



Political Engagement and Contributions Policy

Policy Statement

Sempra Energy and its business units consider engaging with policymakers to be an important, necessary and appropriate part of doing business. We track hundreds of proposed laws, rules, regulations and policies annually and engage at the federal, state, and local levels of government to ensure that the perspectives of our company, our shareholders, our customers, and our employees are represented before lawmakers and regulators. When warranted, we also take positions for or against proposals and sometimes suggest amendments as part of the public policy process.

We believe that public policy engagement is an important and appropriate role for companies, as long as it is conducted in a legal and transparent manner. In the U.S., there are federal, state and local lobbying registration and disclosure laws with which Sempra Energy and its business units comply, and the company has a robust training and reporting program in place to assure compliance.

Governance and Decision-Making

On an annual basis, Sempra Energy's public policy priorities and political contributions policies, processes and contributions expenditures, including lobbying expenditures associated with memberships, are shared with the Corporate Governance Committee of our Board of Directors. While our Board provides oversight, management is responsible for the activities, positions and daily decision-making consistent with this oversight.

Procedurally, corporate political spending plans and decisions are reviewed and approved by senior management. Individuals responsible for government affairs in each of Sempra Energy's business units work to prepare political contributions budgets for the local jurisdictions and states where the company has operations. Budgets are reviewed and approved by our business units' boards of directors before being submitted to Sempra Energy for review and approval. Once budgets are finalized, each contribution is reviewed and authorized by a vice president or higher level officer and political reporting and compliance reviews are conducted before contributions are made. Our employee political action committee spending plans and decisions are reviewed and approved by the Political Action Committee's Board of Directors and also receive political reporting and compliance clearance before checks are issued.

Sempra Energy has a department dedicated to all aspects of compliance with applicable political laws and reporting obligations. This department, with the assistance of legal counsel, informs and educates employees, analyzes legal compliance; monitors and communicates



changes in laws, and collects disclosure information in a centralized database which is then used to prepare disclosure reports. The training and outreach program consists of the following:

- An annual online training course required for all external-facing employees, officers, attorneys and directors;
- A quarterly newsletter sent to all external-facing employees, officers, attorneys and directors with regulation changes, legal information and links to internal and external resources;
- A bi-annual in-person and/or webinar training regimen for all new hires and transfers;
- Periodic in-person and/or webinar training for groups identified as having the potential for interface with public officials; and
- A company intranet site dedicated to political reporting and compliance, which has information on lobbying, gifts, contributions and political fundraising.

Management oversight for corporate political activity and the Sempra Energy Employees' Political Action Committee resides with the highest-ranking external affairs executive of the company, Mr. Jessie J. Knight, Jr., Executive Vice President, External Affairs and chairman of the boards of San Diego Gas & Electric Company and Southern California Gas Company.

Corporate Political Contributions

Sempra Energy makes corporate political contributions in the U.S. as permitted by law only from corporate shareholder funds. Political contributions are made to candidates, political parties, political action committees, independent expenditure committees, and ballot measures in furtherance of public policies that support the company's business interests. Direct independent expenditures paid outside of political contributions for or against ballot measures or propositions may be made on occasion, but not in support of, or in opposition to, specific candidates. Political contributions are never made outside of the U.S. Our position on U.S. energy policy, climate change or other matters material to the company are detailed in the company's annual corporate responsibility report, where more detailed information is also provided on political involvement. The report is published annually and is available on our website, including archived reports from previous years.

Sempra Energy complies with all federal, state and local laws as well as reporting requirements governing corporate political contributions. Federal law, for example, forbids corporations from giving monetary or in-kind contributions to candidates for federal office. State and local laws dictate the conditions under which corporate political contributions may be made and disclosed.



Consistent with our commitment to ethical business conduct, political spending reflects Sempra Energy's interests and is not based on the personal interests of any of our individual officers, directors or employees. Furthermore, no contributions are given in anticipation of, in recognition of, or in return for, any official act.

Employee Political Action Committee Contributions

Sempra Energy's employees take an active role in the political environment through the Sempra Energy state and federal Employees Political Action Committees (collectively, SEEPAC). SEEPAC is a voluntary political action committee independent of any political party. It is designed to provide the employees of Sempra Energy and its affiliates an effective, convenient way to make financial contributions that can be used to support candidates and participate in the political process.

SEEPAC complies with all reporting requirements governing political action committee contributions. Employees are prohibited from making political contributions from personal funds, or through SEEPAC, and then seeking reimbursement from the company.

Trade Association & Business Memberships

Sempra Energy holds memberships in industry, trade and business associations representing the energy industry and the business community. Engaging with other business and industry stakeholders helps us gain perspective and views on public policy issues that impact our company, our shareholders, our customers and our employees.

While we may not always agree with the positions taken by an association or its members, corporate memberships enable us to learn the views of others, obtain feedback, and ultimately, voice our concerns, perspectives and positions on proposed legislation and regulations in a more educated and thoughtful manner.

Transparency and Disclosure

Sempra Energy discloses all corporate political contributions, political committee contributions (PACs, political parties and other committee types, including independent expenditure committees when/if made), employee-sponsored PAC contributions, and business or trade association memberships of \$20,000 or more wherein organizations reported to us that a portion of the fees were used for lobbying expenditures or contributions considered non-deductible under Section 162(e)(1)(B) of the IRS. We disclose total fees paid to these organizations as well as the amounts attributable to lobbying expense as reported to Sempra Energy by the associations themselves, which includes 501(c)4 and 501(c)6 organizations. Beginning in 2014, we began disclosing this information semi-annually.