**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 levels of global warming.

The energy sector plays a critical role in mitigating climate risk. Already, the sector is undergoing a rapid transition by moving away from coal, but growing reliance on natural gas creates ongoing risk. Natural gas is a major contributor to climate change due to combustion emissions and methane leaks. In 2018, gas contributed to an *increase* in power sector emissions, jeopardizing chances of achieving reductions in line with the Paris Agreement's goal of keeping global warming below 1.5 degrees Celsius.

Building new gas infrastructure may be uneconomic and result in costly stranded assets comparable to early retirements now occurring for coal. While some low-carbon scenarios show gas use continuing, they rely on significant carbon removal technologies -- a risky assumption given the technology has not proven economic at scale.

Demand response, energy efficiency, renewables plus storage, and electrification are all increasingly cost-effective means of serving energy needs while reducing gas use and climate impacts. City governments, recognizing gas' climate impacts, are setting policies prohibiting gas hookups for new buildings in favor of safer, healthier electric buildings. Furthermore, the state of California has set ambitious mid-century clean energy targets, San Diego is pursuing 100 percent clean energy programs, and civil society pressure continues to mount against fossil fuels. As this opposition to gas grows, Sempra has increased lobbying of local officials to support gas over electrification through proposals that run counter to ratepayer and climate considerations.

Sempra's existing climate targets are short term, and investors lack sufficient information to understand if or how the Company can reconcile its reliance on natural gas with achieving California's decarbonization targets. The Company's disclosures indicate Sempra is continuing to invest in expensive natural gas-related infrastructure and is not sufficiently addressing how those assets and their depreciation timelines reconcile with state decarbonization goals. Notably, the company has proposed increased investment in renewable natural gas. While renewable gas from organic waste material can provide climate benefits compared to fossil gas, renewable natural gas has significant supply constraints and is unlikely to provide the majority of Sempra's future energy needs.

Peer utilities, including NextEra and Xcel, have avoided investing in new gas infrastructure by replacing coal assets with renewables and storage, creating win-win solutions. Shareholders are concerned Sempra is lagging behind and exposing itself to climate-related risks by investing in significant gas holdings that may become stranded.

**BE IT RESOLVED:** Shareholders request that Sempra issue a report, at reasonable cost and omitting proprietary information, describing how it is responding to the risk of stranded assets of current and planned natural gas-based infrastructure and assets, as the global response to climate change intensifies.