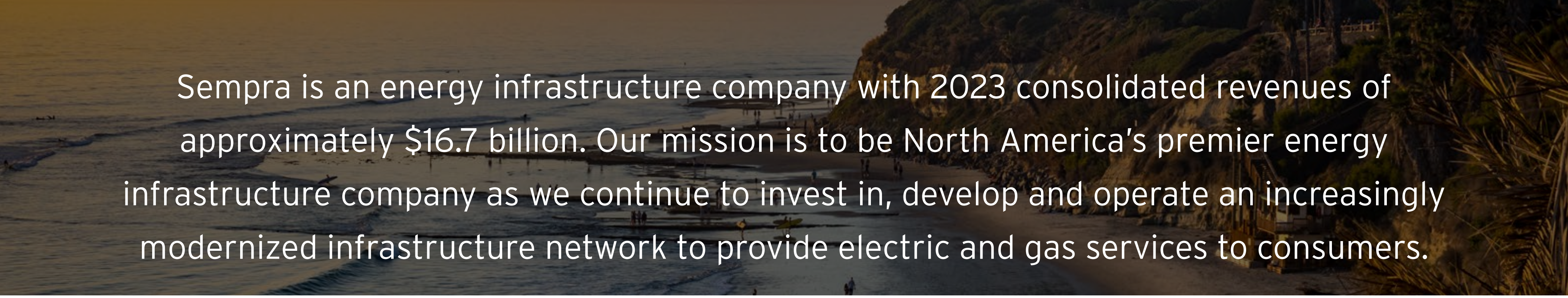
# Sustainable Financing Report

**August 2024**


SEMPRA™



Sempra is an energy infrastructure company with 2023 consolidated revenues of approximately $16.7 billion. Our mission is to be North America's premier energy infrastructure company as we continue to invest in, develop and operate an increasingly modernized infrastructure network to provide electric and gas services to consumers.

## Sempra

The Sempra® family of companies is organized under three reportable segments – Sempra California, which consists of San Diego Gas & Electric Company® (SDG&E) and Southern California Gas Company® (SoCalGas), Sempra Texas Utilities and Sempra Infrastructure.

At Sempra, there are more than 20,000 talented employees who deliver energy with purpose to nearly 40 million consumers every day. With $87 billion in total assets at the end of 2023, Sempra is the owner of one of the largest energy networks on the continent. Sempra is electrifying and improving the energy resilience of some of the world's most significant economic markets, including California, Texas, Mexico and global energy markets.

Sempra aims to have net-zero greenhouse gas (GHG) emissions by 2050 and continues to invest in building key capabilities to support market demand for lower carbon energy while also working to support the environment and communities in which we operate.

As detailed in our 2023 Corporate Sustainability Report, we continue to invest in critical energy infrastructure with a goal of delivering safe, reliable and increasingly clean forms of energy to consumers.
As part of our sustainable business strategy, we are innovating for the future and boldly advancing initiatives in renewables and low-carbon solutions as well as piloting innovative technologies. Among them are essential vehicle-to-grid programs, virtual power plants, artificial intelligence, advanced energy storage and the pursuit of transformative hydrogen projects. Through this progress, we are demonstrating our ability to build a more sustainable future while also advancing innovation and new technologies that are critical to advancing long-term economic growth and prosperity.

## Sustainable Financing Framework

In August 2021, Sempra introduced its Sustainable Financing Framework (Framework), which outlines the parameters under which Sempra, SDG&E, and SoCalGas can issue green bonds, social bonds, sustainability bonds, loans, or other financial instruments (collectively, Sustainable Financing Instruments). It establishes criteria for the use of proceeds from issuances of Sustainable Financing Instruments to finance or refinance projects in alignment with our sustainability strategy, while also paving the way to expand new sustainable financing opportunities.

Sempra retained Vigeo Eiris (V.E), an independent global provider of ESG research and ratings, to deliver a second party opinion that confirms our Framework is in alignment with the International Capital Market Association's Green Bond Principles, 2021, Social Bond Principles, 2021, Sustainability Bond Guidelines, 2021, and the Loan Syndications and Trading Association's Green Loan Principles, 2021.

## SDG&E Green Bonds

On August 11, 2023, SDG&E issued $600 million aggregate principal amount of 4.950% Green First Mortgage Bonds, Series AAAA, due 2028 (Green Bonds) pursuant to the Framework. In line with the commitments detailed in the Framework, this Sustainable Financing Report describes the projects financed and/or refinanced with the net proceeds (or an amount equal thereto) from the sale of the Green Bonds and addresses the relevant environmental impact of such projects.

## About SDG&E

SDG&E is an innovative energy company that serves the people and businesses of San Diego and southern Orange counties. For more than 140 years, the people of SDG&E have worked daily to power the lives of the 3.7 million community members that depend on them today.

SDG&E supports California's climate goals by diversifying energy resources, collaborating with regional organizations, and enabling customer choice to help build an affordable, flexible and resilient grid. Guided by the State's policy objectives and established regulatory framework, SDG&E has set an aim to have net-zero GHG emissions by 2045. As part of this net zero aim, SDG&E relies on its "Path to Net Zero" economy-wide GHG Study, which recommends a diverse approach to achieve California's 2045 decarbonization goals by leveraging cleaner electricity, cleaner fuels and carbon removal through the lens of reliability, affordability and equity.

SDG&E's sustainability strategy is designed to help the company and the communities it serves mitigate and adapt while transforming the grid to be a resilient catalyst for clean energy. These activities also offer a framework to integrate environmental and social justice, as well as climate equity considerations in SDG&E's operations and investment decisions.

## SDG&E Green Bonds

The net proceeds from the sale of the Green Bonds were approximately $593.8 million (after deducting the underwriting discount but before deducting estimated offering expenses). Such net proceeds (or an amount equal thereto) were intended to be disbursed or allocated to finance and/or refinance, in whole or in part, investments in one or more new or existing Eligible Projects within 24 months prior to and 36 months subsequent to the date of issuance, with no more than 50% of such net proceeds (or amount) intended to be disbursed or allocated to refinance existing Eligible Projects. Eligible Projects for such net proceeds (or amount), as set forth in the Use of Proceeds section of the Green Bonds Prospectus Supplement and as defined in the Sustainable Financing Framework, align with SDG&E's sustainability strategy and fall into one or more of the following categories (each, an Eligible Project Category): Climate Change Adaptation, Clean Energy Solutions and Clean Transportation.

| | |
|---|---|
| **Issuing Entity** | San Diego Gas & Electric Company |
| **Framework** | Green Bond |
| **Ratings** | A1 (stable) by Moody's Investors Service, Inc.<br>A (stable) by S&P Global Ratings<br>A (stable) by Fitch Ratings |
| **Trade Date** | August 7, 2023 |
| **Settlement Date** | August 11, 2023 |
| **Maturity Date** | August 15, 2028 |
| **Principal Amount** | $600 million |
| **Net Proceeds** | $593.8 million |
| **Coupon** | 4.950% |
| **CUSIP** | 797440 CE2 |

# Allocation Report

As of March 31, 2024, an amount equal to the net proceeds from the issuance of the Green Bonds was used to finance and/or refinance investments in Eligible Projects. For this purpose, we refer to the "Refinance Period" as the period prior to issuance of the Green Bonds from July 2022 through July 2023 and the "Current Period" as the period following issuance of the Green Bonds from August 2023 through March 2024.

An independent registered public accounting firm has examined management's assertion that the net proceeds from the issuance of the Green Bonds (or an amount equal thereto) have been used for Eligible Projects and provided an attestation in accordance with attestation standards established by the American Institute of Certified Public Accountants. Both management's assertion and the third-party attestation may be found on the Sustainable financing section of our corporate website.

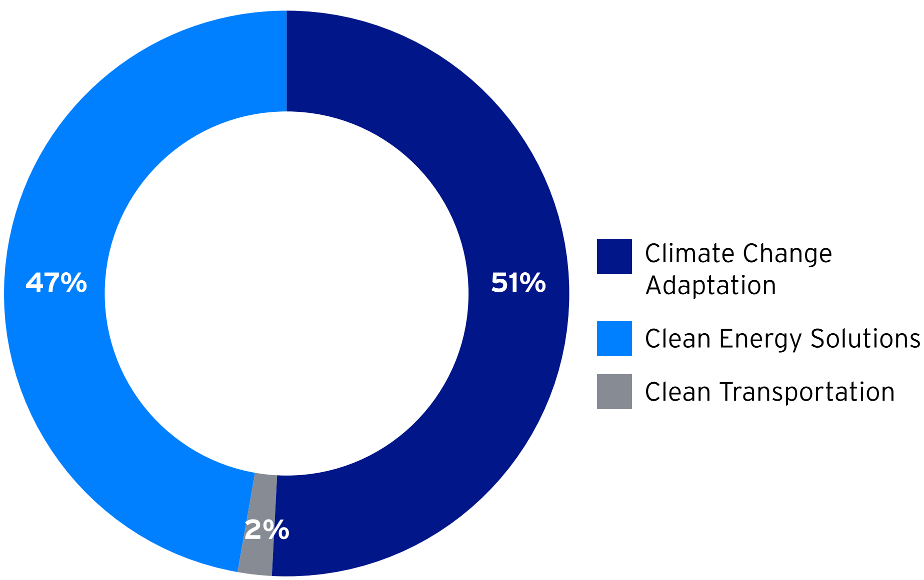
Net Proceeds

**$ 593.8 million**

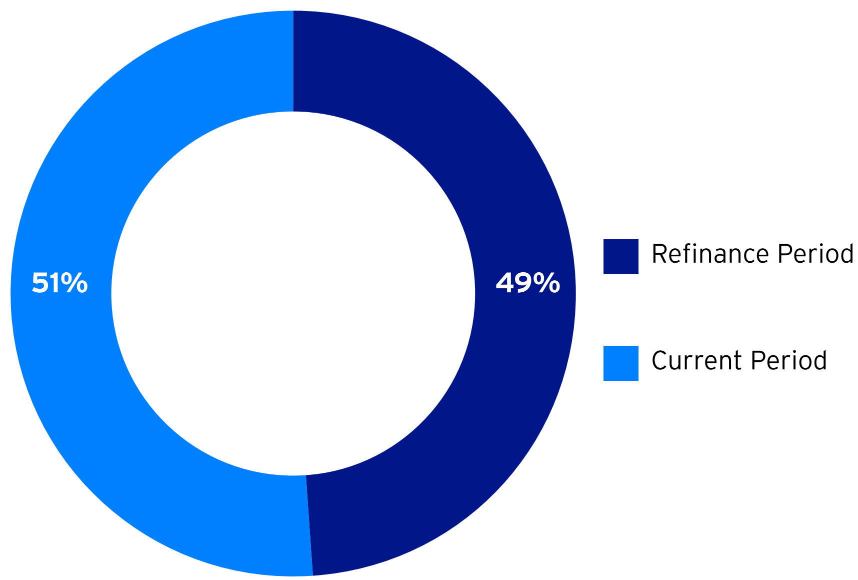
Net Proceeds Allocated

**100%**

## Allocation of Net Proceeds by Eligible Project Category

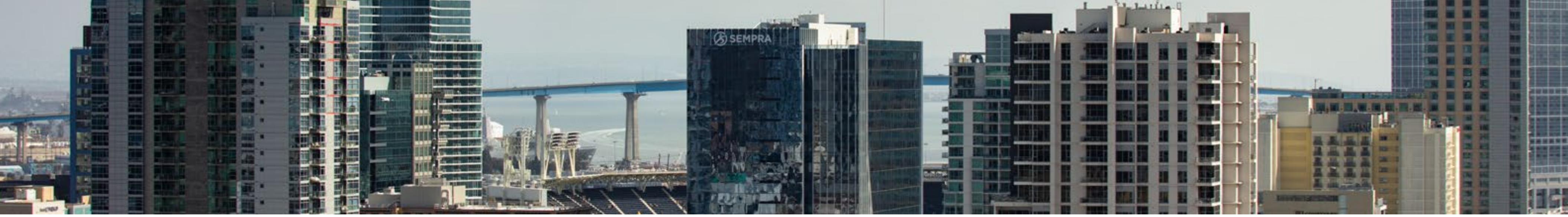



## Allocation of Net Proceeds to Refinance or Finance Eligible Projects



# Impact Report

| Eligible Projects Category[1] | UN Sustainable Development Goals[1] | Eligible Project Criteria | Eligible Projects | Quantitative Impact Metrics | Use of Proceeds ($ millions) |
|---|---|---|---|---|---|
| **Climate Change Adaptation** | 9 Industry, Innovation and Infrastructure; 13 Climate Action | Investments and expenditures in infrastructure and grid hardening intended to reduce climate change risks such as wildfires, sea-level rise and elevated temperatures | • Infrastructure for hardening and resilience, primarily for wildfire mitigation<br>• Microgrids for improved local resilience and reliable energy delivery, and more efficient use of lower-carbon sources of energy, including energy storage | • 115 miles of electric system hardened[2]<br>• 1,004 poles replaced[3]<br>• 29 MW/109 MWh microgrids connected[4] | $304.0 |
| **Clean Energy Solutions** | 7 Affordable and Clean Energy; 13 Climate Action | Investments and expenditures in the construction, development, acquisition, expansion, research and development, generation, and operation of clean energy infrastructure | • Energy storage (battery storage – all chemistries) | • 171 MW/684 MWh of energy storage connected[5] | $275.9 |
| **Clean Transportation** | 11 Sustainable Cities and Communities | Investments and expenditures in clean transportation charging infrastructure | • Installation of electric vehicle (EV) chargers and make-ready infrastructure ("make-ready" means that all necessary electrical infrastructure to operate the charging stations is completed) | •182 EV charging stations installed and supporting make-ready infrastructure[6] | $13.9[7] |
| | | | | **Total Use of Proceeds** | **$593.8** |




# Notes to the Impact Report

1. Reflects category alignment to the 17 Sustainable Development Goals outlined by the United Nations.

2. Metric reported for total miles of electric system hardening includes a combination of Strategic Undergrounding and Overhead System Covered Conductor energized. Strategic Undergrounding represents 71 miles of overhead system converted to underground in the high fire threat district. The Strategic Undergrounding program provides the dual benefits of significantly reducing wildfire risk and the need for Public Safety Power Shutoff events in these areas. Overhead System Covered Conductor represents 44 miles of bare conductors replaced with covered conductors in the high fire threat district.

3. Metric represents the total number of poles replaced resulting from risk-informed drone inspections. These activities aim to enhance the ability to identify potential fire hazards related to certain types of issues or where conditions such as terrain and vegetation density make visual inspections more difficult.

4. Microgrids connected (megawatts (MW) / megawatt hours (MWh)) reflects the total storage capacity at the three microgrid locations connected. Elliott, Paradise, and Clairemont microgrids were each completed in March 2024 and two are powered by a 10 MW/40 MWh lithium-ion battery storage system (Clairemont 9 MW/29 MWh). The three projects are expected to have the capability to island all customers on their respective circuits, including medical, fire, police, public library, and school facilities.

5. Energy storage connected (MW/MWh) reflects total expected energy storage capacity for three lithium-ion battery projects. The Westside Canal Energy Storage project (131MW/524MWh) was placed in service in June 2023. The remaining two projects (Santee and Fallbrook 2.0), totaling 40 MW/160MWh, are expected to be completed in 2024.

6. Charging stations installed may include multiple ports per station energized within the finance period and does not include future ports supported by make-ready infrastructure. Includes installation of 96 EV charging stations across medium and heavy-duty vehicle segments. Additionally, 86 EV charging stations were installed at school/educational facilities, parks and beaches as part of a pilot authorized by California Assembly Bills 1082 and 1083.

7. Includes amounts allocated to make-ready infrastructure (including engineering, construction and materials) to energize the EV charging stations.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions about 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 the date of this report August 9th, 2024. 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 "believe," "expect," "intend," "anticipate," "contemplate," "plan," "estimate," "project," "forecast," "envision," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "construct," "develop," "opportunity," "preliminary," "initiative," "target," "outlook," "optimistic," "poised," "positioned," "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: 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, denials or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions, including the failure to honor contracts and commitments, by the (i) California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, U.S. Internal Revenue Service, Public Utility Commission of Texas and other regulatory bodies and (ii) U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries where we do business; the success of business development efforts, construction projects, acquisitions, divestitures, and other significant transactions, including risks related to (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, (iv) obtaining third-party consents and approvals and (v) third parties honoring their contracts and commitments; macroeconomic trends or other factors that could change our capital expenditure plans and their potential impact on rate base or other growth; litigation, arbitration, property disputes and other proceedings, and changes (i) to laws and regulations, including those related to tax and trade policy and the energy industry in Mexico and (ii) due to the results of elections; 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; the availability, uses, sufficiency, and cost of capital resources and our ability to borrow money or otherwise raise capital 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, (ii) instability in the capital markets, or (iii) rising interest rates and inflation; the impact on affordability of San Diego Gas & Electric Company's (SDG&E) and Southern California Gas Company's (SoCalGas) customer rates and their cost of capital and on SDG&E's, SoCalGas' and Sempra Infrastructure's ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E's and SoCalGas' businesses, the cost of meeting the demand for lower carbon and reliable energy in California, and (iii) with respect to Sempra Infrastructure's business, volatility in foreign currency exchange rates; the impact of climate policies, laws, rules, regulations, trends and required disclosures, 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 uncertainty related to emerging technologies; weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events, such as work stoppages, 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; Oncor Electric Delivery Company LLC's (Oncor) ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; 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 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 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 and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra Infrastructure Partners, Sempra Texas, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

SEMPRA™