

WHEREAS: The Intergovernmental Panel on Climate Change released a report finding that "rapid, far-reaching" changes are necessary in the next 10 years to avoid disastrous global warming.¹ The economic impacts of exceeding 1.5 degrees Celsius warming are projected to be in the tens to hundreds of trillions of dollars by 2100.^{2,3}

According to the most recent annual United Nations Environment Programme "Emissions Gap Report,"⁴ critical gaps remain between national governments' climate commitments and the level of action necessary to prevent catastrophic climate change.

Companies have an important role to play in enabling policymakers to close these gaps. Corporate lobbying activities that seek to prevent climate-related laws and regulations present growing risk to investors. Delays in implementing the Paris Agreement's decarbonization goals increase the physical risks of climate change, pose systemic risk to economic stability, and introduce uncertainty and volatility into investor portfolios.

Investors believe that Paris-aligned climate lobbying, including lobbying by trade groups, helps to mitigate these risks and contributes positively to the long term value of investment portfolios. Over a dozen large European companies have reached agreements with investors regarding Paris aligned lobbying disclosure, and Shell, BP, and Total have published reports evaluating the positions their trade associations take on climate change.⁵

Investors currently lack sufficient information to understand how Sempra ensures its lobbying activities, both direct lobbying and indirect lobbying through trade associations, align with the Paris Agreement's goals, and what actions Sempra is taking to address any misalignments.

Unlike peers, Sempra has no net zero or long term climate targets. Instead, it continues to invest in greenhouse gas intensive natural gas assets,⁶ acknowledging this will cause its emissions to balloon.⁷ While Sempra discloses how its trade associations align with its own views on climate change,⁸ current reporting does not disclose whether its lobbying is aligned with Paris goals, especially regarding natural gas use. Sempra's climate-related lobbying has already sparked concern. Subsidiary Southern California Gas Company (SoCalGas) is currently under investigation by the California Public Utilities Commission's (CPUC) Public Advocates

¹ <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

² <https://www.nature.com/articles/d41586-018-05219-5>

³ <https://www.nature.com/articles/s41467-020-18797-8/>

⁴ <https://www.unenvironment.org/resources/emissions-gap-report-2019>

⁵ <https://www.ceres.org/news-center/press-releases/major-us-investors-call-largest-corporate-emitters-disclose-how-their>

⁶ <https://rmi.org/wp-content/uploads/2020/03/Methane-Insight-Brief.pdf>

⁷ <https://www.sempra.com/sites/default/files/content/files/node-media-document/2019/2019-sempra-corporate-sustainability-report.pdf>, p.36

⁸ [CDP Reporting](#)

Office (PAO) regarding the use of ratepayer funds and lobbying groups to promote gas.⁹ Already, PAO has recommended a \$255 million fine for undermining energy efficiency rules.¹⁰ SoCalGas has also filed lawsuits with California agencies fighting clean truck regulations and electrification policy.¹¹ Federal legislators recently took issue with Sempra's anti-climate lobbying and actions, sending a public letter questioning SoCalGas' efforts to undermine California's greenhouse gas targets.¹²

We urge the Board and management to report to shareholders on this critical issue.

RESOLVED: Shareholders request the Board of Directors evaluate and issue a report (at reasonable cost, omitting proprietary information) describing if, and how, Sempra's lobbying activities (direct and through trade associations) align with the Paris Agreement's goal to limit temperature rise to 1.5 degrees and how Sempra plans to mitigate risks presented by any misalignment.

⁹ <https://www.latimes.com/environment/story/2020-07-23/is-americas-biggest-gas-utility-fighting-climate-action-california-demands-answers>

¹⁰ <https://earthjustice.org/sites/default/files/files/r1311005-public-advocates-office-opening-brief.pdf>

¹¹ <https://www.latimes.com/environment/story/2020-08-04/california-sued-by-nations-biggest-gas-utility-in-climate-change-dispute>

¹² https://www.utilitydive.com/news/california-federal-legislators-press-socalgas-on-reported-efforts-to-under/588174/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-11-02%20Utility%20Dive%20Newsletter%20%5Bissue:30588%5D&utm_term=Utility%20Dive