



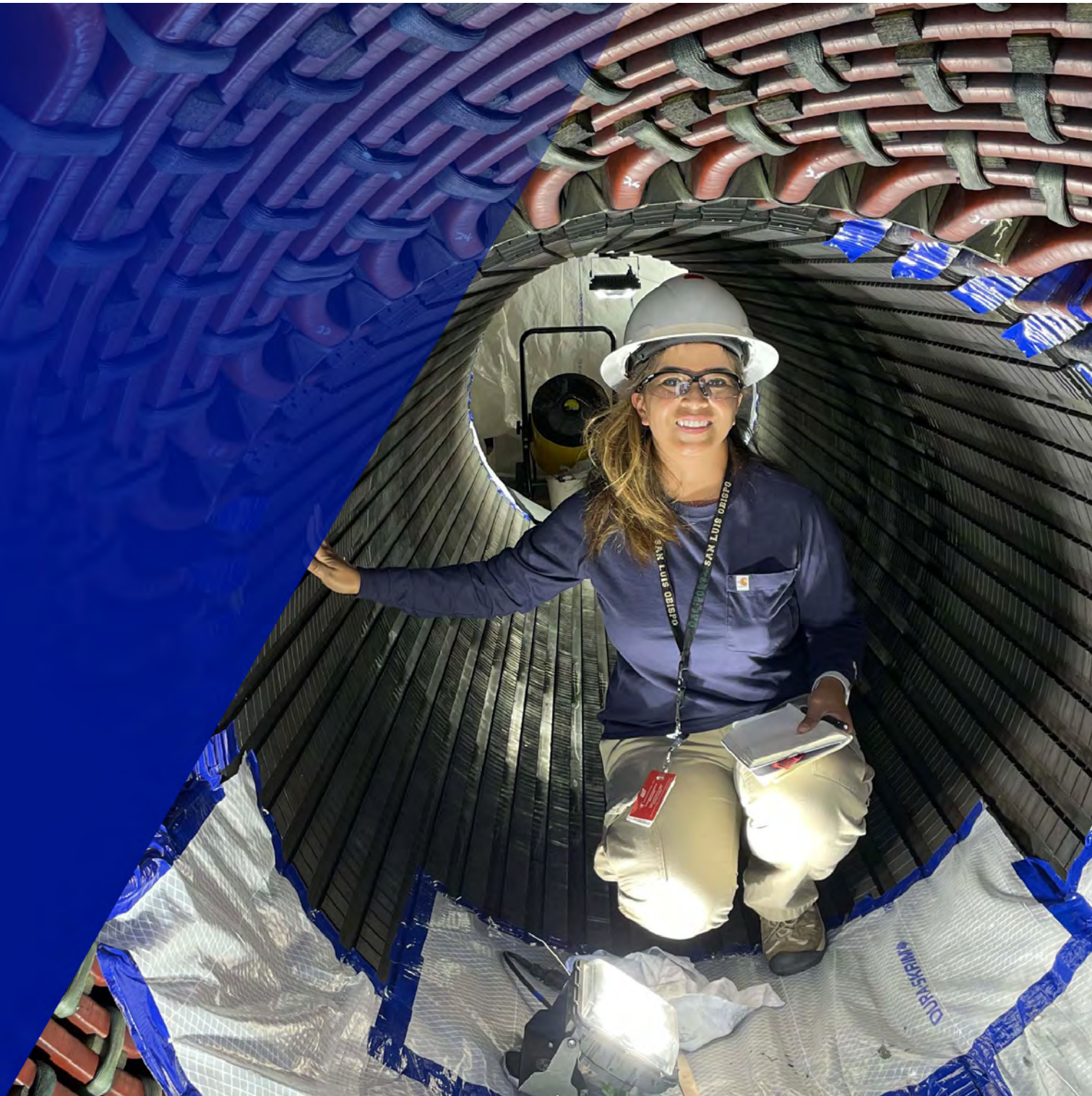
Sustainability Report

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

SDG&E™ is an innovative energy delivery company that serves the people and businesses of San Diego and southern Orange counties. More than just an energy provider, SDG&E is a purpose-driven people company with 4,600+ employees working daily to serve and connect the 3.7 million people who depend on the company to power their lives. Its sustainability strategy is also centered on people—employees, customers, suppliers, contractors and stakeholders. SDG&E invests in both the diverse communities where its employees live and work and in its highly skilled workforce to build a more inclusive and sustainable clean energy future for the region—together.

Message from leadership

At SDG&E, sustainability has been a part of our business for decades. Our core operations have been engrained with environmental stewardship and energy efficiency since the 1970s. In the 2000s, we prioritized creating an industry-leading wildfire safety program. In the 2010s, our investments in renewable energy, transmission infrastructure and rooftop solar innovations delivered cleaner power to our region and spurred new opportunities for customers. In the 2020s to date, we are collaborating to decarbonize our region's transportation sector, piloting cleaner fuels such as hydrogen and investing in microgrids and energy storage to help keep our communities safe and powered during extreme conditions.

From the San Diego region to the state of California and beyond, the energy transition is well underway, and SDG&E is focused on advancing climate resilience, climate mitigation, and grid transformation to help protect against an ever-changing environment while meeting the needs of future generations.

While we are proud of our progress to date, we recognize that there is still much work to be done, and we cannot do it alone. Achieving our net-zero aims affordably and equitably will require investment, innovation, creativity and collaboration.

SDG&E is grateful to be part of a movement that includes organizations and individuals across all sectors as we work to create affordable and equitable clean energy solutions for everyone. SDG&E's employees are committed to doing the right thing and energized by our role in helping make positive change for the region we call home. While we do not have all the answers, we can accomplish great things together.

We hope you'll join us.



Estela de Llanos
Vice President, Energy Procurement &
Sustainability
SDG&E



2022 Year in Numbers

947kW

solar energy generated at company facilities

supplying 17% of total facilities electricity usage

~\$1B

diverse business enterprise (DBE) spend

represents nearly 40% of total procurement spend, exceeding CPUC requirements; local DBE spend was \$470M

3,739

EV charging ports⁵

at 349 sites helping to enable transportation electrification in the region through Power Your Drive programs

92%

recycled water use

total water use at generation sites and occupied facilities is ~ 721M gallons

17

years ranked #1 for "keeping the lights on"

by PA Consulting ReliabilityOne® Best in West award

51%

waste diverted from landfills

for company facilities and vegetation management waste

~23%

light-duty fleet electrified

and over 4% zero-emissions vehicles in overall fleet of 1,692 to help reduce GHG emissions and air pollution¹

10,000+

trees

to support local biodiversity, promote intelligent water use and provide a nature-based solution to remove carbon from the atmosphere

400K+

MT CO₂e GHG emissions avoided

from almost 61 GWh of electricity and 4M therms of natural gas saved through customer energy efficiency programs⁴

~59%

of all electricity sourced from renewable sources

for SDG&E customers²

\$8.3M

invested in communities

supporting over 500 non-profit organizations in the San Diego and South Orange County regions³

0

employee and contractor fatalities

occurred in 2022

¹ CPUC and CARB Zero-Emission Vehicle (ZEV) technologies definition includes full battery electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV) and hydrogen fuel cell vehicles. Fleet goals contingent on original equipment manufacturer (OEM) vehicle availability and funding approval through the California Public Utilities Commission (CPUC).

² As defined in the Renewable Portfolio Standard (RPS) program for 2022 is estimated and subject to verification. It is expected to be finalized in August 2023 and reported in our 2023 sustainability report. SDG&E's annual estimates of RPS compliance are likely to vary year-over-year due to portfolio rebalancing related to portfolio allocations to load-serving entities and customer load departure to community choice aggregators.

³ SDG&E total charitable investments within the community, inclusive of Donor Advised Fund disbursements of \$0.4M, is \$8.7M.

⁴ Preliminary data, pending regulatory approval.

⁵ Total EV charging ports by end of 2022 since program inception.

Doing business sustainably

SDG&E is determined to build healthier, safer and stronger communities. The company's top priority is safety, which includes helping to make the region more resilient to climate change while strengthening energy systems to deliver cleaner energy reliably. SDG&E is helping to build a stronger community and economy by investing in infrastructure and providing quality jobs and training to its current and future workforce. This work supports Sempra's sustainability pillars: enabling the energy transition, driving resilient operations, achieving world-class safety and championing people.

SDG&E strives to update its stakeholders periodically on sustainability progress at sdge.com/sustainability. Starting this year, SDG&E will report annually through Sempra.



Enabling
the energy
transition



Driving
resilient
operations



Achieving
world-class
safety



Championing
people

DOING BUSINESS SUSTAINABLY

Enabling the energy transition



Path to net zero study

In April 2022, SDG&E published *The Path to Net Zero: A Decarbonization Roadmap for California*, which demonstrates how California can achieve carbon neutrality by 2045 while prioritizing electric reliability and affordability. In addition to providing stakeholder recommendations on policy and regulatory strategies to help the state meet its climate goals, the study identified the need for a diversified approach to decarbonization—a combination of clean electricity, clean fuels (such as renewable natural gas and clean hydrogen) and carbon removal. This research is helping to inform SDG&E's overarching strategy, including efforts related to building and transportation decarbonization, particularly as the company focuses on an equitable and affordable clean energy transition.

Innovative vehicle-to-grid projects

In July 2022, SDG&E launched the San Diego region's first Vehicle-to-Grid (V2G) project, connecting eight electric school buses to the grid through six bidirectional chargers that enable the buses to serve as batteries by discharging

energy back to the grid when parked. A second V2G installation with the Ramona Unified School District in October and a third with the San Diego Unified School District in December quickly followed this project.

With larger batteries than standard electric vehicles and a predictable schedule of operations, electric school buses are an innovative way to help build energy resiliency—especially during the hot summer months. And because buses, like most vehicles, spend the majority of their day parked, these school districts can opt to participate in SDG&E's Emergency Load Reduction Program to earn financial incentives when they send energy back to the grid during times of critical energy needs, as defined by the California Independent System Operator (CAISO).

Vehicle-to-everything and vehicle grid integration

Collaboration is crucial to creating a clean energy future. In November 2022, SDG&E and General Motors (GM) announced an agreement to investigate the feasibility of integrating bidirectional EVs into the electric grid as a local energy resource. Under the agreement, GM and SDG&E will study three vehicle grid integration (VGI) capabilities: Vehicle-to-Home, V2G, and a Virtual Power Plant (VPP), which can leverage distributed energy resources such as electric vehicles (EVs), batteries and chargers to help meet energy demand.

In April 2022, SDG&E signed the U.S. Department of Energy's (DOE) memorandum of understanding (MOU) to help advance vehicle-to-everything or V2X technology. This effort is intended to combine cutting-edge resources from the DOE National Labs, state and local governments, utilities and private entities to help integrate bidirectional charging into energy infrastructure. This MOU is a non-binding arrangement and does not commit any party to enter into definitive agreements.



DOING BUSINESS SUSTAINABLY

Driving resilient operations



Battery storage and microgrids

Energy storage plays a key role in helping California reach its goal to run on 100% carbon-free electricity by 2045.¹ It also helps make the communities SDG&E serves more resilient by enhancing grid reliability during peak demand. SDG&E is building a diverse portfolio of storage solutions to help enable the San Diego region to extend the availability of renewable energy and, when paired with microgrids, keep critical community facilities energized during emergency events. At the close of 2022, SDG&E had completed 95MW of utility-owned storage projects with about 250MW of additional utility-owned storage capacity in development. To put this in perspective, 95MW of storage is equivalent to serving about 64,000 homes for four hours. All SDG&E energy projects participate in the CAISO market, meaning CAISO can dispatch energy as needed to balance demand and supply on the statewide grid—and revenues are returned to customers.

Energy efficiency and demand response

During the September 2022 heat wave, CAISO declared a record 10 consecutive Flex Alerts asking customers to conserve energy voluntarily. Despite the high energy demand and intense heat, California avoided the rolling blackouts that occurred in 2020 because the state worked with utilities and residents to make the grid more resilient and encourage energy conservation. Nearly 600,000 residential customers enrolled in SDG&E's Power Saver Rewards Program, which provides a \$2 bill credit for every kilowatt hour of electricity saved during a CAISO-declared grid emergency. Additionally, SDG&E saw record participation from commercial customers in its Emergency Load Reduction Program.

Leadership in habitat and natural resource conservation planning

San Diego is one of the most biodiverse regions in the United States and for decades SDG&E has been a leader in the utility industry in environmental stewardship and habitat conservation planning. In 1995, SDG&E became one of the first utility companies in California to develop a Natural Communities Conservation Plan and Habitat Conservation Plan under the state Natural Communities Conservation Planning Act and the Federal Endangered Species Act, respectively. In 2022, SDG&E submitted an application to amend our existing Habitat Conservation Plan by updating and modernizing the natural resource protection

measures within the plan to support wildfire safety and mitigation work.² With this update, SDG&E also prepared a separate Eagle Conservation Plan, which would make the company one of the first utility companies to develop such a plan.



¹ California Energy Commission, *Buy Low, Sell High: How Batteries are Cleaning Up the Grid*, November 2021

² Docket No. FWS-R8-ES-2022-0027; FXES1114080000-223-FF08ECAR00 Endangered and Threatened Wildlife and Plants; Incidental Take Permit Application; Proposed Habitat Conservation Plan Amendment and Associated Documents; County of San Diego, California

DOING BUSINESS SUSTAINABLY

Achieving world-class safety



Wildfire safety advancements and tribal engagement

SDG&E's service territory overlaps with 18 federally-recognized Native American tribes and their input helps shape the work of the company. From listening sessions to survey feedback, SDG&E seeks to understand and support the tribes it serves.

Transitioning to cleaner forms of energy aligns well with tribal climate adaptation plans. In collaboration with Southern California Edison, SDG&E held its first Tribal Leader Clean Energy Summit in August 2022. The summit explored state and federal-level funding opportunities to support new clean energy transition projects, including hydrogen and microgrids, and how utilities can support the tribal clean energy transition. The summit is expected to expand in 2023 to include the state's other electric investor-owned utilities and tribal nations.

With some reservations located in the High Fire Threat District, tribes are also focused on wildfire preparedness. SDG&E is working to harden infrastructure through covered

conductor placements and undergrounding, and in consultation with the tribes, to include environmental and cultural reviews and assessments during the pre-planning phases of work. SDG&E also updated its community engagement program on wildfire safety and Public Safety Power Shutoffs to improve the availability of information and resources for tribal communities based on listening sessions and tribal feedback. Through a dedicated tribal relations team focused on collaboration, SDG&E's work with the tribes is guided by respect for tribal sovereignty and shared resiliency and sustainability goals.

Foil balloon innovation

Each year, foil balloons that conduct electricity cause thousands of power outages across the nation when they make contact with power lines. Foil balloons can also lead to fires and downed electrical wires. Following over a decade of collaborative prototype development and testing, SDG&E introduced a new non-conductive balloon material and sponsored legislation to phase out the production of conductive balloons. Sponsored by California Assembly Member Bill Quirk and signed into law by Governor Gavin Newsom in September 2022, the new law will replace conductive balloons with a new, shiny, non-conductive material to help reduce the risk of power outages and fires.

Safety management system

In 2020, SDG&E became one of the first electric utilities to begin operating within a company-wide safety management system (SMS), which takes a comprehensive approach to manage risk and safety and demonstrates the company's longstanding commitment to safety. SDG&E's SMS goes beyond traditional occupational safety metrics to integrate data on risk, asset, incident response and operations management. In the last few years, the SMS has enabled SDG&E to advance its proactive risk identification efforts to continue to improve its strong safety record with employees, contractors and customers. The SMS further expands SDG&E's safety focus to include public and environmental considerations. Predictive data analytics and modeling for meteorology, wildfire safety, asset health and emissions management are integrated into the SMS to provide a more holistic approach to community safety. SDG&E's 2023 SMS action plan includes the implementation of an enhanced public and operational safety dashboard that provides insights to further improve the safety, health and well-being of SDG&E employees, contractors, customers and communities.

DOING BUSINESS SUSTAINABLY

Championing people



Workforce development

Through partnerships with local workforce development organizations, community colleges, schools, industry associations, non-profits and chambers of commerce, SDG&E works to inspire and train the next generation of leaders and support the local economy in creating and retaining jobs—because the company believes when students and businesses succeed, the rest of San Diego follows.

- **Competitive Edge:** Competitive Edge offers candidates a paid, six-week train-to-hire program on real-world construction projects with an SDG&E contractor. Upon successfully completing training, graduates may be hired into a regular full-time position with benefits. The program was developed in collaboration with SDG&E vendor Jingoli Power, a local contractor that often recruits its trainees from the communities where they develop and manage projects.
- **Arborist training program:** As wildfires continue to grow in frequency and intensity, one of the lines of defense to prevent these catastrophes is to help ensure that trees and other vegetation around electrical infrastructure are properly

inspected and pruned. The Utility Line Clearance Arborist Training program helps build a diverse, qualified workforce of skilled personnel to help keep the San Diego region safe. In July 2022, candidates completed a five-week, 200-hour training program, developed in collaboration with the Utility Arborist Association, San Diego Community College District and California Conservation Corps. Once participants complete the training, they can become a part of the local Union (IBEW Local 465) and are eligible for hire by SDG&E tree contractors.

- **The Links, Inc.:** SDG&E’s Inspiring Future Leaders initiative supports local non-profits that encourage students from historically underrepresented backgrounds to explore education and careers in STEM (science, technology, engineering and math). Through this initiative, SDG&E collaborates with the San Diego Chapter of The Links, Inc.—an organization working to address the underrepresentation of African American students pursuing STEM degrees. The nationally recognized Links Achiever program focuses on college preparation, including mentorship, relationship building and career exposure. For both SDG&E and The Links, this collaboration helps cultivate future leaders for the company and community.

SDG&E Green Team

Employees dedicate their time and talent to environmental and community causes throughout the region. SDGivE is a year-end program that

focuses on supporting the causes that employees care about, including the company’s active Green Team.

In 2022, SDG&E’s Green Team volunteered with Barrio Botany to help refresh the learning garden at Sherman Elementary School in the Barrio Logan neighborhood of San Diego. Portside communities like Barrio Logan are disproportionately impacted by the effects of climate change and air pollution. School gardens help create green space, clean the air and water with their vegetation and give kids a chance to learn about growing food, healthy eating and the environment.

Solar Equity Program

In collaboration with the City of San Diego and the non-profit organization Center for Sustainable Energy, SDG&E launched the Solar Equity Program in August 2022. SDG&E dedicated \$10 million in shareholder funds to support the 10-year program, which helps fund rooftop solar installations for income-qualified homeowners in communities within the City of San Diego that face the highest risks from climate change, yet historically have had less access to renewable energy. The incentive rate is intended to cover 100% of solar installation costs for average, single-family homes.

Conclusion

SDG&E recognizes that taking action on climate is critical. California is already facing the impacts of climate change with longer, more intense heat waves, drought and sea level rise, and prolonged fire seasons. At the same time, transforming the energy sector to protect against climate threats and meet future needs must be done with affordability and equity in mind. Unprecedented collaboration, investment and innovation will be needed.

In 2022, SDG&E published *The Path to Net Zero: A Decarbonization Roadmap for California*, which it believes is the first publicly available analysis to use the utility industry reliability standard and industry-specific planning tools to evaluate electric reliability in modeling how to decarbonize California through 2045. The study confirmed the importance of electrifying both the building and transportation sectors. It also informed the company's thinking on how to build on its strong sustainability foundation to accelerate the clean energy transition with equity and affordability in mind. SDG&E also filed its 2024-2027 General Rate Case with the CPUC, the first among California investor-owned electric utilities to focus on three key elements of sustainability: climate adaptation, climate mitigation and energy grid transformation. And it began to identify potential federal funding sources to pilot new programs to help build resiliency for customers hardest hit by climate change and air pollution, such as portside communities impacted by vehicle pollution and tribal nations located in fire-prone areas of San Diego County.

SDG&E will continue to review its sustainability goals and initiatives with key stakeholders. The company will work to identify potential innovations and strategic investments like V2G, electrification and cleaner fuels, and seek ways to improve community resiliency and energy reliability. And it will continue to work with stakeholders to help modernize California's electricity rate system in order to provide customers with more predictable monthly energy bills and budget security.

SDG&E remains committed to advancing California and regional climate goals, reducing GHG emissions, improving air quality, and helping protect the San Diego region's biodiversity, so all of its customers can benefit from a clean energy future. The company expects to continue to collaborate with others to implement solutions around electrification, carbon capture and clean fuels to work toward state and regional goals to reach net-zero emissions by 2045 and build a clean, reliable, equitable and affordable energy future for the communities it serves.



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: California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the wildfire fund established by California Assembly Bill 1054, rates from customers or a combination thereof; 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, U.S. Federal Energy Regulatory Commission, 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, (ii) the cost of the energy transition in California, and (iii) departing retail load resulting from additional customers transferring to Community Choice Aggregation and Direct Access; 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 electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, 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.

Sempra Infrastructure, Sempra Infrastructure Partners, Sempra Texas, Sempra Texas Utilities, Oncor Electric Delivery Company LLC (Oncor) and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, San Diego Gas & Electric Company or Southern California Gas Company, and Sempra Infrastructure, Sempra Infrastructure Partners, Sempra Texas, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.





San Diego Gas & Electric
8326 Century Park Court
San Diego, CA 92123
sdge.com

© 2023 Sempra. All trademarks belong to their respective owners. All rights reserved.