

ASPIRE 2045

S O C A L G A S S U S T A I N A B I L I T Y S T R A T E G Y





A message from our **Chief Environmental Officer**



Every Californian deserves a clean and affordable energy future.

In our mission to build the cleanest, safest, most innovative energy company in America, we are working to realize this future through innovation and decarbonization.

In March 2021, SoCalGas announced its aspiration to achieve net zero greenhouse gas (GHG) emissions in our operations and delivery of energy by 2045.¹ This effort is about investing in innovation to advance decarbonization, it's about leveraging our infrastructure to provide reliable and flexible energy delivery, and it's about collaborating with partners and stakeholders to advance California's climate goals for a healthy and sustainable future for our workforce, communities, and residents.

In October 2021, we also shared our [Clean Fuels Whitepaper](#) – a comprehensive technical analysis that examines pathways to achieve California's carbon neutrality goals through a more integrated, resilient, reliable, and affordable energy system.²



Our sustainability strategy is a vision for helping others. It is a set of sustainable business priorities built on our core values of doing the right thing, championing people, and shaping the future. Our sustainability strategy— which aligns with the United Nations Sustainable Development Goals, California’s climate goals, and our parent company Sempra’s sustainability framework – is an important driver of our operations and strategy, and also is designed to create opportunity and equity for our employees and support our customers and communities in building a more sustainable future.^{3,4} Through this lens, and with the help of our diverse stakeholders, we have identified five sustainability focus areas where we believe we can have a strong positive impact.

- ▶ Accelerating the Transition to Clean Energy
- ▶ Protecting the Climate and Improving Air Quality in Our Communities
- ▶ Increasing Clean Energy Access and Affordability
- ▶ Advancing a Diverse, Equitable, and Inclusive Culture
- ▶ Achieving World-Class Safety

On behalf of the 7,800+ SoCalGas employees who live and work in the neighborhoods we serve, we look forward to collaborating with you to foster vibrant and thriving communities.

Jawaad Malik

Vice President, Strategy & Sustainability; Chief Environmental Officer



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Introduction

SoCalGas is striving for a sustainable future — for our customers, our company, and the global community.

Sustainability at SoCalGas means

innovating our business to create lasting benefits for stakeholders

by doing the right thing, championing people, and shaping the future.

ASPIRE 2045 is our strategy to further integrate sustainability across our business. It is designed to make a positive impact on communities and achieve greater business strength.



ASPIRE 2045 is anchored by our core values of doing the right thing, championing people, and shaping the future.

It is also aligned with the key sustainability pillars of our parent company, Sempra, which include enabling the energy transition, driving resilient operations, championing people, and achieving world-class safety.⁵



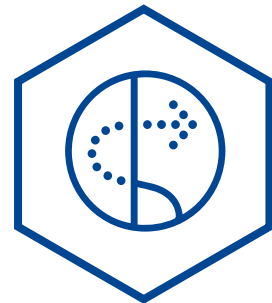
SoCalGas [reports](#) on key performance indicators and progress on sustainability goals through Sempra. To help shape a brighter future, SoCalGas is investing in breakthrough technologies and collaborating with stakeholders and industries around the world — always focusing on people, safety, and sustainable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

[Learn more about Sempra’s sustainability framework in the Sempra Corporate Sustainability Report](#)



Our Five Sustainability Focus Areas

ASPIRE 2045 outlines a strategy focused on areas where SoCalGas can create a strong positive impact and benefit to communities and stakeholders. The following areas comprise our strategic sustainability priorities.



Accelerating the Transition to Clean Energy



Protecting the Climate and Improving Air Quality in Our Communities



Increasing Clean Energy Access and Affordability



Advancing a Diverse, Equitable, and Inclusive Culture



Achieving World-Class Safety

JUMP TO A GOAL



SoCalGas supports the [United Nations Sustainable Development Goals \(UN SDGs\)](#) and our sustainability goals and activities align with many UN SDGs. The strategies that follow are a roadmap for making tangible progress, leveraging existing initiatives, and exploring opportunities for partnership as we work towards a more sustainable and resilient energy future.





Accelerating the Transition to Clean Energy

SoCalGas aims to accelerate the energy transition by increasing the delivery of clean fuels such as renewable natural gas; adapting our system for hydrogen; and supporting customer decarbonization.⁶

Strategies to accelerate the transition to clean energy:

- ▶ In collaboration with our research partners, fund \$400M for RD&D projects in the areas of clean fuels and hydrogen technology and infrastructure by the end of 2025⁷
- ▶ Complete five hydrogen pilot projects by 2025
- ▶ Develop hydrogen infrastructure solutions for the 2028 Olympics
- ▶ Deliver 20% renewable natural gas (RNG) to core customers by 2030⁸
- ▶ Demonstrate technical capability for gas distribution to safely support up to 20% hydrogen blend by 2030
- ▶ Establish a hydrogen industrial cluster by 2030



UN SDGs:



Sustainability Pillars:

Enabling the energy transition

Driving resilient operations





The transition to clean energy is an environmental and social imperative.

The challenges are real and complex, and solutions that serve all sectors of the economy and all segments of society are critical. A reliable energy ecosystem is required to address cross-sectoral business requirements, particularly in hard-to-decarbonize economic engines such as the industrial/manufacturing sector, heavy-duty on-road and off-road transportation, aviation, shipping, and power generation; each requires a tailored approach.

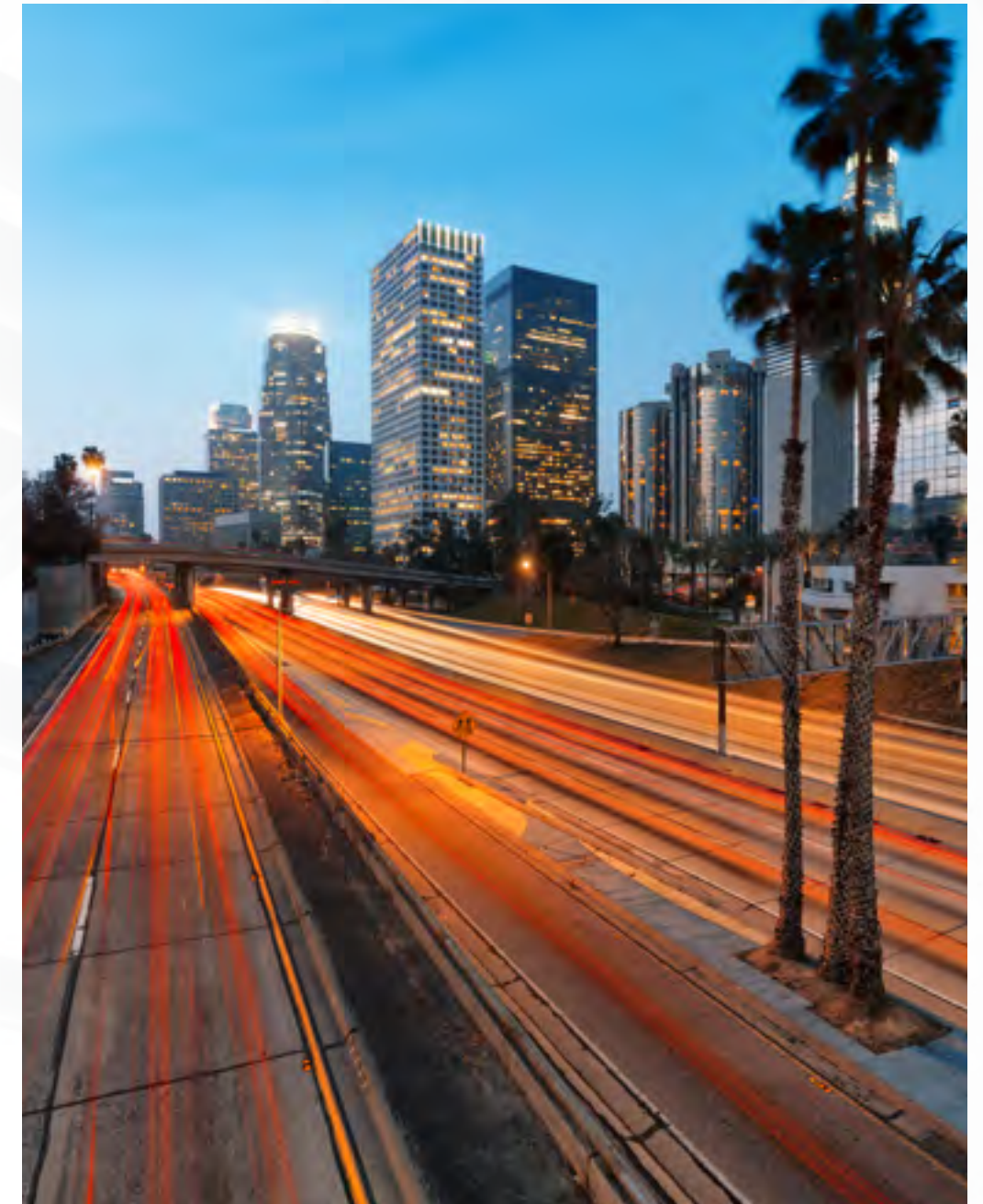
SoCalGas expects to continue to play a vital role in the creation of a clean fuels network that can provide customers with increasing amounts of clean energy to make decarbonization a reality.

Transitioning to clean energy sources while maintaining a robust, reliable, and resilient infrastructure is an important consideration for the safety and welfare of our customers and communities. Combining the strengths of renewable electricity from solar and wind with hydrogen, renewable natural gas, syngas, and biofuels is the most affordable, resilient, and technologically proven path to carbon neutrality. The gas system is required today and will continue to be required to deliver climate-resilient, reliable, flexible and on-demand energy for customers and power resources due to the challenges of intermittent renewable energy from solar and wind, as well as increasing climate-induced events such as wildfires, floods, and droughts.

As California decarbonizes, the demand for traditional natural gas is expected to decline, and the transportation of lower carbon and zero-carbon fuels via gas infrastructure is expected to increase. Using the existing gas system to deliver clean fuels will help California to achieve carbon neutrality more affordably and with less risk than other options.⁹ A clean fuels network will be essential for reliable and resilient electrification that can provide support in reducing power outages and costly supply interruptions.

The final and most significant challenge is making the transition to clean energy as affordable as possible, leaving no one on the sidelines of a sustainable future. Looking ahead, we must act faster and with greater collaboration to expand and accelerate the deployment of decarbonization tools, including the clean fuels initiatives already under way.

We expect that an integrated energy system comprised of renewable electricity and clean fuels will achieve carbon neutrality faster, more reliably, and more affordably than one without clean fuels.



Our [Clean Fuels Whitepaper](#) explores integrated energy pathways to achieve California's carbon neutrality goal





Situation City

Our Commitment to Innovation, Safety, and People

SoCalGas created our Situation City training facility to revolutionize our approach, methods, and assessment of innovation and safety training for our workforce, allowing energy technicians to shape the future in real time.

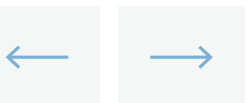
Our operational training professionals spent more than a year building an environment to simulate real-world situations that our employees might encounter – including more than a dozen shell homes and actual pipeline systems. The result is a fully operational training ground for both routine work and testing new and innovative practices.

On the same site, our Engineering Analysis Center is blending hydrogen to fuel common household appliances such as stoves, wall heaters, and forced-air furnaces. The research and testing process for blending fuels and assessing its impacts on appliances is an important phase in demonstrating the technical capability of transporting hydrogen through our gas system.

The next step will be moving out of the lab to blending into the natural gas grid. SoCalGas is among the first utilities in the nation to test the effects of a hydrogen blend on the natural gas infrastructure and equipment in a controlled and safe field environment.

Preliminary testing results show household appliances to be compatible with up to a 20% hydrogen blend. These findings are consistent with international research and lab testing.¹⁰ This effort provides key operational and safety experience, including testing for pipeline leaks, and lends a path for SoCalGas to implement larger-scale hydrogen blending demonstrations.

Safety regulations in California and at the federal level are constantly evolving to improve the operations of public services and utilities. As new regulations are reviewed and adopted, training is an essential part of safe and successful integration of policies and procedures. SoCalGas built Situation City to prepare our workforce for vigilant maintenance of a safe, reliable, and resilient gas infrastructure for use today and the energy innovation that will carry us into the future.



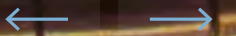


Preparing for Hydrogen

- **2016:** In partnership with the National Fuel Cell Research Center and University of California Irvine (UCI), SoCalGas implemented the first [power-to-gas](#) project in the United States that blends hydrogen into a natural gas pipeline. An electrolyzer uses excess power from solar panels to produce renewable hydrogen delivered to the campus power plant.
- **2019:** In collaboration with the U.S. Department of Energy, [Brimstone Energy](#), and PG&E, SoCalGas [supported](#) the development of co-generation technology that produces low-cost/low-carbon hydrogen, sulfuric acid, carbon-dioxide, and cement, via electrolysis.
- **2020:** SoCalGas and San Diego Gas and Electric (SDG&E) launched a [program](#) to put surplus electricity to work by producing hydrogen for blending and storing in the gas pipeline.
- **2021:** SoCalGas [tested performance of household appliances like stoves and furnaces](#) with the use of a blended fuel containing up to 20% hydrogen.¹¹
- **2021:** SoCalGas completed initial testing of an electrochemical hydrogen purification and compression (EHPC) technology in collaboration with the Netherlands-based company, [HyET Hydrogen](#) in March 2021. SoCalGas will blend hydrogen and natural gas, then inject the blend into a simulated natural gas pipeline so the EHPC system can continuously extract and compress the hydrogen at a rate of 10 kg per day.^{12,13}
- **2021:** [H2 Hydrogen Home](#) groundbreaking in Q4 2021 resulting from a collaboration with ATCO Group.¹⁴ [The H2 Hydrogen Home](#) is expected to be one of the first fully integrated demonstration projects that incorporates solar panels, battery storage, hydrogen production, hydrogen fuel cell, and hydrogen blending into the natural gas system for a less carbon-intensive energy source to be used in the home's heat pump heating and air conditioning unit, water heater, clothes dryer, and gas stove.

SoCalGas' innovation is contributing to an energy evolution to help our 21+ million customers enjoy a more sustainable future.

Learn more about our [Research, Development, and Demonstration programs](#)





Protecting the Climate and Improving Air Quality in Our Communities

SoCalGas aims to protect California communities with the goal to achieve net zero greenhouse gas emissions and helping to improve local air quality.

How SoCalGas is reducing greenhouse gases and improving air quality:

- ▶ Exceed the state requirements to demonstrate 20% reduction in fugitive methane emissions by 2025; 40% by 2030, from 2015 baseline¹⁵
- ▶ Eliminate 100% of vented gas during planned transmission pipeline work by 2030 (excluding emergency repairs)
- ▶ Achieve net zero energy for 50% of all SoCalGas existing buildings by 2030¹⁶
- ▶ Operate a 100% zero-emission over-the-road fleet by 2035¹⁷
- ▶ Achieve net zero greenhouse gas emissions for scopes 1, 2, and 3 by 2045

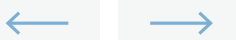
UN SDGs:



Sustainability Pillars:

Enabling the energy transition

Championing people





Improving local air quality and reducing greenhouse gas emissions are top priorities for our state and region.

It is well documented that southern California counties are continually rated with some of the worst air quality in the nation, despite having extensive emissions regulations.¹⁸ Local air quality can directly affect our daily lives.¹⁹ And if greenhouse gas (GHG) emissions are not reduced, the effects of climate change they cause can have long-term consequences for our communities and the planet.²⁰ That is why SoCalGas is focused on helping to improve air quality and take actions to decarbonize both our operations and support our customers in reducing their carbon footprints.

Clean Fleet, Lower Emissions

In California, the transportation and industrial sectors are the largest sources of local air pollution and GHG emissions.²¹ Within our transportation fleet, we are incorporating more alternative fuel vehicles that use electricity and lower carbon fuels. We have also transitioned to dispense 100% renewable natural gas at all SoCalGas vehicle fueling stations. As California plans to decarbonize these sectors, it's important to recognize that heavy-duty transport and industrial manufacturing may be years away from widespread electrification. The most affordable, resilient, and technologically proven decarbonization pathways will depend on a clean fuels network, which simultaneously delivers reductions in local air pollution.²²

Reducing Methane in Our Operations

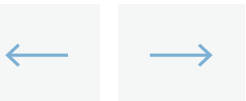
SoCalGas knows that the gas infrastructure of the future needs to not only be safe and reliable, but also be capable of efficiently and effectively reducing methane emissions. That is why we are investing in technologies such as fiber optic sensors, aerial mapping, modernizing our compressor stations with renewable energy, and focusing on reductions of third-party damages to the pipeline. SoCalGas has been a long-standing leader and innovator in leak detection and abatement. As a founding member of the Environmental Protection Agency's Natural Gas STAR program, SoCalGas reduced fugitive methane emissions two decades before compliance

requirements were in place, resulting in a reduction of over 1 million metric tons of greenhouse gases over the past five years. SoCalGas expects to exceed our methane emissions reduction target of 20% by 2025, four years ahead of schedule compared to a 2015 baseline.

Partnering with Customers to Decarbonize

Our goal to achieve net zero greenhouse gas emissions by 2045 not only includes emissions from SoCalGas operations, but also emissions associated with our customers' use of natural gas.²³ Customer emissions represent approximately 96% of our total inventory. That is why we are focused on working with our customers to jointly chart a path to net zero. We plan to develop new clean energy customer programs, deliver increasing amounts of clean fuels such as RNG, and foster an environment of innovation through research and development. As California advances toward decarbonization, the SoCalGas infrastructure can play an essential role in delivering clean fuels to support resilient electrification. An integrated gas-electric system can provide reliability and flexibility to make the energy system more affordable and resilient.

[Read our ASPIRE 2045 Climate Commitment](#)





Innovation Investment:

Lowering Emissions with Advanced Meters

By upgrading gas meters with advanced meter technology, SoCalGas has empowered customers to save energy and money while helping to reduce impacts on the environment.

We've upgraded nearly six million gas meters across our 24,000-square-mile service territory to advanced meters, including residential and most business customers. The advanced meter technology upgrade reflects our commitment to delivering safe and reliable energy, enhancing customer service, and helping to improve air quality.

Advanced meters automatically and securely transmit gas meter data to our service and billing centers. The technology eliminates the need for manual, on-site meter reading, reducing our vehicle emissions and allowing us to provide customers with more frequent and detailed gas usage information.

Technology implementation and utilization have put data science at the forefront of strategy development. Data analytics provide valuable

insights to inform learnings and best practices in various ways to increase operational efficiency and effectiveness. SoCalGas' data analytics work has been [recognized](#) as the most innovative among over 150 utilities across the U.S. and the world by the [Utility Analytics Institute](#) (UAI) for improvements to safety, cost savings for customers, better customer service, energy conservation, and reduction of GHG emissions.²⁴

SoCalGas has made

impressive contributions to data analytics within the utility industry.

Each winner of the UAI Excellence Awards was selected from a pool of talented individuals, teams and organizations.

— **Gina Weber**
Managing Director at UAI





Increasing Clean Energy Access and Affordability

SoCalGas aims to increase access to clean and more affordable energy for all energy customers.

How SoCalGas will be increasing clean energy access and affordability:

- ▶ Exceed state energy efficiency goals by 25% or more each year
- ▶ Enroll 90% or more of eligible low-income customers in alternative rates for energy programs every year
- ▶ Manage gas procurement costs effectively for core customers and achieve top quartile of lowest average monthly residential bill compared to our top 50 peers nationwide every year²⁵
- ▶ Develop new clean energy programs for customers by 2025
- ▶ Engage our diverse Community Advisory Council quarterly through discussions and surveys to collaborate on issues around clean energy access and affordability



UN SDGs:



Sustainability Pillars:

Enabling the energy transition

Championing people





Energy Affordability for Every Customer

We believe the reliable and affordable supply of clean fuels is vital for an equitable transition to sustainable energy.

This is particularly challenging in a local economy with high housing costs where [about 20% of residents](#) live below the federal poverty level.²⁶

A recent [report](#) by the California Public Utilities Commission (CPUC) found that California households face significant disparities in their ability to afford essential utility services.²⁷ According to the report, one out of 10 low-income households are located in areas where utility costs, such as electricity, water, and gas, make up at least 1/3 of their income, after accounting for housing costs.

Every year, more than 180,000 California households access SoCalGas customer energy efficiency and assistance programs. Our energy efficiency programs offer rebates, incentives, and services to help residents make home improvements designed to reduce energy use. Examples include insulation, weatherstripping, caulking, water heater replacement, furnace repair and replacement, and even faucet and shower head upgrades.

Because the most affordable unit of energy is the one you don't use, energy efficiency rebates and programs are proven ways to help customers reduce their energy use and save money. SoCalGas administers the nation's largest gas utility energy efficiency program, saving over 219 million therms over the past five years, translating to over 1.1 million metric tons of avoided CO2 equivalent – and saving customers over \$220 million in direct energy costs.





Affordable Energy

Customer Programs that Support our Most Vulnerable Communities

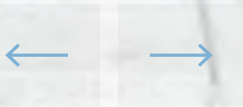
The California Alternate Rates for Energy (CARE) program allows for reductions in energy costs of up to 20% for eligible low-income households, reducing rates for those who need it most.

Also, the Energy Savings Assistance Program (ESAP) provides professional home improvements to households meeting similar requirements, helping to reduce energy usage, increasing affordability, contributing to increased equity across our communities, and helping people heat their homes and cook meals for their families with reduced financial burdens. In 2021, SoCalGas supported the passage of legislation, [Senate Bill 756](#), which expanded the populations eligible for the ESAP.²⁸

Other available SoCalGas programs include:

- ▶ Emergency Rent and Utility Bill Assistance Relief for eligible households who have been financially impacted due to COVID-19
- ▶ Medical Baseline Allowance, offering additional help for customers with major health concerns
- ▶ Past Due Bill Forgiveness
- ▶ Gas Assistance Fund, which offers a one-time grant of up to \$100
- ▶ Residential Direct Install Program to help save energy and lower utility bills

Learn more about the [SoCalGas Assistance Programs](#) and [SoCalGas Business Energy Efficiency Programs](#)





Advancing a Diverse, Equitable, and Inclusive Culture for All

SoCalGas aims to increase diversity, equity, and inclusion in the workplace and in communities we serve to achieve measurable social impact.

How SoCalGas is continuing to advance a diverse, equitable, and inclusive culture:

- ▶ Take actions to lead the utility industry in racial and ethnic diversity representation in leadership roles by 2025²⁹
- ▶ Take actions to grow representation of women in leadership roles and overall workforce by 2025³⁰
- ▶ Plan to invest \$50M to positively impact diverse and underserved communities over the next five years³¹
- ▶ Help diverse businesses meet contractual requirements to work with SoCalGas by increasing supplier participation in Technical Assistance Programs (TAPs) by 30% by 2025
- ▶ Increase SoCalGas total annual Diverse Business Enterprise spend to 45% by 2025

UN SDG:

Sustainability Pillar:



Championing people





Serving a Diverse Population

With a workforce composed of 70% people of color, SoCalGas employs a diverse population that reflects the communities we serve. For us, doing the right thing means creating a culture in which everyone is seen, heard, and has a sense of belonging.

Our relationships with business partners encourage and strengthen supplier diversity, with a focus on community investments that support safety, sustainability, and social justice. Diversity is fundamental to our business ethics and a lens that focuses all that we do.

The SoCalGas commitment to an inclusive work culture is supported and actively reinforced at every level of the organization. Our CEO established, and chairs, the Executive Council on Diversity, Equity, and Inclusion, made up of a cross-section of SoCalGas executive and management representatives. It provides direction, oversight, and support for the company's Equity Action Plan, focusing on the company's efforts in communities of concern, gender equality, closing the digital divide, paving the way for future careers, supporting the economic stability of our communities, and more.

In 2020, our Supplier Diversity Program spent a record \$884.2 million with over 550 minority, service-disabled veteran, LGBTQ, and women-owned businesses, with over 91% of suppliers located in California. It was the 28th consecutive year SoCalGas exceeded the CPUC goal for [supplier diversity programs](#).

SoCalGas employees are encouraged to participate in one of five Diversity and Inclusion Councils, a Diversity and Inclusion Mentoring Program, our Annual Diversity and Inclusion Summit, or the VALOR program for onboarding veterans.

We invest in solutions that consider the needs of the communities we serve and are developed in collaboration with the communities they will impact.



[Learn more about Supplier Diversity and Diversity and Inclusion at SoCalGas](#)





Diversity and Inclusion

Building Brighter Futures

At SoCalGas, an investment in our workforce is an investment in the future.

As principal partners of the California State University - Los Angeles (Cal State LA) College of Engineering, Computer Science, and Technology capstone program for over a decade, SoCalGas sponsors senior engineering capstone projects every year.

In recent years projects have focused on advances in hydrogen and other methods of increasing energy sustainability and safety. Ranked the [top university for upward mobility](#) in the country, Cal State LA understands the importance of connecting in-classroom learning with in-demand, real life applications.³²

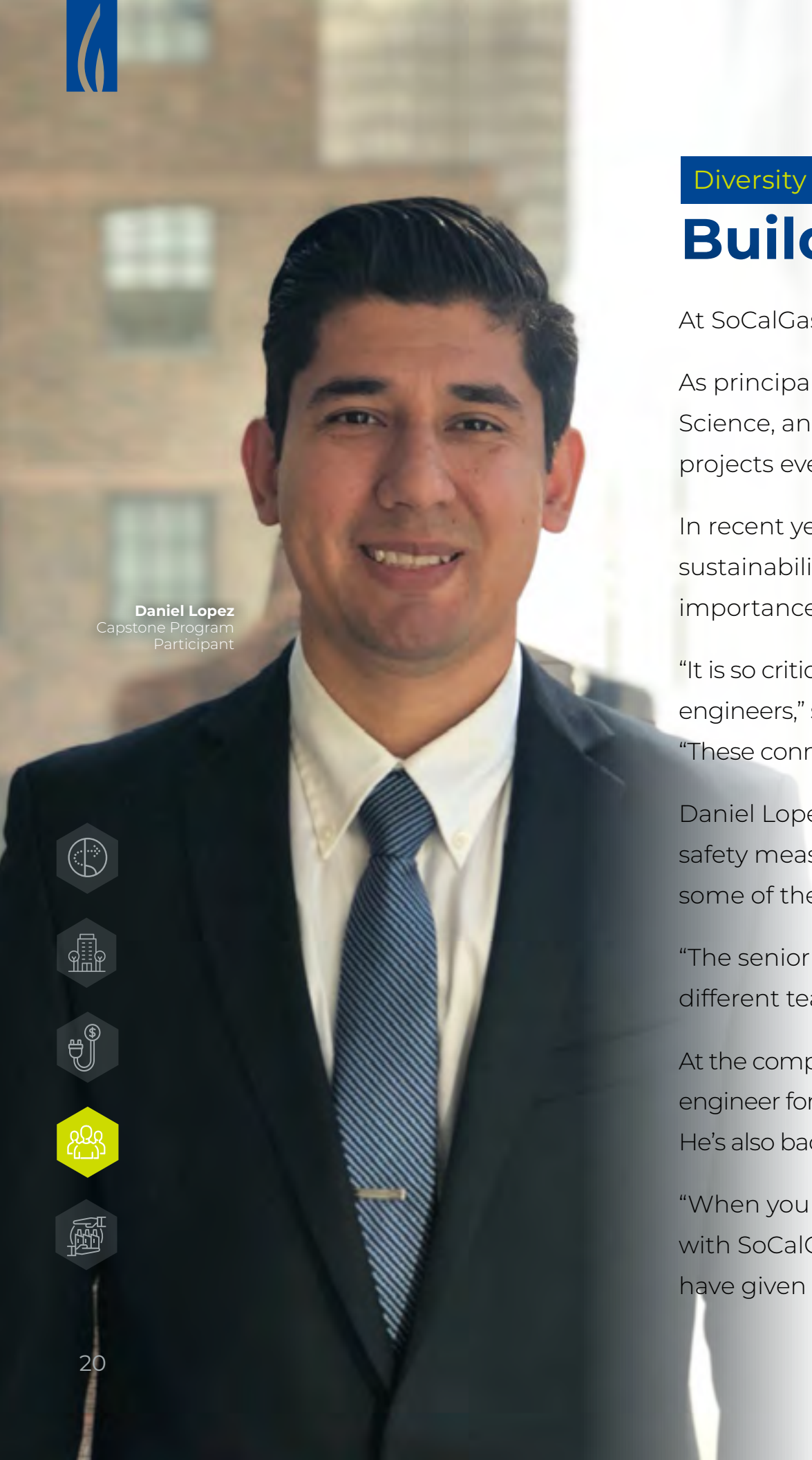
“It is so critical for engineering schools to have strong partnerships with employers so students can interact with working engineers,” says Dr. Emily Allen, Cal State LA Dean of the College of Engineering, Computer Science, and Technology. “These connections help students to get exposure to what engineers actually do in the working world.”

Daniel Lopez worked on a SoCalGas senior capstone project developing advanced meters with sensors and other safety measures, such as automatic turn-off mechanisms for earthquake or methane leak detection. Daniel says some of the most important skills he learned were related to teamwork.

“The senior design project was critical in my career progression,” he says. “I learned to collaborate with people, with different teams, working with my liaison from SoCalGas.”

At the completion of his capstone, he received an offer to join the SoCalGas team full-time and has been working as an engineer for three years. He’s now the SoCalGas Capstone liaison, supporting the next generation of Cal State LA students. He’s also back at Cal State LA as a graduate student, wrapping up his master’s thesis in mechanical engineering.

“When you graduate from Cal State LA you have a lot of options of where to go, and I’ve only had good experiences with SoCalGas,” he says. “I can’t stress enough how grateful I am for the opportunities that Cal State LA and SoCalGas have given me.”



Daniel Lopez
Capstone Program
Participant





Achieving World-Class Safety



SoCalGas is continually improving employee, contractor, and public safety values and culture by working to develop a best-in-class safety management program.

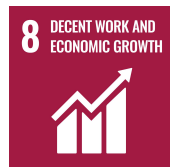
SoCalGas actions to achieve world-class safety:

- ▶ Train 100% of identified employees in emergency management and incident response each year³³
- ▶ Require 100% of approved pipeline construction contractors to have a formal safety management system program as part of contract requirements starting 2023³⁴
- ▶ Enhance damage prevention program to decrease the rate of third-party pipeline damages 40% by 2030 compared to a 2020 baseline³⁵
- ▶ Aim to achieve zero employee and contractor fatalities each year

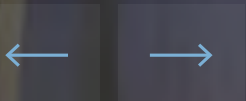


UN SDG:

Sustainability Pillars:



- Driving resilient operations
- Achieve world-class safety





Safety First, Foremost, and Always

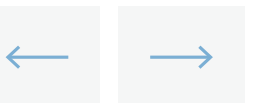
As the nation's largest gas distribution utility, the safety of our customers, employees, contractors, and the communities we serve has been — and will remain — our foremost priority.

The SoCalGas safety culture spans more than 150 years and is foundational to our business. Our commitment focuses on three primary areas — employee and contractor safety, customer and public safety, and the safety of our gas system.

We are expanding our safety structure with increased leadership commitment, risk management, and continuous improvement — driving organizational adoption and integration of a robust safety management program, reinforcing workforce safety through employee and contractor trainings, and raising awareness through preparedness trainings as first responders in emergency management and response.

We strive to improve and strengthen our safety performance by setting clear measurable goals, assessing our safety performance, reviewing and questioning approaches and assumptions, and learning from and sharing best practices and lessons learned with our stakeholders, including our peers. This safety commitment has guided SoCalGas' past and current safety actions and will guide our future direction.

Learn more about the SoCalGas Safety Management System in the [Safety Management System Plan](#)³⁶





Culture of Safety

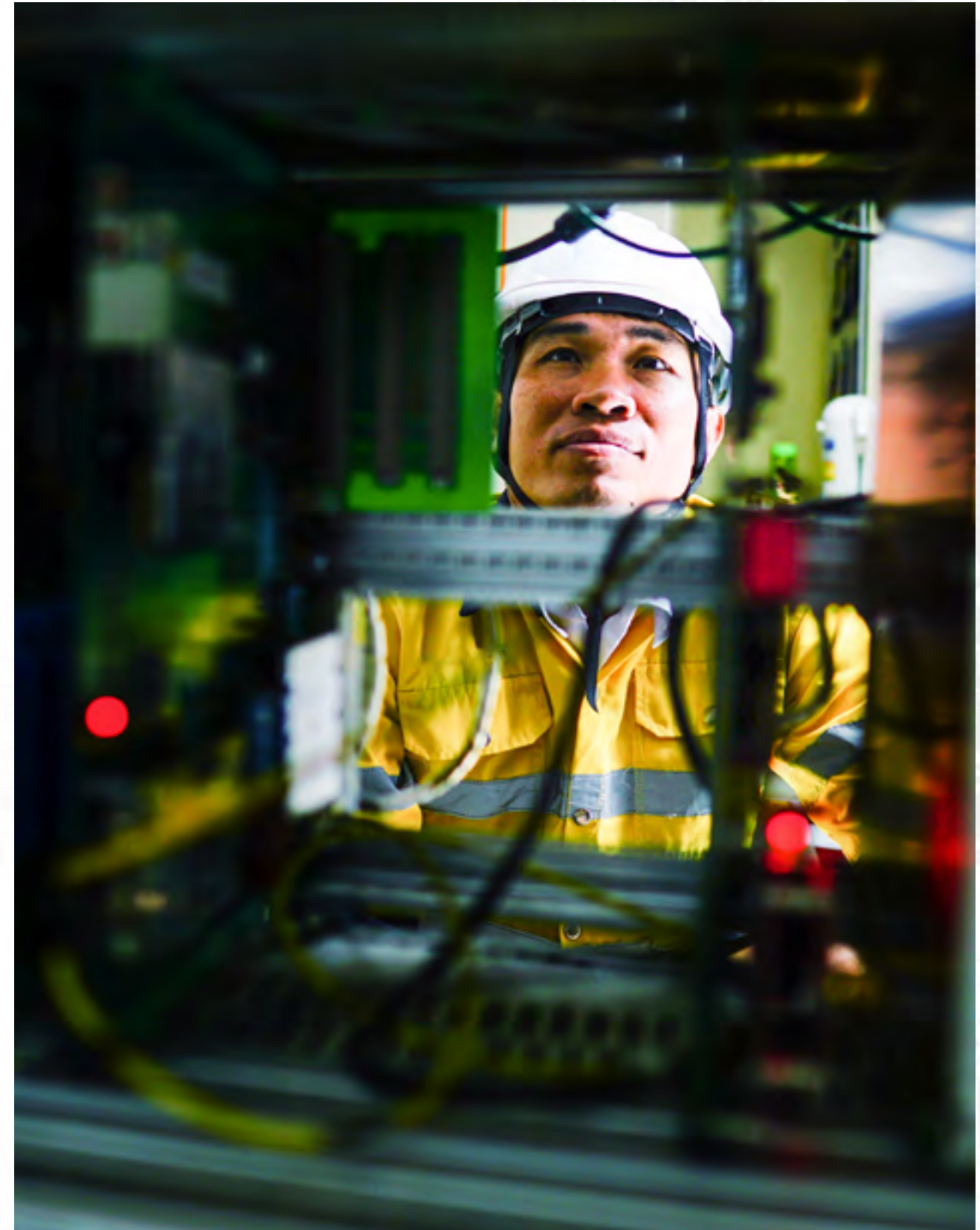
Enhancing Safety through Innovation

The landscape in California is constantly shifting – literally. While our underground pipeline infrastructure is resilient, we continuously seek innovative ways to prepare for the unexpected.

In 2017, SoCalGas began a [fiber optic technology](#) pilot program at select locations on our transmission pipelines.³⁷ The high-tech sensor system continuously 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.

At one location of our pilot, the fiber optic technology signaled a potential problem in a pipeline trench under a creek bed due to heavy rainfall after a fire season. The technology provided advance notice for the SoCalGas operations team to have sufficient time to quickly assess the alert and develop a plan to proactively address the situation to prevent 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.





Safety Initiatives Designed for Continuous Improvement



Creating an environment and culture where feedback is encouraged and integrated into decisions, activities, and processes



Adapting to dynamic regulatory and operating environments requiring advancements in efficiency, automation, and technology



Developing forums in which our employees feel empowered to suggest and pursue improvements



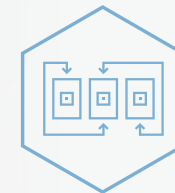
Improving our effectiveness in achieving strategic objectives



Strengthening our commitment to improve what we do and how we do it



Strengthening our knowledge of safety and compliance by facilitating employee discussions about lessons learned and corrective actions



Enhancing business processes and technology to deliver achievable and measurable benefits



Sustaining a culture where leadership demonstrates commitment to our Safety Management System program and its objectives



Measuring the effectiveness of continuous improvement programs to demonstrate advancements and lessons learned



Finding ways to build on the experience of our people and systems already operating within the organization





Governance: A Culture of Responsibility

As a community partner, we live by our core values and strive to deliver lasting benefits to our stakeholders. To achieve this, sustainability is the responsibility of every employee. Our governance framework aligns all business units with our sustainability strategy, sets clear lines of responsibility, and transparently tracks progress on our goals. This is further strengthened by guidance and collaboration from our parent company, Sempra, to advance our strategic priorities and culture of continuous improvement.

Governance:

- ▶ Sempra’s Sustainability Steering Committee is the highest-level committee responsible for the oversight of the corporation’s risk management and programs related to sustainability and other related matters affecting Sempra and its family of companies.
- ▶ SoCalGas’ Sustainability Executive Oversight Committee is where senior leaders set the vision, goals, and assess operational priorities, challenges, and opportunities to align with Sempra, the state, and the global sustainability community.
- ▶ SoCalGas’ Sustainability Program and focus areas are overseen by the Vice President - Strategy and Sustainability and Chief Environmental Officer, who reports directly to President Maryam Brown and CEO Scott Drury.
- ▶ SoCalGas has a dedicated sustainability team responsible for facilitating sustainability activities in coordination with the company’s cross-functional teams.

Strategy

SoCalGas’ sustainability strategy is integrated across all its business units. It is also aligned to Sempra’s sustainability pillars and supports corporate sustainability and financial reporting requirements. The sustainability focus areas were identified through internal and external stakeholder assessments and industry research. SoCalGas expects to continue to refine its goals and strategies to support its sustainability priorities.





The Path Forward

For SoCalGas, sustainability is our path to a brighter future for our business and all those we serve – our employees, our customers, and our communities.

We are focused on...

- ▶ Advancing a collective and collaborative transition to clean energy, using our resilient infrastructure to transport low carbon fuels.
- ▶ Building an environment that supports healthy and thriving communities.
- ▶ Accelerating solutions that make clean energy accessible and affordable for our customers.
- ▶ Creating a culture of inclusion and sense of belonging.
- ▶ Improving the well-being of employees, partners, and customers by embedding safety culture and values in all that we do.

Our goals are ambitious and necessary. They require partnership and collaboration with business partners, customers, regulatory and policy stakeholders, and continued dedication from the 7,800 SoCalGas employees.

The energy evolution is the next chapter in our story of service to Californians.





Endnotes

1. For more information, see ASPIRE 2045: Sustainability and Climate Commitment to Net Zero, available at: https://www.socalgas.com/sites/default/files/2021-03/SoCalGas_Climate_Commitment.pdf
2. The Role of Clean Fuels and Gas Infrastructure in Achieving California's Net Zero Climate Goal: https://www.socalgas.com/sites/default/files/2021-10/Roles_Clean_Fuels_Full_Report.pdf
3. The 17 Goals at the United Nations Department of Economic and Social Affairs, Sustainable Development, available at: <https://sdgs.un.org/goals>
4. For more information, see Assembly Bill 32, available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=200520060AB32
5. Sempra Energy's 2020 Corporate Sustainability Report, available at: https://www.sempra.com/sites/default/files/content/files/node-report/2020/SempraEnergy_2020_Corporate-Sustainability-Report.pdf
6. Clean fuels are defined as alternative fuels that have a net zero carbon footprint. Hydrogen, biogas, synthetic natural gas, biofuels, and several synthetic gaseous and liquid fuels fall in that category, as long as their production process and their end use do not lead to net-positive carbon dioxide emissions
7. Goal of \$400M is an aggregate co-funding target cumulative of 5 years, inclusive of 2021-2025
8. Specifically, we aim to provide 20% renewable natural gas to our "core service," as defined by SoCalGas' Tariff Rule No. 23, by 2030
9. The Role of Clean Fuels and Gas Infrastructure in Achieving California's Net Zero Climate Goal: https://www.socalgas.com/sites/default/files/2021-10/Roles_Clean_Fuels_Full_Report.pdf
10. Injecting Hydrogen Into the Gas Network — A literature search (2015), available at: <https://www.hse.gov.uk/research/rrpdf/rr1047.pdf>
11. SoCalGas Among First in the Nation to Test Hydrogen Blending in Real-World Infrastructure and Appliances in Closed Loop System (September 2021), available at: <https://newsroom.socalgas.com/press-release/socalgas-among-first-in-the-nation-to-test-hydrogen-blending-in-real-world>
12. For more information, see HYET: High Yield Energy Technologies at: <https://www.hyetgroup.com/>
13. SoCalGas to Test Technology that Could Transform Hydrogen Distribution and Enable Rapid Expansion of Hydrogen Fueling Stations, PR Newswire (December 16, 2020), available at: <https://www.prnewswire.com/news-releases/socalgas-to-test-technology-that-could-transform-hydrogen-distribution-and-enable-rapid-expansion-of-hydrogen-fueling-stations-301194342.html>
14. For more information, see Hydrogen's Role in Clean energy to Take the Spotlight in SoCalGas' H2 Hydrogen Home, PR Newswire (December 15, 2020), available at: <https://www.prnewswire.com/news-releases/hydrogens-role-in-clean-energy-to-take-the-spotlight-in-socalgas-h2-hydrogen-home-301193178.html>
15. Senate Bill 1371, available at: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=2013201405B1371
16. Excludes compressor, transmission, and meter and regulator facilities
17. Dependent on functional application and availability of vehicle products
18. See American Lung Association, "State of the Air Report," 2021, available at: <https://www.lung.org/getmedia/17c6cb6c-8a38-42a7-a3b0-6744011da370/sota-2021.pdf>
19. For more information, see <https://ww2.arb.ca.gov/research/research-health-effects-air-pollution>
20. Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Available at: https://www.ipcc.ch/site/assets/uploads/2018/02/WGIIAR5-PartA_FINAL.pdf [ipcc.ch]
21. California Air Resources Board, California Greenhouse Gas Emissions for 2000 to 2019 Trends of Emissions and Other Indicators, July 28, 2021, available at: https://ww2.arb.ca.gov/sites/default/files/classic/cc/ca_ghg_inventory_trends_2000-2019.pdf
22. The Role of Clean Fuels and Gas Infrastructure in Achieving California's Net Zero Climate Goal, October 2021, available at: https://www.socalgas.com/sites/default/files/2021-10/Roles_Clean_Fuels_Full_Report.pdf
23. For more information, see ASPIRE 2045: Sustainability and Climate Commitment to Net Zero, available at: https://www.socalgas.com/sites/default/files/2021-03/SoCalGas_Climate_Commitment.pdf
24. SoCalGas Data Analytics Team Named Most Innovative in the U.S. | SoCalGas Newsroom, available at: <https://newsroom.socalgas.com/press-release/socalgas-data-analytics-team-named-most-innovative-in-the-us>
25. Third-party peer data used to track progress on this goal will be sourced from American Gas Association (AGA); Top 50 IOUs by Total Customers
26. Bohn Sarah et. al, Poverty in California Factsheet July 2021, available at: <https://www.ppic.org/publication/poverty-in-california/#:~:text=According%20to%20official%20federal%20poverty%20statistics%2C%2012.8%25%20of,the%20lowest%20recent%20rate%20of%2012.4%25%20%28in%202007%29>
27. 2019 Annual Affordability Report (April 2021) California Public Utility Commission, available at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability>
28. Senate Bill 756, Hueso. Home weatherization services for low-income customers, available at: https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB756
29. "Leadership role" is defined as a management position of supervisor, team lead, manager, director, and/or officer of the company
30. "Leadership role": see endnote 30
31. "Diverse" is defined as Black, Indigenous and People of Color, inclusive of American Indian or Alaska Native, Asian, South Asian, Southeast Asian, Black or African American, Hispanic, Latino or Spanish Origin, Middle Eastern or North African, and Native Hawaiian or other Pacific Islander (BIPOC). "Underserved" is defined as people sharing a particular circumstance, such as homelessness, low income, ill, in-crisis, disabled, LGBTQIA, military/veterans, immigrants, seniors, youth, and students
32. Cal State LA ranked number one in the nation for upward mobility, available at: <https://www.calstatela.edu/univ/ppa/publicat/cal-state-la-ranked-number-one-nation-upward-mobilit>
33. "Identified employees" defined as employees who hold an on-call position in the incident command structure to support incident response
34. "Approved pipeline construction contractors" defined as a contractor classified under the North American Industry Classification System (NAICS) code 237120, pre-qualified, and approved by SoCalGas
35. Goal is based on anticipated program expansion approval from the California Public Utilities Commission
36. SoCalGas 2021 Gas Safety Plan, available at: https://www.socalgas.com/sites/default/files/2021_SoCalGas_Gas_Safety_Plan_Final.pdf
37. SoCalGas Breaks Ground on Innovative Fiber Optic Installation to Monitor Pipelines in Real-Time, available at: <https://sempra.mediaroom.com/index.php?s=19080&item=137390>



INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document 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 document. 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 document, forward-looking statements can be identified by words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “under construction,” “in development,” “target,” “outlook,” “maintain,” “continue,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the Comisión Federal de Electricidad, California Public Utilities Commission (CPUC), U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent of partners or other third parties; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, and arbitrations, including, among others, those related to the natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon natural gas storage facility; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our substantial debt service obligations; actions to reduce or eliminate reliance on natural gas, including any deterioration of or increased uncertainty in the political or regulatory environment for local natural gas distribution companies operating in California; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, information system outages or other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires or subject us to liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance, may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or limitations on the withdrawal of natural gas from storage facilities; the impact of the COVID-19 pandemic on capital projects, regulatory approvals and the execution of our operations; cybersecurity threats to the energy grid, storage and pipeline infrastructure, information and systems used to operate our businesses, and confidentiality of our proprietary information and personal information of our customers and employees, including ransomware attacks on our systems and the systems of third-party vendors and other parties with which we conduct business; expropriation of assets, failure of foreign governments and state-owned entities to honor their contracts, and property disputes; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation, and the risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; volatility in foreign currency exchange, inflation and interest rates and commodity prices and our ability to effectively hedge these risks; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov, and on the company's website, www.sempra.com. Investors should not rely unduly on any forward-looking statements.

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All photos are for informational purposes. SoCalGas is currently practicing all safety protocols consistent with local and health agency guidelines.

