



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 24, 2025

Elizabeth A. Ising
Gibson, Dunn & Crutcher LLP

Re: Sempra (the "Company")
Incoming letter dated January 3, 2025

Dear Elizabeth A. Ising:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by John Chevedden and co-filers for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests that the Company disclose an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(6). Based on the information you have provided, it appears that the Company would lack the power or authority to implement the Proposal. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(6). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Luke Morgan
As You Sow

January 3, 2025

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

Re: *Sempra*
Shareholder Proposal of John Chevedden et al.
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 2025 Annual Shareholders Meeting (collectively, the “2025 Proxy Materials”) a shareholder proposal (the “Proposal”) and statement in support thereof (the “Supporting Statement”) submitted by As You Sow on behalf of John Chevedden, Frances L. Bell T/W fbo Frances de Freitas and Brian Murray Revocable Trust (collectively, the “Proponents”).

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 2025 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponents.

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 Proponents that if the Proponents elect 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 request that Sempra disclose an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.

SUPPORTING STATEMENT: Proponents suggest the report include current actions

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January 3, 2025
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taken by Sempra to address adverse health impacts of its Facility on surrounding communities and actions planned to be taken; data on the Facility's accidental emissions releases including type, frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with Cameron LNG Phase I operations.

A copy of the Proposal and the Supporting Statement is attached to this letter as Exhibit A.

BACKGROUND AND BASES FOR EXCLUSION

The Proposal concerns the Cameron LNG Phase I Facility. As described below, the Company (which indirectly owns approximately 35% of the facility) does not control the management or operation of the Cameron LNG Phase I Facility and thus does not consolidate it into the Company's financial statements. Moreover, the Cameron LNG Phase I Facility is just one Company investment that should be viewed in the context of all the Company's businesses: the Company owns one of the largest energy networks in North America, and its assets include the largest gas distribution system in the U.S. (based on miles of distribution lines), the largest electric utility in Texas (based on estimated population served and miles of transmission and distribution lines), and one of the largest private energy companies in Mexico. The Company's LNG operations are not its primary business and contribute less to Sempra's earnings than either San Diego Gas & Electric Company or Southern California Gas Company (which together comprise the Company's largest reportable segment) or its Sempra Texas Utilities reportable segment. In addition, the Cameron LNG Phase I Facility is only one of a number of other LNG facilities and LNG projects that the Company is constructing or developing¹. Nevertheless, the Proposal targets only one facility—the Cameron LNG Phase I Facility. The Proposal also is focused only on alleged “health and economic impacts that the Cameron LNG Phase I Facility has had on *fenceline communities*” (*emphasis added*), instead of any potential “health and economic impacts,” such as associated regional economic benefits from the jobs created at the Cameron LNG Phase I Facility or any impact on global climate change.

For these reasons and as discussed below, we respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2025 Proxy Materials pursuant to:

- Rule 14a-8(i)(6) because the Company lacks the power or authority to implement the Proposal in the manner that the Proposal requests; and
- Rule 14a-8(i)(7) because the Proposal seeks to micromanage the Company.

¹ See Sempra Infrastructure, available at <https://semprainfrastructure.com/what-we-do/lng/>.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(i)(6) Because The Company Lacks The Power Or Authority To Implement The Proposal In The Manner That The Proposal Requests.

Rule 14a-8(i)(6) permits a company to exclude a shareholder proposal “[i]f the company would lack the power or authority to implement the proposal.” The Proposal requests that the Company issue “an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.” The Company believes that the Proposal is excludable under Rule 14a-8(i)(6) because the Company does not control the management or operation of the Cameron LNG Phase I Facility and thus does not have the power or authority to unilaterally cause the entity to implement the Proposal.

The Commission has stated that exclusion under Rule 14a-8(i)(6) “may be justified where implementing the proposal would require intervening actions by independent third parties.” Exchange Act Release No. 40018 at n.20 (May 21, 1998). In particular, the Staff consistently has concurred with the exclusion of proposals requiring action by an entity over which the company to whom the proposal was submitted has no control. For example, in *eBay Inc.* (avail. Mar. 26, 2008), a shareholder proposal requested that the company enact a policy prohibiting the sale of dogs and cats on the website of a joint venture owned by a wholly-owned subsidiary of the company and TOM Online Inc., an independent online portal and wireless internet company headquartered in China. The company through its wholly-owned subsidiary owned 49% of the joint venture’s outstanding shares, and TOM Online owned the remaining 51%; thus, the company did not have operating control of the joint venture. Pursuant to the joint venture’s organizational documents, each joint venture share had one vote, and questions arising at any shareholders’ meeting were required to be decided by at least 50% of such votes. The company argued that, “without support from TOM Online, [the company] does not have the power or authority to take any action that would be required to be approved by the shareholders of the [j]oint [v]enture.” Further, the company lacked majority representation on the joint venture’s board of directors and therefore, absent concurrence from TOM Online, did not have the power to cause the board of directors of the joint venture to take any action relating to the operations of the joint venture. *See also Comcast Corp.* (avail. Apr. 16, 2024) (concurring with the exclusion of a proposal requesting one vote per share where neither the company nor the board had the power or authority to implement the proposal without the consent of the beneficial owner of the company’s class B shares who had the sole power to control the vote of such stock); *Catellus Development Corp.* (avail. Mar. 3, 2005) (concurring with the exclusion of a proposal requesting that the company take certain actions related to property it managed but no longer owned); *Ford Motor Co.* (avail. Mar. 9, 1990) (concurring with the exclusion of a proposal under the predecessor to Rule 14a-8(i)(6) because the proposal “relate[d] to the activities of companies other than the [c]ompany [to whom the proposal was submitted] and over whom the [c]ompany ha[d] no control”); *Harsco Corp.* (avail. Feb. 16, 1988) (concurring with the exclusion under the predecessor to Rule 14a-8(i)(6) of a proposal requesting that the board of directors sign and implement a statement of principles relating to employment in South Africa where the company’s only involvement with employees in South Africa was its ownership of 50% of the stock of a South African entity, and the owner of the remaining 50% interest had the right to

appoint the entity's chairman, who was empowered to cast the deciding vote in the event of a tie); *Firestone Tire & Rubber Co.* (avail. Dec. 31, 1987) (concurring with the exclusion under the predecessor to Rule 14a-8(i)(6) of a proposal requiring the company to terminate sales of all products to the military and police of South Africa, where it would have been impossible for the company to effectuate the proposal because the company was only a minority shareholder of an entity that sold products to South Africa's military and police).

As described in the Company's most recent Annual Report on Form 10-K, a wholly-owned subsidiary of Cameron LNG Holdings, LLC ("Cameron LNG JV") owns and operates the Cameron LNG Phase 1 Facility. Semptra Infrastructure Partners, LP ("SI Partners") indirectly owns 50.2% of Cameron LNG JV, while an affiliate of TotalEnergies SE, an affiliate of Mitsui & Co., Ltd., and Japan LNG Investment, LLC (a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha) each own 16.6% of Cameron LNG JV. The Company owns 70% of SI Partners with two minority owners owning 20% and 10% respectively. Thus, the Company owns only 35.14% of Cameron LNG JV, does not control the management or operations of the joint venture, and does not consolidate its financial statements.²

Moreover, Cameron LNG JV is a manager-managed limited liability company subject to a Limited Liability Company Agreement (the "LLCA") that governs the joint venture. The LLCA provides that no member can compel Cameron LNG JV to produce information that Cameron LNG JV does not already have available. Thus, the Company cannot compel Cameron LNG JV to publish the report requested by the Proposal or provide currently unavailable information to facilitate the production of such a report. The LLCA also states that members like the Company's affiliate are required to obtain written approval from the Cameron LNG JV Chief Executive Officer before making any public announcement, press release or statement regarding the activities of the joint venture companies, including the entity that owns the Cameron LNG Phase 1 Facility. The Company believes that the information requested by the Proposal includes legally privileged information. Thus, the Company expects that the Cameron LNG JV Chief Executive Officer would, at the very least, refuse to consent to disclose information requested by the Proposal that is subject to claims of legal privilege, thereby preventing implementation of the Proposal because the Proposal does not include an exception for such information.

The Proposal's reference to "current actions taken by Semptra" is inaccurate because, as noted, Cameron LNG JV and not the Company controls the management and operation of the Cameron LNG Phase 1 Facility. Moreover, Cameron LNG JV and not the Company has access to the information needed to "report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities" as well as the information the Proposal "suggests" be included regarding "adverse health impacts of its Facility on surrounding communities and actions planned to be taken; data on the Facility's accidental emissions releases including type, frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with

² Since the Company does not control the management or operation of the Cameron LNG Phase I Facility, the Company does not consolidate it into the Company's financial statements but accounts for its ownership interest in Cameron LNG JV under the equity method.

Cameron LNG Phase I operations.” Given that this information would include, and the Proposal does not excuse disclosure of, legally privileged information, the Company expects that the Cameron LNG JV Chief Executive Officer would refuse to consent to disclose at least some of the information required to implement the Proposal. Therefore, as in *eBay* and the precedents discussed above, the Company lacks the power and authority to implement the Proposal by disclosing “an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.”

For the reasons set forth above, the Proposal is excludable under Rule 14a-8(i)(6) because the Company lacks the power and authority to implement the Proposal.

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

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

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates 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,” but instead 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 is relevant to the Proposal, the second consideration concerns “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

The 1998 Release further states that “[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific . . . methods for implementing complex policies.” In Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”), the Staff stated that in considering arguments for exclusion based on micromanagement, the Staff “will focus on the level of granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” In assessing whether a proposal probes matters “too complex” for shareholders, as a group, to make an informed judgment, the Staff “may consider the sophistication of investors generally on the matter, the availability of data, and the robustness of public discussion and analysis on the topic.” Furthermore, the Staff noted that the ordinary business exclusion “is designed to preserve management’s discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters.” SLB 14L.

In assessing whether a proposal micromanages by seeking to impose specific methods for implementing complex policies, the Staff evaluates not just the wording of the proposal but

also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company's activities and management discretion. See *The Coca-Cola Co.* (avail. Feb. 16, 2022) and *Deere & Co.* (avail. Jan. 3, 2022) (each of which involved a broadly phrased request but required detailed and intrusive actions to implement).

As with the shareholder proposals in *Deere*, *Coca-Cola* and other precedents discussed below, the Proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

B. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Seeks To Micromanage The Company.

The Proposal is precisely the type of shareholder proposal that the 1998 Release and SLB 14L indicated would be excludable for micromanaging a company because the Proposal directly implicates the Company's decisions regarding specific aspects of its ordinary business operations due to the Proposal's granularity—with respect to both a specific aspect of the Company's business and a specific alleged impact. As a result of this high degree of granularity, the Proposal goes beyond providing “high-level direction on large strategic corporate matters” and instead interferes with the management-level discretion SLB 14L was designed to preserve.

The Staff has consistently concurred with the exclusion of proposals that seek to micromanage a company's decisions regarding specific aspects of their ordinary business operations like the Proposal. For example, in *Tesla, Inc. (Michael R. Stephen)* (avail. Mar. 27, 2024), the Staff concurred with the exclusion under Rule 14a-8(i)(7) of a proposal requesting the company redesign its vehicle tires “to avoid pollution from harmful chemicals such as 6PPD-Q,” noting that “[i]n our view, the [p]roposal seeks to micromanage the [c]ompany.” There, the company argued that proposals “concern[ing] the design, product development or product offerings of a company” are excludable, “even when the design, development or product touches on a social issue.” Similarly, in *The Home Depot, Inc. (Green Century)* (avail. Mar. 21, 2024), the Staff concurred with the exclusion of a proposal on the basis of micromanagement where the company argued that the proposal focused on decisions to sell a particular product containing particular materials, even though the proposal, as described by the company, attempted to implicate significant social policy issues “[b]y referring to the climate, regulatory and legal and reputational risks.” In this case, the Proposal focuses on specified impacts of a specified facility and thus seeks to micromanage the Company in the same manner as the proposals in *Tesla* and *Home Depot*.

As explained above, the Commission stated in the 1998 Release that one of the considerations underlying the ordinary business exclusion is “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” Moreover, in assessing the “granularity” of a proposal and the extent to which a proposal seeks to micromanage a company's ordinary business operations, the precedents focus on not just the wording of the proposal but also the action called for by the proposal and the manner in which the action called for under a proposal would affect a company's activities and management discretion. For example, in *Deere & Co.* (avail. Jan. 3, 2022), the proposal

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requested that the company's board publish "the written and oral content of any employee-training materials offered to any subset of the company's employees" so that "shareholders can appropriate[ly] gauge executives' responses to and management of [reputational and legal risks and financial harm]" to the company associated with employment discrimination. The company argued that the proposal "intend[ed] for shareholders to step into the shoes of management and oversee the 'reputational, legal and financial' risks to the [c]ompany" and thus did not "afford[] management sufficient flexibility or discretion to address and implement its policy regarding the complex matter of diversity, equality, and inclusion." The Staff concurred with exclusion under Rule 14a-8(i)(7), noting that the proposal "micromanages the [c]ompany by probing too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the [c]ompany's employment and training practices." See *Verizon Communications Inc. (National Center for Public Policy Research)* (avail. Mar. 17, 2022) (same); *American Express Co.* (avail Mar. 11, 2022) (same).

Here, the Proposal similarly seeks to interject shareholders into complex determinations and evaluations on how the Company oversees its ordinary business operations. The Proposal targets the Cameron LNG Phase I Facility, which is only one of a number of LNG facilities and LNG projects the Company is developing or constructing and is just one investment by the Company, which owns one of the largest energy networks in North America and whose assets include the largest gas distribution system in the U.S. (based on miles of distribution lines), the largest electric utility in Texas (based on estimated population served and miles of transmission and distribution lines) and one of the largest private energy companies in Mexico. As discussed in part I above, the Company lacks the power and authority to produce the requested report and thereby implement the proposal. However, even if the Company could produce the requested report, the Company's ordinary business operations include managing environmental and compliance-related risks related to certain of its individual investments like the Cameron LNG Phase I Facility, and singling out a single facility probes too deeply into matters of a complex nature.

Moreover, the Proposal focuses only on alleged "health and economic impacts that the Cameron LNG Phase I Facility has had on *fenceline communities*" (*emphasis added*), instead of any potential "health and economic impacts." By asking the Company to selectively address just the impact on "fenceline communities," the Proposal seeks to require an extremely granular approach that ignores other potential impacts—positive and negative—such as regional economic benefits from the jobs created at the Cameron LNG Phase I Facility and any impact on global climate change. In *Tesla*, the company explained that the proposal was squarely focused on the ordinary business matters of design, engineering and supply chain decisions (despite the proposal's reference to pollution from harmful chemicals associated with the company's operations) and thus concerned the company's operational strategies. Just as in *Tesla*, decisions regarding any "health and economic impacts" related to facilities like the Cameron LNG Phase I Facility are an integral part of the Company's operational strategies and thus a part of the Company's ordinary business operations.

In addition, the Proposal "suggests" that the requested report include very specific, granular information about a set of specific potential impacts at one specific facility, including "current actions taken by Sempra to address adverse health impacts of its Facility on

surrounding communities and actions planned to be taken; data on the Facility's accidental emissions releases including type, frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with Cameron LNG Phase I operations." Notably, by framing these requests as "suggest[ions]" about the contents of the report, the Proposal does not in fact afford management any meaningful discretion on whether or not to include responsive information because the entire Proposal is non-binding and thus a "suggestion." The Proposal dictates a series of intricate, prescriptive requests that would require the Company to collect and report on detailed information that directly implicates narrow aspects of its ordinary business operations. By focusing on a single, highly granular aspect of the Company's ordinary business operations (how it manages specific risks associated with this particular investment), the Proposal is similar to those at issue in *Tesla* and *Home Depot*. In this respect, the Proposal does the opposite of providing high-level direction on large strategic corporate matters, and instead it inappropriately limits the discretion of management by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

Decisions about health and safety matters related to a specific community at a specific investment are multifaceted and require management to evaluate complex issues. The Company's evaluation of Cameron LNG JV's policies and procedures developed to address matters such as responding to unplanned releases and noise complaints requires judgments and considerations that draw on management's day-to-day business experience, analyses regarding legal compliance, and assessment of numerous possible consequences and impacts. These actions are an integral part of the Company's ordinary business operations. Thus, even if the Company could produce the requested report, the Company's ordinary business operations include managing environmental and compliance-related risks related to certain of its individual investments like the Cameron LNG Phase I Facility, and singling out certain specified health and economic impacts at a single facility probes too deeply into matters of a complex nature.

Like the proposal in *Deere*, the Proposal ignores these complex considerations and intends for shareholders to step into the shoes of management and override its judgment in these matters. It is unrealistic and inappropriate to seek to have shareholders assess how management addresses the many considerations relevant to these matters. Thus, the Proposal involves the very matters that SLB 14L indicated would make a proposal excludable for micromanaging a company because it requests specific, granular information regarding specific aspects of the Company's ordinary business decisions and operations and therefore goes beyond providing "high-level direction on large strategic corporate matters."

Accordingly, and consistent with the precedents discussed above, we believe that the Proposal may be properly excluded from the Company's 2025 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 2025 Proxy Materials.

GIBSON DUNN

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Securities and Exchange Commission
January 3, 2025
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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
Olivia Knight, As You Sow
Shareholderengagement@asyousow.org

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EXHIBIT A



AS YOU SOW



www.asyousow.org
BUILDING A SAFE, JUST, AND SUSTAINABLE WORLD SINCE 1992

VIA FEDEX & EMAIL

November 22, 2024

April R. Robinson
Vice President, Governance and Corporate Secretary
Sempra Energy
488 8th Avenue,
San Diego, CA 92101
[REDACTED]

Dear Ms. Robinson,

As You Sow® is filing a shareholder proposal on behalf of John Chevedden ("Proponent"), a shareholder of Sempra Energy for inclusion in Sempra's 2025 proxy statement and for consideration by shareholders in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. The Proponent is available for a meeting with the Company regarding this shareholder proposal at the following days/times: December 10, 2024 at 1:00pm Pacific Time or December 11, 2024 at 3:00pm Pacific Time.

The Proponent is designating *As You Sow* as a representative for all issues in this matter. Olivia Knight, Racial and Environmental Justice Manager at [REDACTED] is the contact persons on behalf of *As You Sow*. **Please also send all correspondence regarding this proposal to**
[REDACTED]

A representative of the Proponent will attend the stockholder meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such a discussion could result in resolution of the Proponent's concerns.

Sincerely,

Andrew Behar
CEO, *As You Sow*

Enclosures


- Shareholder Proposal
- Shareholder Authorization

cc: Glen Donovan, Vice President Investor Relations, [REDACTED]



VIA FEDEX & EMAIL

November 22, 2024

April R. Robinson
Vice President, Governance and Corporate Secretary
Sempra Energy
488 8th Avenue,
San Diego, CA 92101


Dear Ms. Robinson,


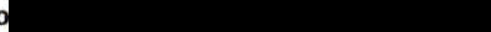
As You Sow® is co-filing a shareholder proposal on behalf of the following Sempra Energy shareholders for action at the next annual meeting of Sempra Energy:

- Frances L. Bell T/W fbo Frances de Freitas
- Brian Murray Revocable Trust

Shareholders are co-filers of the enclosed proposal with John Chevedden who is the Proponent of the proposal. *As You Sow* has submitted the enclosed shareholder proposal on behalf of Proponent for inclusion in the 2025 proxy statement in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Co-filers will either: (a) be available on the dates and times offered by the Proponent for an initial meeting, or (b) authorize *As You Sow* to engage with the Company on their behalf, within the meaning of Rule 14a-8(b)(iii)(B).

As You Sow is authorized to act on Frances L. Bell T/W fbo Frances de Freitas' or Brian Murray Revocable Trust's behalf with regard to withdrawal of the proposal. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed.

We are hopeful that the issue raised in this proposal can be resolved. To schedule a dialogue, please contact Olivia Knight, Racial and Environmental Justice Manager at . Please send all correspondence **with a copy to** .

Sincerely,



Andrew Behar
CEO, *As You Sow*

Enclosures

- Shareholder Proposal
- Shareholder Authorization

cc: Glen Donovan, Vice President Investor Relations, 

WHEREAS: Sempra has a greater than 50% stake in Cameron LNG Phase I, a Liquefied Natural Gas (LNG) terminal located near northern Calcasieu Lake in Hackberry, Louisiana ("the Facility").¹ The Facility began its full commercial operations in August 2020 and has one of the largest LNG export capacities in the country.

LNG plants emit carbon monoxide, sulfur dioxide, and volatile organic compounds.² Long-term exposure to these pollutants can lead to heart disease, certain types of cancer, and damage to the reproductive system and internal organs.³ Pollution from LNG terminals "compound the health, economic and educational disadvantages" already faced by nearby communities, leading to increased illnesses that cause work and school absences, as well as increased health care expenses, and an increase in premature deaths.⁴

Operational problems at the Facility have led to widespread community concern regarding environmental injustices.⁵

- According to a report by the Louisiana Bucket Brigade, the Facility has had 67 total accidental releases since export operations began in 2020, averaging nearly two accidental releases per month.⁶
- A recent report on the health impacts of the Facility estimates the health costs related to the facility to be more than \$124 million, accounting for 245 lost workdays, 2,495 lost school days, and 5,000 reported cases of asthma symptoms.⁷

As Parnassus Investment recently noted, "It's in both the companies' and neighboring communities' best interests for companies to prevent, minimize and remedy the harms associated with their chemical use and operational pollution. If they fail to do so, they may jeopardize the long-term growth, longevity and competitiveness of their businesses—and ultimately shareholder value."⁸

Stakeholders have raised concerns regarding the adverse health effects of LNG operations in Louisiana. The Facility has released reports summarizing community outreach programs, but has not released metrics on adverse health impacts related to its operations. Investors are recommending that companies operating in pollution-heavy industries take a proactive approach to environmental justice to mitigate material risk, while ensuring that fenceline communities have access to clean, safe, and healthy environments.

RESOLVED: Shareholders request that Sempra disclose an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.

SUPPORTING STATEMENT: Proponents suggest the report include current actions taken by Sempra to address adverse health impacts of its Facility on surrounding communities and actions planned to be

¹ <https://www.sierraclub.org/dirty-fuels/us-lng-export-tracker>

² <https://www.environmentalhealthproject.org/post/liquefied-natural-gas-lng-health-and-climate-impacts>

³ <https://www.environmentalhealthproject.org/post/liquefied-natural-gas-lng-health-and-climate-impacts>

⁴ <https://fossilfreeciti.org/wp-content/uploads/2024/09/Citi-Funding-Fossil-Fueled-Environmental-Racism-in-the-Gulf-South.pdf>, p.22

⁵ <https://www.citizen.org/article/insurers-secretly-back-lng-boom-in-the-gulf-coast/>

⁶ https://labucketbrigade.org/wp-content/uploads/2023/01/Gas_Export_Spotlight_CameronCalcasieuPass.pdf, p.5

⁷ <https://fossilfreeciti.org/wp-content/uploads/2024/09/Citi-Funding-Fossil-Fueled-Environmental-Racism-in-the-Gulf-South.pdf>, p.23

⁸ https://www.parnassus.com/updates/article/investment_case_for_environmental_justice

taken; data on the Facility's accidental emissions releases including type, frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with Cameron LNG Phase I operations.

February 22, 2025

VIA ONLINE SUBMISSION

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

Email: shareholderproposals@sec.gov

**Re: Shareholder Proposal to Sempra Regarding Fenceline Community Impacts on
Behalf of John Chevedden and Co-Filers**

Ladies and Gentlemen:

John Chevedden (the “Proponent”), a beneficial owner of common stock of Sempra (the “Company” or “Sempra”), has submitted a shareholder proposal (the “Proposal”) seeking an environmental justice report on the health and economic impacts that the Cameron LNG Phase 1 Facility has had on fenceline communities. The Proponent has designated *As You Sow* to act as its representative with respect to the Proposal, including responding to the Company’s January 3, 2025 “No Action” letter (the “Company Letter”).

The Company Letter contends that the disclosure Proposal may be excluded from the Company’s 2025 proxy statement because, Sempra argues, the Company lacks the power or authority to implement the Proposal and because the Proposal seeks to micromanage the Company. However, the Company has failed to persuasively demonstrate that the request of the Proposal is outside Sempra’s control or authority; the Proposal does not require the Cameron LNG Phase 1 Facility itself to do anything, and the Company’s argument that the Proposal requires the disclosure of legally privileged information is not credible. Nor does the Proposal’s focus on a single facility constitute micromanagement under Commission-level guidance.

A copy of this letter is being emailed to the Company concurrently with its submission to the Commission’s online shareholder proposal portal.¹

SUMMARY

The Proposal requests that the Company publish an environmental justice report on the health and economic impacts that the Cameron LNG Phase 1 Facility (the “Facility”) has had on fenceline communities. As the Proposal explains, the Facility has one of the largest liquified natural gas (“LNG”) export capacities in the country. Studies show that LNG facilities have

¹ The undersigned delayed submission of this response in anticipation of the release of Staff Legal Bulletin No. 14M (“SLB 14M”) (Feb. 12, 2025). The arguments herein that the Proposal satisfies the standards of SLB 14M are not concessions that it is legitimate or permissible to retroactively apply SLB 14M’s standards to proposals submitted prior to its publication, and the Proponent and his representative expressly reserve all rights and arguments to contest such retroactive application as appropriate and permitted by law.

significant and deleterious environmental and health impacts on the communities in which they are located. The Facility is no exception; as the Proposal details, a “recent report on the health impacts of the Facility estimates the health costs related to the facility to be more than \$124 million, accounting for 245 lost workdays, 2,495 lost school days, and 5,000 reported cases of asthma symptoms.” Such community impacts can create risks to operating companies including impacting the Company’s reputation, license to operate, long-term growth, competitiveness of its business, and shareholder value. The Proposal is geared towards assuring investors that the Company is proactively managing those risks.

The Company Letter contends that it may exclude the Proposal from its proxy statement for two reasons.

First, the Company argues that it does not have the power or authority to implement the Proposal. The Company’s arguments on this point are unpersuasive. The Company suggests, for example, that because it only has approximately 35% equity in the Facility, it cannot force the Facility to do anything. The Company arrives at this 35% figure by multiplying its controlling stake in a subsidiary (70%) by that subsidiary’s controlling stake in the Facility (50.2%), ignoring that, under law, this constitutes an unbroken chain of control; the Company has a controlling stake in the Facility. Additionally, the Company attempts to hide behind legal formalities concerning the Facility’s corporate structure as a manager-managed LLC. But these arguments are irrelevant; implementation of the Proposal does not require the Company to “force” the Facility to take any action. Rather, it asks the Company to analyze the impacts of the Facility on fenceline communities. The Company fails to meet its burden to demonstrate that it cannot do so.

Second, the Company argues that the Proposal seeks to micromanage because it focuses on a single facility. But Commission-level guidance explicitly contemplates Proposals focused on single projects or facilities, and the Company provides no relevant Staff precedent suggesting otherwise. Nor is the substantive information sought by the Proposal too granular for investor consideration. The impacts of the Facility on local communities are significant policy issues attendant to the decision to operate such a facility, can expose companies to significant risk, and are appropriate subjects for shareholder consideration.

THE PROPOSAL

WHEREAS: Sempra has a greater than 50% stake in Cameron LNG Phase I, a Liquefied Natural Gas (LNG) terminal located near northern Calcasieu Lake in Hackberry, Louisiana (“the Facility”).¹ The Facility began its full commercial operations in August 2020 and has one of the largest LNG export capacities in the country.

LNG plants emit carbon monoxide, sulfur dioxide, and volatile organic compounds.² Long-term exposure to these pollutants can lead to heart disease, certain types of cancer, and damage to the

¹ <https://www.sierraclub.org/dirty-fuels/us-lng-export-tracker>

² <https://www.environmentalhealthproject.org/post/liquefied-natural-gas-lng-health-and-climate-impacts>

reproductive system and internal organs.³ Pollution from LNG terminals “compound the health, economic and educational disadvantages” already faced by nearby communities, leading to increased illnesses that cause work and school absences, as well as increased health care expenses, and an increase in premature deaths.⁴

Operational problems at the Facility have led to widespread community concern regarding environmental injustices.⁵

- According to a report by the Louisiana Bucket Brigade, the Facility has had 67 total accidental releases since export operations began in 2020, averaging nearly two accidental releases per month.⁶
- A recent report on the health impacts of the Facility estimates the health costs related to the facility to be more than \$124 million, accounting for 245 lost workdays, 2,495 lost school days, and 5,000 reported cases of asthma symptoms.⁷

As Parnassus Investment recently noted, “It’s in both the companies’ and neighboring communities’ best interests for companies to prevent, minimize and remedy the harms associated with their chemical use and operational pollution. If they fail to do so, they may jeopardize the long-term growth, longevity and competitiveness of their businesses—and ultimately shareholder value.”⁸

Stakeholders have raised concerns regarding the adverse health effects of LNG operations in Louisiana. The Facility has released reports summarizing community outreach programs, but has not released metrics on adverse health impacts related to its operations. Investors are recommending that companies operating in pollution-heavy industries take a proactive approach to environmental justice to mitigate material risk, while ensuring that fenceline communities have access to clean, safe, and healthy environments.

RESOLVED: Shareholders request that Sempra disclose an environmental justice report on the health and economic impacts that the Cameron LNG Phase I Facility has had on fenceline communities.

SUPPORTING STATEMENT: Proponents suggest the report include current actions taken by Sempra to address adverse health impacts of its Facility on surrounding communities and actions planned to be taken; data on the Facility’s accidental emissions releases including type,

³ <https://www.environmentalhealthproject.org/post/liquefied-natural-gas-lng-health-and-climate-impacts>

⁴ <https://fossilfreeciti.org/wp-content/uploads/2024/09/Citi-Funding-Fossil-Fueled-Environmental-Racism-in-the-Gulf-South.pdf>, p.22

⁵ <https://www.citizen.org/article/insurers-secretly-back-lng-boom-in-the-gulf-coast/>

⁶ https://labucketbrigade.org/wp-content/uploads/2023/01/Gas_Export_Spotlight_CameronCalcasieuPass.pdf, p.5

⁷ <https://fossilfreeciti.org/wp-content/uploads/2024/09/Citi-Funding-Fossil-Fueled-Environmental-Racism-in-the-Gulf-South.pdf>, p.23

⁸ https://www.parnassus.com/updates/article/investment_case_for_environmental_justice

frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with Cameron LNG Phase I operations.

ANALYSIS

I. Sempra Has Failed to Demonstrate That It Lacks the Power or Authority to Implement the Proposal

A. Rule 14a-8(i)(6) Standard

The Rule permits the exclusion of shareholder proposals “[i]f the company would lack the power or authority to implement the proposal.” Rule 14a-8(i)(6). As the Company Letter notes, one factor common in many proposals excluded under this Rule is if “implementing the proposal would require intervening actions by *independent* third parties.” Exch. Act Rel. No. 40018 at n.20 (May 21, 1998) (“1998 Release”). All of the Staff precedents cited in the Company Letter fit this pattern. *See* Company Letter at 3.

B. The Proposal Does Not Require Intervening Action by an Independent Third Party

The Proposal requests that the Company issue an environmental justice report on the health and economic impacts of the Facility on fenceline communities. By its plain text, the Proposal does not require any action of an independent third party: it requests that the Company issue a report. That should be the end of the analysis. *Not one* of the Staff precedents cited in the Company Letter involve the application of Rule 14a-8(i)(6) to a proposal requesting that the recipient registrant simply issue a report about a project in which it has a controlling interest, something it is eminently capable of doing. This should be the beginning and end of the analysis.

To get around this fundamental flaw in its effort to exclude the Proposal, the Company Letter argues that the Proposal requires the Facility to act, and that the Company owns only 35.14% of the Facility, making the Facility an independent third party. Neither argument is availing.

1. The Proposal does not require independent action from *the Facility* rather than the *Company*.

Nothing in the Proposal requires the Facility to act. In attempting to demonstrate otherwise, the Company makes two arguments: First, that the Proposal requires the release of privileged information, which will require the approval of the Facility’s manager; and second, that the Facility’s LLC Agreement (“LLCA”) requires the approval of the Facility’s manager prior to the release of information about the Facility that is not already available.

a. The Company has not demonstrated that any privileged information is required by the Proposal.

The Company’s first argument boils down to the claim that because the Proposal does not explicitly authorize the withholding of legally privileged information, it therefore compels the disclosure of privileged information. *See* Company Letter at 4. However, nothing in the Proposal suggests the inclusion of legally privileged information is necessary, and the Company Letter does not describe what privileged information it thinks falls within the scope of the Proposal. The Proposal does not, for instance, request the opinion of the Facility’s counsel on any subject,

and it would be absurd to read such a request into the Proposal. Indeed, *all* of the categories of information “suggest[ed]” for inclusion by the supporting statement are purely factual, empirical, and self-evidently not privileged.¹ Black letter legal interpretation rules—such as avoidance and *esjudem generis*—counsel against reading this Proposal to require that the Company act substantively against its interests by waiving privilege.² The plain reading of the Proposal does not require it to do so.

- b. The Company has not established that the requested information is prohibited by the LLCA.

Apart from the privilege argument, the Company suggests that the Facility’s LLC Agreement (“LLCA”) “provides that no member can compel [the Facility] to produce information that [the Facility] does not already have available.” Company Letter at 4. Other than referencing privileged information, *see supra*, the Company does not explain how the Proposal requires information that is not already available. Further, the Company Letter does not provide the actual text of the LLCA on this point, so the scope of this provision is impossible to judge. The Company should not be permitted to rely on counsel’s paraphrase of contractual language to establish a lack of authority to produce information requested in the Proposal.

For instance, the question of what “available” means under the contract (if, in fact, that is the term used) may be dispositive. If the Facility has compiled a log of accidental emissions releases, but has not calculated how frequently they occur, it is unclear whether the frequency of already documented releases—a suggestion from the Supporting Statement—is reasonably considered “information that [the Facility] . . . already ha[s] available.” Another question is: “available” to whom? The Company Letter says “Cameron LNG JV and not the Company *has access to the information* needed,” (emphasis added), which suggests that the information is, in fact, “available.” But it is impossible to know without the actual language of the LLCA.

In short: the Company cannot rely on contractual language it does not proffer to establish its lack of authority to implement the Proposal. The Proposal asks the Company to release a report about the Facility, and the Company has not demonstrated that the Facility must independently act in order for the Company to do so.

- c. The Company can be required to coordinate with third parties

To the extent the Proposal may require the Company to obtain some information from the Facility, it falls well within the bounds of permissibility under Staff precedent. For example, in *Eli Lilly & Co.* (Mar. 6, 2023), the Proposal requested that the Company adopt a policy requiring that “prior to making a donation or expenditure that supports the political activities of any [third

¹ These include, for example, “data on the Facility’s accidental emissions releases including type, frequency, and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints.”

² The Staff routinely rejects attempts by issuers to interpret proposals to require legal absurdities. *See, e.g., TD SYNEX Corp.* (Jan. 29, 2024) (rejecting no-action request where Company’s argument depended on a warped reading of the proposal, stating that “the Company has not provided information explaining how potential revisions to the Company’s governing documents contemplated by the Proposal would be undertaken in a manner that is intended to disproportionately adversely affect those stockholders or would knowingly constitute a material violation of the rights of those stockholders under the agreement”).

party], the Company will require that the organization report” detailed information about its political expenditures. The Company argued that the Proposal was outside of its authority because it sought “information from independent third parties . . . including potentially confidential information.” *Id.* (Company Letter at 3). The Staff rejected the no-action request because the proposal—like the Proposal here—did not *require* third parties to act, but rather required the *Company* to act. Even where that action involved coordination with third parties, that did not mean that implementing the proposal was outside of the Company’s authority. So too here. *See also Elevance Health, Inc.* (Mar. 6, 2023) (same proposal, same result).

2. Even if the Proposal requires action from the Facility, the Facility is not an “independent third party,” but rather under the Company’s control.

The Company has not demonstrated that the Proposal requires action from the Facility as a “third party.” Even if it did, however, the Company’s argument still fails because the Facility is not an “*independent*” third party. The Company asserts it only has a 35% ownership interest in the Facility. As the Company acknowledges, it arrives at this number by multiplying its ownership of a subsidiary (70%) by that subsidiary’s ownership (50.2%) of the joint venture that in turn wholly owns a subsidiary that owns the Facility.³ Despite the Company’s creative math, this ownership constitutes an unbroken chain of control.⁴

The Company’s math describes its equity ownership, but “control” is a different question. For example, the Company’s ownership stake in the Facility falls within the Internal Revenue Code’s definition of “control,” which states that “control means the ownership of . . . at least 50 percent of the total value of shares of all classes of stock. If a person . . . is in control (within the meaning of the preceding sentence) of a corporation which in turn . . . owns at least 50 percent of the total value of the shares of all classes of stock of another corporation, then such person (or persons) shall be treated as in control of such other corporation.” 26 U.S.C. § 304. Because the Company owns more than 50% of Sempra Infrastructure Partners, which owns more than 50% of Cameron LNG Holdings, LLC, the Company “controls” Cameron LNG Holdings, LLC, even though it only “owns” 35 percent equity in the joint venture.⁵

Thus, even if the Proposal required the Facility to act, the Company does not meet the Rule’s triggering condition that the Proposal require an “*independent* third party” to act. *See* 1998 Release, *supra* (emphasis added). This fact also distinguishes the Staff precedents cited in the

³ Proponent understands the Company Letter to assert that the chain of ownership is: “Sempra > Sempra Infrastructure Partners, LP > Cameron LNG Holdings, LLC > unnamed wholly owned subsidiary > Facility.” As the Company Letter largely does, for sake of clarity of analysis, Proponent herein excludes the “wholly owned subsidiary” as irrelevant to the ownership/control analysis.

⁴ Tellingly, despite arguing that the Proposal is outside of the Company’s authority because it only owns 35% of the Facility, the Company Letter does not argue that the Proposal is “false or misleading” under the Rule for stating that “Sempra has a greater than 50% stake in Cameron LNG Phase I.”

⁵ The point is readily demonstrable by an extreme example of daisy-chain corporate ownership. A Parent Company could own 99% of a subsidiary that in turn owns 99% of a subsidiary, and so on, until at the end of the chain of ownership, the Parent Company had less than 1% of the total equity in a Final Subsidiary even though it had nearly absolute control of every subsidiary in the chain. It would be absurd to argue that the Parent Company did not “control” the Final Subsidiary.

Company Letter that rested on the fact that the registrant in receipt of the proposal did not have actual control over the subsidiary or joint venture. *See, e.g., eBay, Inc.* (Mar. 26, 2008) (company's wholly-owned subsidiary owned 49% of shares of joint venture that proposal required to act and "did not have operating control" because other company owned 51%); *Harsco Corp.* (Feb. 16, 1998) (company owned 50% of entity proposal required to act, but third-party owner of other 50% had right to appoint tie-breaking vote); *Firestone Tire & Rubber Co.* (Dec. 31, 1987) (company was "only a minority shareholder" in entity proposal required to act).

Thus, the Company has not met its burden of demonstrating that it lacks the power or authority to implement the Proposal. The Proposal does not "require intervening actions by independent third parties." 1998 Release. The Company may not exclude the Proposal on this basis.

II. The Proposal Does Not Seek to Micromanage Semptra

A. Micromanagement Standard

The Commission has recognized the exclusion under Rule 14a-8(i)(7) of proposals seeking to "micromanage" companies by "probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." 1998 Release.

In SLB 14M, the Staff reinstated guidance concerning the scope of the micromanagement exclusion from SLBs 14J and 14K. The guidance in those bulletins emphasizes that a proposal may seek to micromanage if it "involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." SLB 14M (Annex A, quoting SLB 14J). Additionally, the Staff looks "to whether the proposal seeks intricate detail or imposes a specific strategy, method, action, outcome, or timeline for addressing an issue, thereby supplanting the judgment of management and the board." SLB 14K. The Company Letter's argument focuses on the intricacy or granularity argument.

B. The Proposal Does Not Seek Intricate Detail

The Company's argument that the Proposal micromanages it is premised primarily on its argument that the Facility is "only one of a number of LNG facilities and LNG projects the Company is developing or constructing and is just one investment by the Company." Company Letter at 7.

The Company cites no Staff precedent applying a rule that proposals cannot be focused on one facility. *See* Company Letter at 7-8. Nor could it, because Commission-level authority establishes that a Proposal can look to a single facility. *See* Release No. 34-12999 (Nov. 22, 1976) (the "1976 Release") ("A proposal that a utility company not construct a proposed nuclear power plant has in the past been considered excludable. . . . In retrospect, however, it seems apparent that the economic and safety considerations attendant to nuclear power plants are of such magnitude that a determination whether to construct one is not an 'ordinary' business matter."); Release No. 34-19135 (Oct. 14, 1982) (noting that proposal that involves an "arguably economically insignificant portion of an issuer's business" is not necessarily excludable on that basis alone). *See also The Southern Co.* (Feb. 22, 1984) (concurring in exclusion under resubmission threshold of proposal requesting that Company "cancel or defer construction of one

or both units of a” single plant, noting that proposal had been submitted and voted on twice in previous two years). If the Company believes that the Proposal does not satisfy the Rule’s economic relevance threshold, it should have made its argument under that portion of the Rule, which is a different argument than micromanagement and one the Company does not make. *See* SLB 14M (reiterating that the economic relevance exclusion retains independent force and requires independent analysis). For shareholders, the Proposal’s focus on one of the largest LNG export facilities in the country is wholly appropriate.

Even setting aside the lack of precedent, the Company’s argument is unpersuasive on the merits. The Company Letter asserts that “singling out a single facility probes too deeply into matters of a complex nature.” Company Letter at 7. This goes too far. Every issue of concern at a Company will implicate a single facility within a wider operation and thus could be considered to be probing too deeply into matters of a complex nature for shareholders to understand. Here, the economic and health impacts of the Facility on its local community are, if anything, significantly *less* “complex” than the systemic issues frequently addressed by shareholder proposals. *E.g., The Travelers Cos., Inc.* (Mar. 30, 2023) (proposal requested company report if and how it intends to measure and reduce GHG emissions associated with its underwriting, insuring, and investment activities; micromanagement argument rejected).

The Company does not explain what part of reporting on “accidental emissions releases, flaring events, or noise complaints” is too “complex” for shareholder understanding. In fact, after suggesting that a report containing this sort of information is too complex for shareholders, the Company immediately attempts to *fault* the Proposal for not requesting information about the Facility’s “impact on global climate change.” Company Letter at 7. If the Company’s definition of “complexity” includes a request to count noise complaints, but not an analysis of one facility’s impact on the global climate, it’s a definition inconsistent with common usage and Staff precedent.

The Staff precedents cited in the Company Letter provide little guidance. The Company relies most heavily on *Tesla, Inc. (Stephen)* (Mar. 27, 2024), a proposal in which the proponent demanded that the company redesign its tires to eliminate pollution associated with “harmful chemicals such as 6PPD-Q.” The only argument offered to relate *Tesla* to the Proposal is that both “focus[] on a single, highly granular aspect of the Company’s ordinary business operations.” Company Letter at 8. But this fairly generic argument fails to grapple with why the *Tesla* proposal was excluded—the demand that the company bring its tire design process in-house, to redesign its tires, to reduce pollution from a relatively obscure chemical was quintessential micromanagement, a dictation not of goals but of specific methods for accomplishing a goal. The Proposal here requests a report, and does not dictate Company methods apart from reasonably defining the scope of the report. It bears no resemblance to *Tesla*.

The Company Letter also cites to *The Home Depot, Inc.* (Mar. 21, 2024). This precedent is distinguishable for essentially the same reason. The proposal therein requested a report analyzing the “benefits and drawbacks of permanently committing not to sell paint containing titanium dioxide sourced from the Okefenokee.” The requested report required a single method for addressing the problems associated with mining in the Okefenokee area—permanently committing not to sell paint containing titanium dioxide mined from that area. Much like requiring a company to install fluorescent lights as the only solution to increasing efficiency,

reporting on this single solution could be seen to inappropriately limit the Company's discretion. Here, the Proposal does not impose *any* methods on the Company.

Under SLB 14M's interpretive gloss on Rule 14a-8(i)(7), whether the Proposal micromanages turns on whether it seeks "intricate details." The Proposal does not do so. The information requested by the Proposal seeks high-level information on the impacts of the Facility on the communities in which it is located. That the Proposal's request is well within the boundaries of the Rule is readily ascertainable by reference to the three other precedents cited by the Company: *Deere & Co.* (Jan. 3, 2022), *Verizon Communications Inc.* (Mar. 17, 2022), and *American Express Co.* (Mar. 11, 2022).

In each of those cases, the proposals sought publication of "the written and oral content of any employee-training materials offered to any subset of the company's employees" so that "shareholders can appropriate[ly] gauge executives' responses to and management of [reputational and legal risks and financial harm]" to the company associated with employment discrimination. Those proposals were properly excluded as micromanagement because, while analyzing the companies' responses to and management of risks associated with discrimination was an appropriate shareholder goal, the proposals sought to accomplish that goal by demanding the publication of reams of primary source material to comb through, the definition of "intricate detail." Here, by contrast, the Proposal seeks an "environmental justice report" consisting of primarily qualitative and descriptive analysis by the Company. The Proposal's discretionary supporting statement also suggests the inclusion of some *aggregated* data. The stark difference between the approach taken by the Proposal here and in *Deere*, *Verizon*, and *American Express* illustrates precisely why this Proposal does not micromanage.

The Company Letter concludes by insisting that "[d]ecisions about health and safety matters related to a specific community at a specific investment are multifaceted and require management to evaluate complex issues." Company Letter at 8. Exactly so, which is why the Proposal does not seek to dictate specific strategies or specific methods to address any particular problem, unlike the precedents cited in the Company Letter. Rather, the Proposal's request for an environmental justice report simply asks the Company to describe the Facility's impact on the local community, an important issue of shareholder concern due to the multiple risks that unaddressed community harm brings to the Company. The Company has not met its burden of demonstrating that this basic request for information micromanages it.

CONCLUSION

The Proposal requests that the Company issue a report describing the impacts to the local community of a facility it controls, one of the largest LNG export facilities in the country. The Company bears the burden of demonstrating its entitlement to exclude the Proposal. It has not met that burden. It has not demonstrated that it lacks authority to produce such a report, nor has it demonstrated that the report micromanages by seeking intricate details or imposing specific methods for addressing the problems that may be identified by the requested report.

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2025 proxy statement pursuant to Rule 14a-8. We urge the Staff to deny the no action request.

Sincerely,

A handwritten signature in black ink, appearing to read 'LM', with a stylized flourish extending to the right.

Luke Morgan
Staff Attorney, *As You Sow*

CC:

Elizabeth Ising, Gibson Dunn

March 6, 2025

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

Re: *Sempra*
Supplemental Letter Regarding Shareholder Proposal of John Chevedden et al.
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

On January 3, 2025, we submitted a letter (the “No-Action Request”) on behalf of our client, Sempra (the “Company”), informing the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission that the Company intends to omit from its proxy statement and form of proxy for its 2025 Annual Shareholders Meeting (collectively, the “2025 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof (the “Supporting Statement”) submitted by As You Sow on behalf of John Chevedden, Frances L. Bell T/W fbo Frances de Freitas and Brian Murray Revocable Trust (collectively, the “Proponents”).

The No-Action Request set forth the basis for our view that the Proposal may be excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(6) because the Company does not control the management or operation of the Cameron LNG Phase I facility and thus does not have the power or authority to unilaterally cause the entity to implement the Proposal. The No-Action Request also explained our view that the Proposal may be properly excluded from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal seeks to micromanage the Company by probing too deeply into the complex matter of managing environmental and compliance-related risks related to one of the Company’s individual investments.

For the reasons outlined in the No-Action Request, we continue to believe that the Proposal is excludable under Rule 14a-8(i)(6) and Rule 14a-8(i)(7). We are submitting this supplemental letter to address particular assertions in the letter to the Staff dated February 22, 2025 from As You Sow on behalf of the Proponents (the “Response Letter”) relating to: (i) the Company’s lack of control of the indirect owner and operator of the Cameron LNG Phase 1 facility, Cameron LNG Holdings, LLC (the “Unconsolidated Joint Venture”); (ii) the independent actions the Proposal would require from the Unconsolidated Joint Venture; and (iii) the Company’s micromanagement argument as set forth in the No-Action Request.

I. The Company Does Not Control The Management Or Operations Of The Joint Venture

In the Response Letter, the Proponents misguidedly assert that “the [Unconsolidated Joint Venture] is not an ‘independent third party,’ but rather under the Company’s control.” As stated in the No-Action Request, the Unconsolidated Joint Venture is a manager-managed limited liability company. The Company does not control the management or operation of the Unconsolidated Joint Venture, either directly or indirectly, which is evidenced by the Company’s longstanding treatment of the Unconsolidated Joint Venture as an unconsolidated equity method investment under the applicable financial reporting standards of the Financial Accounting Standards Board (FASB).

As discussed most recently in the notes to consolidated financial statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024, the “[Unconsolidated Joint Venture] is a [variable interest entity (“VIE”)] principally due to contractual provisions that transfer certain risks to customers. Semptra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of [the Unconsolidated Joint Venture], including LNG production and operation and maintenance activities at the liquefaction facility. Therefore, we account for our investment in [the Unconsolidated Joint Venture] under the equity method.” Based on this assessment and with applicable accounting guidance, the Company concluded that the investment should be accounted for under the equity method and therefore did not consolidate the Unconsolidated Joint Venture into its consolidated financial statements for the year ended December 31, 2024, consistent with its longstanding accounting treatment of the Unconsolidated Joint Venture. The Company’s conclusion is based on generally accepted accounting principles in the United States of America and is reflected in the Company’s annual financial statements, which are audited by an independent registered public accounting firm. Further, the Audit Committee of the Company’s Board of Directors (which is composed solely of independent directors) oversees the Company’s financial reporting process and discusses the Company’s significant accounting policies, which includes the accounting treatment of VIEs, and financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements with the Company’s management and its independent auditors.

The Response Letter focuses on the Internal Revenue Code’s definition of control, which is wholly irrelevant because the outcome of such analysis has no bearing on the Company’s lack of power or authority to unilaterally cause the entity to implement the Proposal. The correct focus is on the Company’s actual ability to control the Unconsolidated Joint Venture with respect to the specific action being requested in the Proposal, namely the production of a report containing the requested information. As stated in the No-Action Request, the Company does not possess such control, regardless of the rules of the Internal Revenue Code defining “control” as the ownership of more than 50%.

For these reasons, the Company believes that the Proposal is excludable under Rule 14a-8(i)(6).

II. The Proposal Requires Independent Action By The Joint Venture Manager

As reiterated above, the Unconsolidated Joint Venture is a manager-managed limited liability company. The Unconsolidated Joint Venture is subject to a Limited Liability Company Agreement (the “LLCA”) that governs the joint venture, including member access to and disclosure of information regarding the joint venture.¹

The Proponents assert in the Response Letter that “[n]othing in the Proposal requires [the Unconsolidated Joint Venture] to act.” This is demonstrably wrong. The Proposal requests a report on “health and economic impacts that [the Unconsolidated Joint Venture’s facility] has had on fenceline communities.” As noted above, the Company has only an equity method investment in the Unconsolidated Joint Venture; it does not control the management or operation of the Unconsolidated Joint Venture. Thus, the Company does not have access to all of the operational data required to prepare such a report (much less singlehandedly prepare “data on the Facility’s accidental emissions releases including type, frequency and amount; frequency of flaring events; information on associated health impacts of unplanned releases; and noise complaints associated with Cameron LNG Phase I operations”).

Moreover, to the extent not already available, the Unconsolidated Joint Venture—and not the Company—would have to collect, organize and review business and legal information to determine what information is potentially responsive to the Proposal. In addition, to the extent that the Unconsolidated Joint Venture determines that information requested by the Proposal is not already available, any subsequent action to collect or prepare such new information would be entirely at the discretion of the Unconsolidated Joint Venture. This is because Section 4.05 of the LLCA states:

[E]ach Member shall be entitled to receive such other information that it may reasonably request concerning the JV Companies or its assets and operations. The Member making the request shall bear all costs and expenses incurred by the Company in meeting any such request; provided, however, that this Section 4.05 shall not obligate any JV Company or any Member to create any information that does not already exist at the time of such request (other than to convert existing information from one medium to another, such as providing a printout of information that is stored on a computer database).

Thus, the Proposal seeks a report on information that the Company does not have and cannot compel the Unconsolidated Joint Venture to provide.

¹ The LLCA includes a confidentiality clause prohibiting disclosure of the LLCA’s provisions. As further evidence that, as a result of the LLCA provisions, the Company does not have the power or authority to unilaterally implement the Proposal, the Company requested and received required approval from the Unconsolidated Joint Venture to include the text of relevant provisions of the LLCA in this letter.

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Further, even if after conducting this extensive review, the Unconsolidated Joint Venture (i) determined that all such information was available, or (ii) consented, if all such information was not already available, to creating such information, the Company could not unilaterally publish this information in the report requested by the Proposal for the same reason the Unconsolidated Joint Venture's permission was required to include the text of relevant LLCA provisions in this letter. Instead, under Section 15.02 of the LLCA, the Company would be required to obtain written approval from the Unconsolidated Joint Venture's Chief Executive Officer before making any public announcement, press release or statement regarding this information:

No Member may issue or make any public announcement, press release or statement regarding this Agreement or the activities of the JV Companies unless, prior to the release of the public announcement, press release or statement, such Member furnishes the Company with a copy of such announcement, press release or statement, and obtains the prior written approval of the Chief Executive Officer (which approval shall not be unreasonably withheld or delayed)...

The act of providing such written approval—which would involve the Unconsolidated Joint Venture organizing, reviewing and analyzing business and legal information, including determining what information is commercially sensitive or legally privileged—also is itself an affirmative action required of the Unconsolidated Joint Venture because it requires both analysis and intentional decision-making. While the LLCA contains customary language providing that such approval shall “not be unreasonably withheld or delayed,” the Chief Executive Officer of the Unconsolidated Joint Venture has the authority to decide whether any responsive information is, for example, commercially sensitive or legally privileged (and the Proposal does not excuse disclosure of any such information), and thus refuse to consent to disclosure of information required to implement the Proposal.

In summary, the Company's ability to produce the requested report is entirely dependent on the Unconsolidated Joint Venture. Without the Unconsolidated Joint Venture's voluntary cooperation, the Company could not obtain “any information that does not already exist” and, without the Unconsolidated Joint Venture's affirmative consent, the Company could not publish the information requested by the Proposal. Lastly, it is worth noting that the LLCA requires the Company to obtain permission to even publicly discuss the activities of the Unconsolidated Joint Venture, a further indicia that the Company does not control the management or operation of the Unconsolidated Joint Venture as outlined above.

III. The Response Letter Mischaracterizes And Fails To Adequately Address The Company's Micromanagement Argument As Set Forth In The No-Action Request

In responding to the Company's micromanagement argument, the Response Letter is chiefly concerned with characterizing the Proposal as one that seeks "high-level information," rather than "intricate details," on the impacts of the Unconsolidated Joint Venture's facility. For reasons outlined in the No-Action Request, the Company continues to disagree with the characterization of the requested information as "high-level" (which information includes: data on the facility's accidental emissions releases including type, frequency, and amount; data on frequency of flaring events at the facility, information on associated health impacts of unplanned releases from the facility; and data regarding noise complaints associated with the facility's operations).

Notably, however, the Response Letter does not adequately address the central basis of the micromanagement argument set forth in the No-Action Request. That is, the Proposal targets one particular equity method investment of the Company, which the Company does not manage or operate, and provides that the Company should furnish specific operational data relating to this one investment. The equity method investment targeted by the Proposal constitutes just one of many facilities, properties and other systems and infrastructure in which the Company maintains an investment as part of its ordinary business operations but does not otherwise control. As explained in the No-Action Request, by singling out this one facility to serve as the subject of the requested report, the Proposal seeks to interject shareholders into complex determinations and evaluations on how the Company oversees risks related to certain individual investments made as part of its ordinary business operations. The Response Letter mischaracterizes the argument just reiterated as standing for the premise that "proposals cannot be focused on one facility" and suggesting that perhaps the Company "should have made its argument under the [economic relevance threshold] portion of the Rule." Thus, the Response Letter fails to respond to the argument actually made; that is, by requiring the Company to collect and report detailed information on how the Company manages specific risks associated with this particular equity method investment, the Proposal probes too deeply into matters of a complex nature (*i.e.*, how the Company manages environmental and compliance-related risks associated with its individual investments) upon which shareholders, as a group, would not be in a position to make an informed judgment.

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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 2025 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

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