to support one another and foster a sense of community while partnering with the business to positively impact company values and goals. ERGs offer opportunities for members to network, receive professional development support and drive positive and sustained change related to DE&I.

2022 saw the launch of two ERGs, adding to the already established groups of VIBE: Voices Inspiring Black Employees, iGENTE!: Gas Employees Network Toward Empowerment, and VALOR: Veterans Advancing Leading and Optimizing Results. The recently established ERGs include:

- RISE: Recognizing the Importance of Strength and Empowerment. RISE's mission is to celebrate the unique contributions of women, champion professional and personal growth, and foster experiences in which all employees can excel.
- CAPE: Community of Asians & Pacific Islanders (API) in Energy. CAPE visualized their community as a place in which API employees can bring their whole selves to work and be valued and receive support to reach their fullest potential; a

diverse community that affirms the contributions of and supports everyone; and a community that celebrates each other and stands up for each other.

Indigenous communities

SoCalGas has a tribal outreach team in its public affairs department that engages with 21 federally recognized tribes in its service territory. When maintenance and operations work is required on reservation lands, cultural resource specialists within SoCalGas' environmental services department work with tribal historic preservation officers to enable the work in a manner that respects Native American interests and concerns on their lands. In 2022, SoCalGas invested in programs to assist in food and basic needs, health services, workforce education and training, and economic prosperity with Native American, Alaska Native and Hawaiian Native populations through 16 grants to 10 different organizations.

In late 2022, SoCalGas' customer assistance programs outreach team enhanced its outreach strategy to help navigate and increase engagement within tribal communities by bringing on board a tribal consultant. SoCalGas has since met with four tribes in Los Angeles and Orange counties, and two indigenous community organizations serving communities in Southern California from Mexico and Central America. SoCalGas has initiated conversations about outreach support of SoCalGas' customer assistance programs to the communities these organizations and tribes serve.

Conclusion

SoCalGas believes every Californian deserves a clean, affordable, safe and resilient energy future. The ASPIRE 2045 Sustainability strategy is a path to achieve that future through innovation, collaboration and decarbonization. It is driving better business outcomes, creating opportunity and equity for employees, and building stronger and more resilient communities. As SoCalGas strives to build the cleanest, safest, most innovative energy company in America, it has proudly achieved several accomplishments in 2022, including reducing methane emissions, advancing diversity and inclusion through new and expanded company initiatives, and investing in clean and resilient energy systems of the future. This great progress helped SoCalGas garner the 2022 Business Transformation Award from Reuters, highlighting the company as a leader in sustainable business practices. SoCalGas looks forward to strengthening collaboration with business partners, customers, regulatory and policy stakeholders to move towards its ambitious sustainability strategy goals, including the company's 2045 net-zero aim.



Forward-looking statement

This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed or implied in any forward-looking statement. These forward-looking statements represent our estimates and assumptions only as of May 15, 2023. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

In this report, forward-looking statements can be identified by words such as “believes,” “expects,” “intends,” “anticipates,” “contemplates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “construct,” “develop,” “opportunity,” “initiative,” “target,” “outlook,” “optimistic,” “poised,” “maintain,” “continue,” “progress,” “advance,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include risks and uncertainties relating to: decisions, investigations, inquiries, regulations, issuances or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), U.S. Department of Energy, and other governmental and regulatory bodies and (ii) the U.S. and states, counties, cities and other jurisdictions therein in which we do business; the success of business development efforts and construction projects, including risks in (i) completing construction projects or other transactions on schedule and budget, (ii) realizing anticipated benefits from any of these efforts if completed, and (iii) obtaining the consent or approval of third parties; litigation, arbitrations and other proceedings, and changes to laws and regulations; cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third-parties with which we conduct business, including the energy grid or other energy infrastructure, all of which have become more pronounced due to recent geopolitical events; our ability to borrow money on favorable terms and meet our obligations, including due to (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook or (ii) rising interest rates and inflation; failure of our counterparties to honor their contracts and commitments; the impact on affordability of our customer rates and our cost of capital and on our ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, and (ii) the cost of the clean energy transition in California; the impact of climate and sustainability policies, laws, rules, regulations, disclosures and trends, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California

natural gas distribution companies, the risk of nonrecovery for stranded assets, and our ability to incorporate new technologies; weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of natural gas and natural gas storage capacity, including disruptions caused by failures in the pipeline system or limitations on the withdrawal of natural gas from storage facilities; changes in tax and trade policies, laws and regulations, including tariffs, revisions to international trade agreements and sanctions, such as those imposed in connection with the war in Ukraine, any of which may increase our costs, reduce our competitiveness, impact our ability to do business with certain counterparties, or impair our ability to resolve trade disputes; and other uncertainties, some of which are difficult to predict and beyond our control.

These risks and uncertainties are further discussed in the reports that the company 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.

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