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December 29, 2023

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *Sempra*
Shareholder Proposal of Utility Workers Union of America
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Sempra (the "Company"), intends to omit from its proxy statement and form of proxy for its 2024 Annual Shareholders Meeting (collectively, the "2024 Proxy Materials") a shareholder proposal (the "Proposal") and statement in support thereof (the "Supporting Statement") received from Utility Workers Union of America (the "Proponent").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the "Commission") no later than eighty (80) calendar days before the Company intends to file its definitive 2024 Proxy Materials with the Commission; and

- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the "Staff"). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

THE PROPOSAL

The Proposal states:

> RESOLVED: Shareholders of Sempra urge the Board of Directors or its Safety, Sustainability and Technology Committee (the "Committee") to report to shareholders by the 2025 annual meeting, at reasonable cost and excluding proprietary and personal information, on the steps Sempra has taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of Sempra and its subsidiaries (collectively, the "Company").
>
> The report should describe the Board's oversight of Company performance regarding environmental and safety risks and include an analysis of the underlying causes of any significant environmental incidents endangering public safety or life-threatening safety incidents during the preceding ten years.

The Supporting Statement asserts that "shareholders would benefit from a report by the Board or the Committee on the steps Sempra has taken to analyze the underlying causes of these sorts of incidents and therefore to help reduce their risks of recurrence." A copy of the Proposal and the Supporting Statement is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

For the reasons discussed below, we respectfully request that the Staff concur with our view that the Proposal may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) as relating to the Company's ordinary business operations. Implementation of the Proposal would implicate the Company's litigation strategy in and the conduct of ongoing litigation to which the Company and one of its subsidiaries are defendants. Specifically, as explained below, the Proposal relates to the same subject matters and legal issues being litigated in several pending matters concerning the two specific incidents cited in the Supporting Statement as the bases for the Proposal. In addition, by requesting a report "on the steps [the Company] has taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of [the Company] and its subsidiaries," the Proposal presupposes that such causes were within the control of the Company. The Company is currently litigating the "underlying causes" of the two incidents cited in the Supporting Statement, including whether the Company and/or its subsidiary was negligent or otherwise culpable. Thus, the Proposal relates to the Company's ordinary business operations because disclosing the information as requested by the Proposal would require the Company to take action that would harm its legal strategy.

BACKGROUND

The Company and one of its subsidiaries presently are defendants in various litigation relating to the two incidents discussed in the Supporting Statement: (1) a leak at the Southern California Gas Company ("SoCalGas") Aliso Canyon natural gas storage facility that began in 2015 (the "Aliso Canyon Incident"), which the Proposal alleges involved "one of the wells at the Aliso Canyon gas storage field owned by [SoCalGas] ruptur[ing] due to corrosion of the well casing from groundwater contact"; and (2) the explosion at a single-family residence in the City of Murrieta in 2019 and resulting injuries (the "Murrieta Incident," and, together with the Aliso Canyon Incident, the "Cited Incidents"), which the Proposal alleges involved an explosion after a "fail[ure] to accurately determine the concentration and extent of migration of gas escaping from a 2019 pipeline rupture."

SoCalGas and the Company were named in numerous lawsuits following the Aliso Canyon Incident, including actions filed by thousands of individual plaintiffs. In September 2021, SoCalGas and the Company entered into an agreement (in which, for many of the same reasons outlined in this letter, SoCalGas and the Company denied liability or wrongdoing) to resolve those plaintiffs' complaints, and most of them chose to participate in the settlement. The plaintiffs who did not participate in the settlement continue to pursue their claims. Further, additional lawsuits on behalf of new plaintiffs have been filed, and together with the plaintiffs who chose not to participate in the settlement, constitute hundreds of remaining claims against SoCalGas and the Company related to the Aliso Canyon Incident (the "Aliso Canyon Litigation"). The Aliso Canyon Litigation is coordinated before a single court in the Los Angeles Superior Court for pretrial management under a consolidated master complaint filed in November 2017. *Judicial Council Coordination Proceeding*, No. JCCP 4861, *S. Cal. Gas Leak Cases*, filed Nov. 20, 2017 (Super. Ct., County of Los Angeles). The Aliso Canyon Litigation consolidated master complaint asserts various causes of action against SoCalGas and the Company, including negligence, negligence per se, strict liability, negligent and intentional infliction of emotional distress, fraudulent concealment, private and public nuisance, trespass, inverse condemnation, loss of consortium and wrongful death. *Id.*

SoCalGas and the Company also are involved in an insurance coverage litigation arising from the Aliso Canyon Incident, *Sempra Energy et. al. v. Assoc. Elec. & Gas Ins. Svcs. Ltd., et. al.*, Case No. 2:19-CV-03340-SSS-JPRx, filed March 22, 2019 (C.D. Cal.), in which they are seeking indemnity from one of their insurers for the settlement with individual plaintiffs described above (the "Aliso Insurance Litigation"). Whether the insurer is obligated for such indemnity turns, in large part, on what are determined to be the "underlying causes" of the Aliso Canyon Incident and the nature and origin of the damages alleged by the private plaintiffs in the Aliso Canyon Litigation.

In addition, SoCalGas has been sued in three separate cases related to the Murrieta Incident:

- *Alexis Haaland, et al., v. S. Cal. Gas Co., et al.*, No. 21STCV01556, filed Jan. 14, 2021 (Super. Ct., County of Los Angeles) (in which the plaintiffs claim negligence and loss of consortium);

- *Anthony Borel v. S. Cal. Gas Co., et al.*, No. RIC2002687, filed July 17, 2020 (Super. Ct., County of Riverside) (in which the plaintiff asserts various negligence-related claims); and

- *State Farm Gen. Ins. Co. v. Hosopo Corp., et al.*, No. MCC2001769, filed Sept. 8, 2020 (Super. Ct., County of Riverside) (in which the plaintiff alleges negligence, trespass to land, private nuisance and inverse condemnation)

(collectively, the "Murrieta Litigation," and, together with the Aliso Canyon Litigation, the "Cited Litigation").

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Deals With Matters Relating To The Company's Ordinary Business Operations.

The Proposal requests a report "on the steps [the Company] has taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of [the Company] and its subsidiaries," and its Supporting Statement urges support for the Proposal by referencing the Cited Incidents and asserting that a report "on the steps [the Company] has taken to analyze the underlying causes of these sorts of incidents . . . therefore [would] help reduce their risks of recurrence." As detailed below, the Proposal relates to the same subject matters and legal issues (specifically, "the underlying causes of these sorts of incidents") being litigated by the Company and its subsidiary in the Cited Litigation and the Aliso Insurance Litigation. Moreover, in assuming that the Company could "take[]" "steps" to reduce the occurrence of events like the Cited Incidents, the Proposal presupposes that such causes were within the Company's control. However, the "underlying causes" of each incident, including whether such causes were within the Company's control, and to the extent such causes were within the Company's control, whether and to what extent the Company and/or its subsidiary was culpable for alleged harms arising from each incident, are the subject of ongoing litigation. Thus, disclosing a report of any internal Company analysis of the "underlying causes" of the Cited Incidents, as requested by the Proposal,

would require the Company to take action that would harm its legal strategy and defense in pending litigation. For these reasons, the Proposal is excludable under Rule 14a-8(i)(7).

A. Background On Rule 14a-8(i)(7)

Pursuant to Rule 14a-8(i)(7), a shareholder proposal may be excluded if it "deals with a matter relating to the company's ordinary business operations." According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" refers to matters that are not necessarily "ordinary" in the common meaning of the word, rather the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release"). In the 1998 Release, the Commission stated that the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. As relevant here, one of these considerations is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). The Staff has consistently concurred with the exclusion of shareholder proposals that implicate and seek to oversee a company's ordinary business operations, including when the subject matter of the proposal is the same as or similar to that which is at the heart of litigation in which a company is then involved.

In addition, a shareholder proposal being framed in the form of a request for a report does not change the nature of the proposal. The Commission has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. *See* Exchange Release No. 20091 (Aug. 16, 1983). The Staff, likewise, has indicated that "[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business . . . it may be excluded under rule 14a-8(i)(7)." *Johnson Controls, Inc.* (avail. Oct. 26, 1999).

B. The Proposal Is Excludable Because It Relates To The Company's Litigation Strategy And The Conduct of Litigation To Which The Company Is A Party

We believe the Proposal may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal implicates the Company's litigation strategy in multiple pending lawsuits and therefore seeks to interfere with the Company's ordinary business operations.

Management and the Board have a duty to act in the best interests of the Company and its shareholders, including defending the Company's interests against litigation, which it is committed to doing in each of these cases. As discussed below, the matters being litigated in the Cited Litigation and the Aliso Insurance Litigation are the very subject matters cited as the bases for the Proposal. In particular, the plaintiffs in the Cited Litigation seek to prove that the incidents cited as the bases for the Proposal were caused by the negligence of the Company and/or its subsidiary. The outcome of the pending cases hinges on, and necessarily requires, "analysis of the *underlying causes* of" (emphasis added) the incidents the Proposal identifies as "significant environmental incidents endangering public safety or life-threatening safety incidents." Creating and publishing a report of any internal Company analysis of the "underlying causes" of the Cited Incidents would implicate the Company's legal strategy and defense in pending litigation. The Company is actively litigating these lawsuits, including the "underlying causes" of the Cited Incidents, and may be subject to significant liability if the cases were to be decided against the Company or SoCalGas. Moreover, the Proposal calls for the Company to discuss "the steps [the Company] has taken" to reduce the occurrence of events like the Cited Incidents. As a result, the Proposal presupposes that (i) the Company could "take[]" "steps" to reduce the occurrence of events like the Cited Incidents, and (ii) the "underlying causes" of the Cited Incidents were within the Company's control, both of which are subject to pending litigation.

The Staff regularly concurs with the exclusion under Rule 14a-8(i)(7) of shareholder proposals that implicate and seek to interfere with a company's ordinary business operations, including when the subject matter of the proposal is the same as or similar to the subject matter of litigation in which a company is then involved. *See, e.g.*, *Chevron Corp. (Sisters of St. Francis of Philadelphia et al.)* (avail. Mar. 30, 2021) ("Chevron 2021") (concurring with the exclusion of a proposal requesting a "third-party report . . . analyzing how [the company's] policies, practices, and the impacts of its business, perpetuate racial injustice and inflict harm on communities of color in the United States," while the company was involved in numerous pending lawsuits seeking to hold the company liable for its alleged role in climate change and the alleged resulting injuries, including the alleged harmful impacts of climate change on communities of color); *Walmart Inc.* (avail. Apr. 13, 2018) (concurring with the exclusion of a shareholder proposal requesting a report on risks associated with emerging public policies on the gender pay gap while the company was involved in numerous pending lawsuits regarding gender-based pay discrimination and related claims before the U.S. Equal Employment Opportunity Commission, as "affect[ing] the conduct of ongoing litigation relating to the subject matter of the [p]roposal to which the [c]ompany is a party"); *General Electric Co.* (avail. Feb. 3, 2016) (concurring with the exclusion of a shareholder proposal requesting a report assessing all potential sources of liability related to PCB discharges in the Hudson River while the company was defending multiple pending lawsuits

related to its alleged past release of chemicals into the Hudson River); *Chevron Corp.* (avail. Mar. 19, 2013) (concurring with the exclusion of a shareholder proposal requesting that the company review its "legal initiatives against investors" because "[p]roposals that would affect the conduct of ongoing litigation to which the company is a party are generally excludable"); *Johnson & Johnson* (avail. Feb. 14, 2012) (concurring with the exclusion of a shareholder proposal where implementation would have required the company to report on any new initiatives instituted by management to address the health and social welfare concerns of people harmed by LEVAQUIN®, thereby taking a position contrary to the company's litigation strategy); *Reynolds American Inc.* (avail. Mar. 7, 2007) (concurring with the exclusion of a shareholder proposal requesting that the company provide information on the health hazards of secondhand smoke, including legal options available to minors to ensure their environments are smoke free, while the company was defending several cases alleging injury as a result of exposure to secondhand smoke and a principal issue concerned the health hazards of secondhand smoke); *AT&T Inc.* (avail. Feb. 9, 2007) (concurring with the exclusion of a shareholder proposal requesting that the company issue a report containing specified information regarding the alleged disclosure of customer records to governmental agencies, while the company was defending multiple pending lawsuits alleging unlawful acts related to such disclosures); *Reynolds American Inc.* (avail. Feb. 10, 2006) (concurring with the exclusion of a shareholder proposal requesting that the company notify African Americans of the unique health hazards to them associated with smoking menthol cigarettes, which would be inconsistent with the company's pending litigation position of denying such health hazards); *Exxon Mobil Corp.* (avail. Mar. 21, 2000) (concurring with the exclusion of a shareholder proposal requesting immediate payment of settlements associated with the Exxon Valdez oil spill as relating to litigation strategy); *Philip Morris Companies Inc.* (avail. Feb. 4, 1997) (concurring with the exclusion of a shareholder proposal where the Staff noted that although it "has taken the position that proposals directed at the manufacture and distribution of tobacco-related products by companies involved in making such products raise issues of significance that do not constitute matters of ordinary business," the proposal "primarily addresses the litigation strategy of the [c]ompany, which is viewed as inherently the ordinary business of management to direct").

Similar to the precedents described above, the Proposal involves the same subject matters as, and necessarily implicates the Company's litigation strategy in, the Cited Litigation. Specifically, at the same time the Company is defending these lawsuits, the Proposal requests "an analysis of *the underlying causes*" (emphasis added) of these incidents. Each of these lawsuits asserts causes of action premised on allegations (which the Company disputes) that would be directly implicated by the report requested in the Proposal, as evidenced by the complaints filed in each lawsuit:

- *S. Cal. Gas Leak Cases*, No. JCCP4861, Third Am. Consol. Compl. ¶ 139 ("*As a direct and legal result* of the storage and distribution of natural gas and other toxic substances *by Defendants* in aged, deteriorated and unmaintained pipes and storage facilities . . . Defendants SoCalGas and Sempra, and each of them, *caused noxious and toxic fumes, gases and chemicals to escape* from the Facility . . . *causing harm* to Plaintiffs as described herein.") (emphasis added);

- *Haaland*, No. 21STCV01556, Compl. ¶ 30 ("[SoCalGas] should have immediately squeezed off the gas at the main in the street to stop feeding the ruptured Haaland line, and *said failure directly caused the explosion* . . . . ," and "[SoCalGas] . . . failed to establish and maintain the required evacuation zone around and inside the Haaland home so no persons were in proximity to or imminent danger of the inherent risk of explosion due to the gas leak.") (emphasis added);

- *Borel*, No. RIC2002687, Compl. ¶ 18 ("[SoCalGas] breached its duty to BOREL when its employees failed to evacuate BOREL to a distance away from the gas leak . . . . ," and "[t]he breach of this duty [by Defendants] *caused BOREL serious bodily injuries* when the leaking gas was ignited *and caused an explosion* . . . .") (emphasis added); and

- *State Farm Gen. Ins. Co.*, No. MCC2001769, First Am. Compl. ¶ 40 ("[SoCalGas] . . . failed to control and maintain the leak, *resulting in a gas explosion* . . . . ," and "Plaintiff . . . allege[s] that the damage from the explosion was *due to unsafe conditions* related to the gas lines . . . controlled and/or investigated, by [SoCalGas].") (emphasis added).

Each of these lawsuits is ongoing, and, to date, there has been no adverse judgment against the Company in any of these matters. The "underlying causes" of the Cited Incidents are at the very heart of the allegations in the pending litigation. As a result, the Proposal would obligate the Company to in effect reveal key aspects of its legal strategy in the Cited Litigation, and thereby prejudice the Company's ability to defend these lawsuits. Thus, the Proposal would require the Company to take action (in the form of public disclosures) that would harm its legal strategy in pending litigation by hampering its defense against the plaintiffs' allegations.

The Proposal delves even further into the Company's litigation strategy by assuming that there are "steps" the Company could have "taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of [the Company] and its subsidiaries." In this regard, the Proposal presupposes that such causes were within the control of the Company. A report as requested on "the steps [the Company]

has taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving [its] operations," including a description of "the Board's oversight of Company performance regarding environmental and safety risks," would require disclosure of any internal Company assessment of its risk mitigation and oversight mechanisms. Regardless of its conclusions, such a report could be construed as an implied admission relating to the functioning of those programs and processes and whether they met the standard of care. A report on these matters would contravene the Company's litigation position by prematurely disclosing the Company's litigation strategy to opposing parties in the pending litigation and undermining the Company's defense (or, in the case of the insurance coverage action, prosecution) on the merits.

The Proposal would require the Company to take positions that would harm the Company's litigation strategy in defending itself against each plaintiff's claims that the Company and SoCalGas are legally culpable for harms arising from the incidents, as evidenced by the allegations in the Cited Litigation:

- *S. Cal. Gas Leak Cases*, Third Am. Consol. Compl. ¶ 77 ("Defendants . . . negligently, carelessly, recklessly, and/or unlawfully used, owned, operated, managed, supervised, maintained, repaired, and/or controlled the Facility . . . .");

- *Haaland*, Compl. ¶ 30 ("Defendants, and each of them, were negligent, careless, and reckless . . . .");

- *Borel*, Compl. ¶ 30 ("Defendants . . . were negligent in the hiring, retention, training, and supervision of Alex Salzar and Wade Kilpatrick and DOE EMPLOYEES . . . .");

- *State Farm Gen. Ins. Co.*, First Am. Compl. ¶ 14 ("Defendants . . . were negligent in their acts and/or omissions on the date of the incident when they installed, constructed, connected, repaired, worked on, inspected, operated, and/or investigated, the solar panels and gas lines and appurtenances at the subject property . . . .").

This is because the Proposal presupposes that the Company could "take[] [steps] to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of [the Company] and its subsidiaries." That presupposition forms the basis for the plaintiffs' various claims alleging that the Company failed to exercise reasonable care, and so was culpable for harms allegedly arising from the incidents. The creation and disclosure of the requested report effectively endorsing the Proposal's presupposition that the Company could have but failed to take steps to avoid the "underlying causes" of the Cited Incidents

would harm the Company's litigation strategy in these cases. Moreover, the Proposal requests information about "*any* significant environmental incidents endangering public safety or life-threatening safety incidents *during the preceding ten years*" (emphasis added), which, following the Company's assessment, could include other incidents that by their very nature could be the subject of pending negligence or other similar claims. By assuming the existence of a necessary aspect of these claims and requiring related disclosure, the Proposal requests a report that could advantage the plaintiffs in the Cited Litigation.

Thus, disclosing the information requested by the Proposal would require the Company to take action that would harm its legal strategy and defense in pending litigation. In this regard, the Proposal is like the shareholder proposals in *Walmart Inc.* and *Johnson & Johnson*, for example. In *Walmart Inc.*, the Staff concurred with the exclusion of a proposal that made assumptions regarding the presence of gender-based pay discrimination, which was the very issue being litigated by the Company. Similarly, in *Johnson & Johnson*, the Staff concurred with the exclusion of a proposal that asked the company to report on any new initiatives instituted by management to address the health and social welfare concerns of people harmed by LEVAQUIN®, thereby requiring the company to take a position contrary to its litigation strategy. As in those precedents, it is not proper for Rule 14a-8 to be used to require the Company to commission a report designed to increase the likelihood that it will be found liable in pending litigation.

The Proposal is readily distinguishable from instances where the Staff has not concurred with the exclusion of a shareholder proposal despite related litigation. For example, in *The Dow Chemical Co.* (avail. Feb. 11, 2004), the Staff did not concur with the exclusion of a proposal requesting a report describing any new initiatives instituted by management to address the health, environmental and social concerns of survivors of the incident at the Bhopal Facility in India. In *Dow*, the information requested did not implicate the subject matter of then-pending litigation involving the company. Dow was then involved as a defendant in a lawsuit alleging that the Bhopal Facility caused pollution that resulted in health problems. The claims at issue in that case concerned a leak of toxic gas at a facility owned by Union Carbide Corporation, which Dow subsequently acquired. In that instance, Union Carbide Corporation publicly accepted moral responsibility for the tragedy. Thus, the proposal at issue in *Dow* did not concern the issue being litigated and, thus, did not implicate the company's litigation strategy. Unlike the *Dow* proposal, and similar to the proposals in *Johnson & Johnson* and the other precedents cited above, the Proposal at issue directly concerns the subject matters and legal issues in the pending litigation. As discussed above, the Company is involved in pending litigation in which a central issue is whether the Company and/or SoCalGas were negligent or otherwise culpable. Therefore, the Proposal, which would require the Company to report on the "underlying causes" of the incidents and the presumed relationship between the incidents and the proper functioning of the Company's

risk and oversight mechanisms, concerns the same subject matters and principal legal issues in pending litigation involving the Company. Furthermore, at the time Dow submitted its no-action request, oral argument in the single pending lawsuit remaining had already occurred, and the court's ruling was pending. In the present case, however, similar to *Johnson & Johnson* and as indicated above, the Company is actively litigating the causes of the Cited Incidents in multiple lawsuits, including litigation in which the Company is still developing its litigation strategy and the bases for its defense (or, in the case of the insurance coverage action, prosecution).

Moreover, the Proposal does not resolve this problem simply by stating that "proprietary and personal information" should be excluded from the requested report. This carve-out is insufficient because the Proposal would nevertheless require the Company to generate a report that involves the very subject matters and legal issues being litigated in the Cited Litigation and the Aliso Insurance Litigation, and by its nature, would interfere with the Company's legal strategy and defense. Thus, similar to the precedents above, the Proposal implicates the Company's litigation strategy such that it is excludable under Rule 14a-8(i)(7).

Further, we note that a proposal relating to ordinary business matters such as ongoing litigation is excludable under Rule 14a-8(i)(7) regardless of whether it touches upon a significant policy issue. Although the Commission has stated in the 1998 Release that "proposals relating to such [ordinary business] matters but focusing on sufficiently significant social policy issues (*e.g.*, significant discrimination matters) generally would not be considered to be excludable," the Staff has expressed the view that proposals relating to both ordinary business matters and significant social policy issues may be excluded in their entirety in reliance on Rule 14a-8(i)(7). As an example, although significant discrimination matters and climate change are often considered to be significant policy issues, the Staff concurred with the exclusion of a proposal that requested a third-party report analyzing how the company's policies, practices and operations "perpetuate racial injustice and inflict harm on communities of color," because the subject matter of the report was the same as the subject matter at the heart of pending litigation to which the company was party. *See Chevron 2021*; *see also Philip Morris Companies Inc.* (avail. Feb. 4, 1997) (noting that although the Staff "has taken the position that proposals directed at the manufacture and distribution of tobacco-related products by companies involved in making such products raise issues of significance that do not constitute matters of ordinary business," the company could exclude a proposal that "primarily addresses the litigation strategy of the [c]ompany, which is viewed as inherently the ordinary business of management to direct"). Here, the Proposal seeks a report from the Company on "the underlying causes of any significant environmental incidents endangering public safety or life-threatening safety incidents," and the only incidents its Supporting Statement cites as examples are the subject matters of pending litigation. Thus,

the Proposal is calculated to interfere with the Company's litigation strategy, which is an ordinary business matter, and the Proposal is excludable under Rule 14a-8(i)(7).

Fundamentally, the Proposal seeks to substitute the judgment of shareholders for that of Company management by requiring the Company to take action that undermines its litigation strategy and would harm its legal defenses (or, in the case of the insurance coverage action, prosecution) in multiple pending lawsuits. Thus, implementing the Proposal would intrude upon Company management's exercise of its day-to-day business judgment with respect to pending litigation in the ordinary course of its business operations. Accordingly, and consistent with long-standing precedent, we believe that the Proposal may be properly excluded from the Company's 2024 Proxy Materials under Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2024 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287 or James M. Spira, Associate General Counsel for the Company, at (619) 699-5120.

Sincerely,

Elizabeth A. Ising

Enclosures
cc: April R. Robinson, Sempra
Lisa H. Abbot, Sempra
James M. Spira, Sempra
Mark Brooks, Utility Workers Union of America
James Slevin, Utility Workers Union of America

EXHIBIT A

RESOLVED: Shareholders of Sempra urge the Board of Directors or its Safety, Sustainability and Technology Committee (the "Committee") to report to shareholders by the 2025 annual meeting, at reasonable cost and excluding proprietary and personal information, on the steps Sempra has taken to reduce the risks of significant environmental hazards or life-threatening safety incidents involving the operations of Sempra and its subsidiaries (collectively, the "Company").

The report should describe the Board's oversight of Company performance regarding environmental and safety risks and include an analysis of the underlying causes of any significant environmental incidents endangering public safety or life-threatening safety incidents during the preceding ten years.

Supporting Statement

Safe operation of Sempra's utilities is of great importance to shareholders, and yet the Company has experienced catastrophic incidents in recent years endangering public safety and resulting in substantial damages and regulatory penalties.

In October 2015, for example, one of the wells at the Aliso Canyon gas storage field owned by Southern California Gas ("SoCalGas") ruptured due to corrosion of the well casing from groundwater contact. The ensuing leak emitted 109,000 metric tons of methane over four months and caused nearly 20,000 people to evacuate from nearby homes until the Company was finally able to stop the leak.

Sempra estimates this leak has cost at least $3.5 billion as of 12/31/2022. Some of the legal and financial consequences so far include:

- A $1.8 billion settlement by Sempra resolving 390 lawsuits involving 36,000 plaintiffs;
- Over $200 million in penalties and other remedies in settlements with state and local regulators; and
- A SoCalGas criminal misdemeanor no-contest plea for failing to promptly report the leak to local authorities.

In 2019, an independent root cause analysis ordered by the California Public Utilities Commission ("CPUC") concluded that SoCalGas never conducted failure analyses for over 60 previous casing leaks at Aliso Canyon wells dating back to the 1970's. The report also found the 2015 leak could have been successfully stopped as early as three weeks or even one day after the initial leak if SoCalGas had followed best industry practices for gas leak top-kill operations.

The Board of Directors has not issued any report to shareholders confirming whether Sempra concurs with this independent analysis, or alternatively whether the Company has performed or plans to perform its own analysis of underlying causes of the Aliso Canyon leak.

Regulators have also cited the Company for significant safety violations.

For example, the CPUC found in 2021 that SoCalGas failed to accurately determine the concentration and extent of migration of gas escaping from a 2019 pipeline rupture caused by a homeowner's contractor. The ensuing explosion caused one employee death, injuries to firefighters and the general public, and widespread property damage.

We believe shareholders would benefit from a report by the Board or the Committee on the steps Sempra has taken to analyze the underlying causes of these sorts of incidents and therefore to help reduce their risks of recurrence. We urge shareholders to vote FOR this proposal.