

Sempra

Detailed assessment of Sempra’s corporate industry association review

May 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association lobbying, using the traffic-light assessment framework summarized below. Further details on the assessment methodology is available in the Appendix, and on our website [here](#).

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

A summary of Sempra’s disclosures on industry associations is shown below. Sempra has undertaken one review of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
May 2022	7 / 100

This assessment focuses solely on Sempra’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement activities, which can be found on InfluenceMap’s online profile of Sempra [here](#).

Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment. A more detailed breakdown, along with examples of best practice evidenced by other companies to date, can be found on the following page.

Disclosure & Transparency	Policy Alignment Process
Corporate climate positions	Identify & Assess
Industry group climate positions	Monitor & Review
Alignment assessment method	Act
Framework for misalignment	

Sempra's Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Sempra's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

Sempra	Sempra has not disclosed a detailed breakdown of its climate policy positions and influencing activities in its industry association review. Sempra's review is embedded in its 2021 Sustainability Report. However, positions on climate-related policy in the wider report are limited to top-line statements on decarbonization and the Paris Agreement. The company has not disclosed any details of its engagement on specific items of regulation and legislation.
Best Practice	<i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

Sempra	Sempra's disclosure of its industry associations' climate policy positions is limited to an overview of top-line statements, without reference to specific items of regulation and legislation. The level of detail varies between industry associations, however most of the descriptions are limited to top-line statements on, for example, reducing greenhouse gas emissions and addressing the risks of climate change. The one exception to this is the Louisiana Association of Business and Industry, for which Sempra discloses the association's support for the US federal Clean Air Act.
Best Practice	No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

Sempra	Sempra has not disclosed a clear and detailed framework for assessing its industry associations' alignment on climate policy engagement. The company has developed a disclosure template in which it poses nine questions to its industry associations, including: the association's degree of alignment with the goals of the Paris Agreement; if their climate lobbying is consistent with their public positions; and details on their positions and expenditure on climate-related lobbying. Sempra assesses the degree of alignment based on these questions, and categorized its industry associations as 'Aligned', 'Partially Aligned', or 'Further review needed'. However, the company does not explain what constitutes a finding of alignment, partial alignment, or needs further review. Sempra also does not detail the process for assessing each industry association's degree of alignment with the Paris Agreement. Additionally, Sempra does not disclose a detailed explanation behind each evaluation, just stating whether each association is aligned or not.
Best Practice	BASF has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.

Framework for addressing misalignment

To meet investor expectations under this indicator: The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

Sempra	Sempra has disclosed a clear and detailed framework for addressing misalignment with its industry associations, including escalation strategies. The company has disclosed several steps to address and mitigate misalignment, including: educating association staff and members, attempting to move consensus positions within its associations, dissenting or removing participation from association positions, attempting to influence a change in position, and assessing whether its membership should continue. However, Sempra does not provide clear deadlines for industry associations which do not amend misaligned practices.
Best Practice	BHP has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.

Policy Alignment Process

Identify & Assess	
<p>To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.</p>	
Sempra	<p>Sempra has not identified any cases of misalignment, but highlighted ten cases of partial alignment including with the American Petroleum Institute and Texas Oil and Gas Association.</p> <p>InfluenceMap analysis indicates that the company likely has four memberships to industry associations with climate policy engagement misaligned with the Paris Agreement (<i>US Chamber of Commerce, American Gas Association (AGA), American Petroleum Institute (API), California Chamber of Commerce</i>), and three memberships to industry associations with climate policy engagement potentially misaligned with the Paris Agreement (<i>Edison Electric Institute, Business Roundtable, Eurogas</i>). Sempra did not include the California Chamber of Commerce, Business Roundtable, or Eurogas in its industry association review. InfluenceMap analysis finds that Sempra's industry associations have lobbied negatively on climate-related policies, for example:</p> <ul style="list-style-type: none"> ■ <i>US Chamber of Commerce:</i> In a March 2022 Amicus Brief submission, the US Chamber <i>supported</i> the Line 5 pipeline and the continued role of oil in the energy mix. The US Chamber also <i>contested</i> the US Environmental Protection Agency's (EPA) authority to regulate methane emissions, and supported major exceptions to standards on domestic gas production, in comments submitted to the EPA in January 2022. ■ <i>American Gas Association (AGA):</i> AGA advocated to <i>weaken or eliminate</i> the Biden administration's proposed methane tax within the Reconciliation Bill in a September 2021 letter to the Senate and House Majority and Minority Leaders. AGA CEO Karen Harbert also <i>advocated</i> to increase research and development funding for fossil gas and to preserve its role in the transport and building sectors in a May 2022 letter to the House Committee on Appropriations Subcommittee on Energy and Water Development. ■ <i>American Petroleum Institute (API):</i> In a February 2022 letter to President Biden, API <i>directly advocated</i> to support fossil gas infrastructure and supported federal policy to facilitate fossil gas expansion. API also <i>opposed</i> medium- and heavy-duty vehicle emission standards in a March 2022 letter to the Connecticut Joint Committee on Environment, and <i>attempted to weaken</i> multiple parts of the EPA's methane regulation in comments in February 2022.
Best Practice	<p>Enel is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review

To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.

<p>Sempra</p>	<p>Sempra has stated that future reports <i>may</i> provide updated information on its industry associations’ alignment with the Paris Agreement, and its mitigating efforts to address misalignment. However, the company does not explicitly commit to publishing another review within a specified timeframe.</p>
<p>Best Practice</p>	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations’ climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>




Act

To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s *database* on corporate lobbying. The investor expectations outlined by *PRI*, *IIGCC* and *Ceres* include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

<p>Sempra</p>	<p>Sempra has shown no evidence of action to address specific cases of misalignment with its industry associations. Sempra does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify & Assess).</p>
<p>Best Practice</p>	<p>No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four "partly aligned" industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

Appendix A: Methodologies for Assessment



Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

Assessing Disclosures

Since BHP's 2017 industry association review, around 40 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *'Investor Expectations on Corporate Climate Lobbying'* report, the PRI highlights the need for disclosure on the company's positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company's stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap's Assessment Criteria
Corporate climate policy positions and influencing activities		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.

		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company's disclosure is limited to a brief overview of its 'top-line' climate statements and operational commitments without reference to specific items of regulation and legislation.
Industry association climate policy positions and influencing activities		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond 'top-line' statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company's disclosure is limited to a brief overview of 'top-line' climate statements without reference to specific items of regulation and legislation.
Alignment assessment method		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
Framework for addressing misalignment		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company's stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of misalignment or potential misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 350 companies and 150 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.