



A Sempra Energy utility

ECONOMIC BENEFITS OF SUPPLIER DIVERSITY

Supplier Diversity's Far-Reaching Impacts 2011-2013

SoCalGas® is an award-winning, state and national leader in supplier diversity. This leadership is accredited to 30+ years of embedding supplier diversity in SoCalGas' company culture as a core business strategy. During the past two years we have spent nearly \$1 billion with diverse businesses; \$428.5 million and \$571.4 million in 2013 and 2014, respectively.

Leadership in supplier diversity means charting new territory, while modeling strategies that may be replicated within our organization, among industry partners, and throughout the sector. To this end, in 2014 SoCalGas has taken supplier diversity to the next level and embarked on our first Supplier Diversity Economic Benefits Survey. This groundbreaking study illustrates the financial breadth, contribution and direct dollar impact of diverse businesses within our supply chain, across our service territory and nationally.

We surveyed 382 of our women-, minority-, service disabled veteran-owned business enterprises (WMDVBE) with revenues of \$500,000 or more. We received responses representing more than half of our procurement with diverse prime suppliers.

The resulting data reinforces anecdotal evidence that supplier diversity programs make a difference beyond diverse firms and the boundaries of the organizations engaged with WMDVBEs. Buoyed by concrete evidence of the effectiveness of supplier diversity programs, SoCalGas is well-positioned to expand the value proposition for supplier diversity beyond regulatory goals and social good.

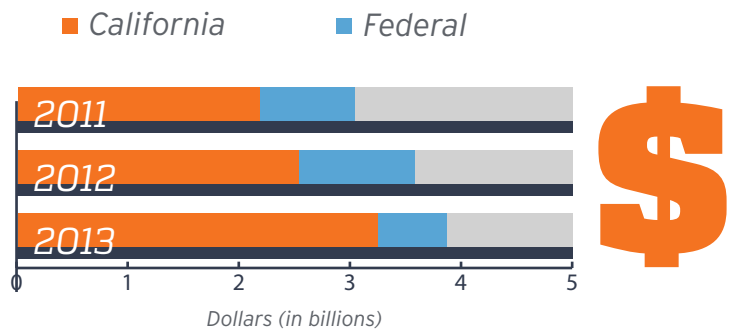
Diverse suppliers make essential contributions to our local, state and national economies, and a robust WMDVBE strategy is critical to our future success.

Our inaugural Economic Benefits of Supplier Diversity Report, based on surveyed WMDVBEs' 2011-2013 data, revealed the following results.



GROSS RECEIPTS

WMDVBEs earned a total of \$3.3 billion in federal gross receipts and \$2.6 billion in state gross receipts, steadily increasing their contribution to the national and state economy.



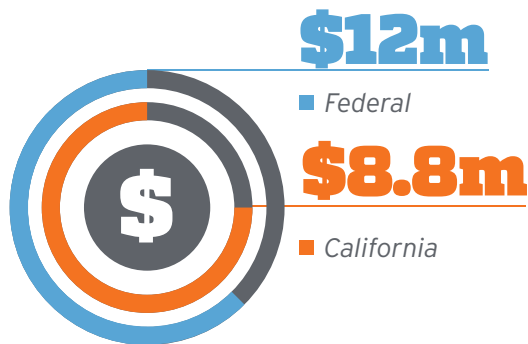
This survey was conducted by Gray, Greer, Shelby & Vaughn, a minority and woman-owned consulting firm, in partnership with Sentenium, a minority research firm.

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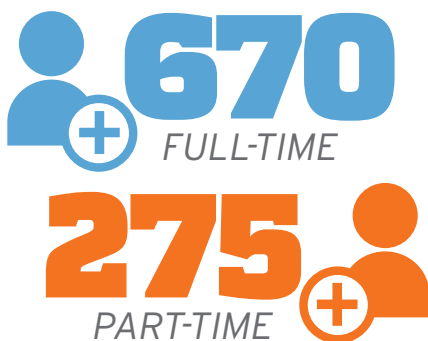
INCOME TAX

Respondents contributed more than \$12 million and \$8.8 million in Federal and California income tax, respectively. This contribution to the national and state tax base aids in funding the operation of our educational system, government infrastructure and public services.



JOB CREATION

During the past three years, our WMDVBES consistently added to the number of jobs created in California and nationally. In 2013, they created more than 670 full-time and 275 part-time jobs. These new jobs had a direct impact on decreasing the unemployment rate.



SUPPLIER DIVERSITY PROGRAMS

More than 40 percent of respondents have supplier diversity programs. Providing numerical evidence to illustrate our stated belief that WMDVBES want to “pay it forward” and provide economic opportunities for other diverse firms to grow and become more successful.



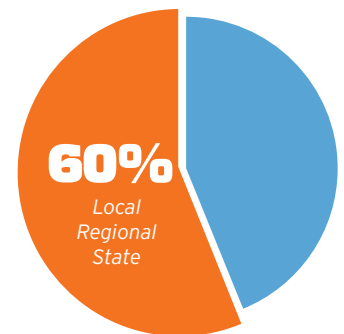
CHARITABLE CONTRIBUTIONS

50 percent of surveyed diverse vendors contributed **\$1.1 million** for the last three years to non-profit organizations. The following list highlights some of these organizations:

- **Youth** - Boys and Girls Clubs, Girls and Gangs, Make-A-Wish, schools
- **Health** - Children’s Hospitals, March of Dimes, Society for the Blind, Amyotrophic Lateral Sclerosis Association, Multiple Sclerosis Society, American Heart Society, American Cancer Society
- **Humanitarian** - Salvation Army, Red Cross, Habitat for Humanity, shelters
- **Public Servants** - Veteran, Police and Firefighter associations
- **Animal** - PETA and local animal shelters

MEMBERSHIPS

In 2013, more than \$230,000 was spent on membership dues and fees for organizations. More than 60 percent of the surveyed vendors belong to local, regional and state chambers, business associations and certification organizations.



This data confirms what we have long known - that our supplier diversity activities have a significant effect well beyond our operations and the 675-plus WMDVBES working with us. It also further inspires us to continue to **INVEST** in our suppliers, provide them with **DEVELOPMENT** opportunities, and **PARTNER** with organizations that support supplier diversity.