



EDISON
INTERNATIONAL®

Energy for What's AheadSM

EEI ESG/Sustainability Template Qualitative Section

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Introduction

At Edison International (NYSE:EIX), our vision is to lead the transformation of the electric power industry toward a clean energy future. Through our subsidiaries, we distribute and generate electric power, as well as provide energy services and technologies, including renewable energy. Headquartered in Rosemead, California, Edison International is the parent company of Southern California Edison (SCE), one of the nation’s largest electric utilities. Edison International is also the parent company of Edison Energy, an independent advisory and services company with advanced analytic capabilities to design the optimal energy portfolio solution for large commercial and industrial customers. Edison Energy is independent from Southern California Edison.¹

Edison International is among Edison Electric Institute (EEI) member companies voluntarily disclosing environmental, social, and governance (ESG)/sustainability (collectively, “ESG”) metrics and information using a template developed by EEI in collaboration with member companies and investors. The metrics are provided in response to the desire of investors and other stakeholders for ESG/Sustainability information that is consistent across the electric sector in terms of accessibility, content, timing, and presentation. Edison International shares in the goals of this effort to provide investors with relevant information that:

- Allows integration of ESG data and performance;
- Provides clarity of risks (e.g., stranded assets, regulatory issues, etc.) and opportunities (e.g., investments in renewables, etc.) and how they are being managed;
- Provides insight into growth strategy, assumptions, and future trajectory;
- Provides both qualitative and quantitative information; and
- Serves as a primary reporting channel for consolidated ESG information relevant to investors and other stakeholders.

Note that data provided as part of this disclosure conforms to the requirements of the EEI ESG/Sustainability template and thus, may differ from data provided in Edison International’s annual Sustainability Report and other disclosures.

ESG Governance

❖ Board Oversight

Edison International’s Board of Directors consists of 11 directors, 10 of which are independent. The Board oversees ESG risks and opportunities as an integral part of its oversight of the company’s strategy. The Board’s oversight includes annual in-depth strategy meetings and regular updates from management on corporate sustainability issues and corporate goals. Oversight of specific ESG-related issues is allocated among the Board’s four standing committees. The Board’s Nominating/Governance Committee reviews periodically any significant ESG trends that may impact the company, ensures the oversight of relevant ESG issues by the Board and its committees, and makes recommendations to the Board as appropriate.

Read more about Edison International’s corporate governance practices at edison.com/corpgov or see our [2019 Joint Proxy Statement](#).

¹ Edison Energy is not the same company as Southern California Edison, the utility, and Edison Energy is not regulated by the California Public Utilities Commission.

❖ **Cybersecurity Governance**

The Board and its Safety and Operations Committee oversee cybersecurity and receive regular updates on critical assets, cybersecurity drills, and efforts to mitigate cyber risks. Cyber risks are also included in key risk reports to the Audit and Finance Committee. Our Cybersecurity Oversight Group, consisting of a multidisciplinary senior management team, provides governance and strategic direction to SCE's cybersecurity program for the identification, protection, and detection of cybersecurity risks to the company. The Board has assigned a director to regularly participate in Cybersecurity Oversight Group meetings and activities and report periodically to the Board and its Safety and Operations Committee.

In addition to infrastructure and governance controls, we collaborate with public sector and utility partners to share lessons learned, best practices, and threat intelligence, as well as on forward-leaning research and development initiatives. Our most important collaboration is participation in the CEO-led [Electricity Subsector Coordinating Council \(ESCC\)](#), which is the principal liaison between leadership in the federal government and the electric power sector to prepare for national-level incidents and threats to critical infrastructure. Edison International's President and CEO is chair of ESCC's Industry-Government Coordination Strategic Committee.

❖ **Management's Role**

Edison International's SVP of Strategy and Corporate Development leads the development of our ESG strategy and periodically briefs the Edison International Managing Committee on ESG risks and opportunities.

❖ **Materiality Assessment**

In 2018, we completed an ESG materiality assessment in line with best practice. The assessment identified 19 ESG topics as priorities, many of which are related to our strategy and core operations. Learn more at [Edison.com/sustainability](https://www.edison.com/sustainability).

❖ **Our Stakeholders**

Edison International was one of nearly 200 companies to sign the Business Roundtable's (BRT's) Statement on the Purpose of a Corporation. The statement is consistent with our commitment to make a positive impact and deliver value to all of our stakeholders.

ESG Strategy

❖ **Limiting global warming to 1.5 degrees Celsius**

At the core of our strategy at SCE is a strong partnership with the state of California and other stakeholders to help California achieve ambitious, science-based climate change goals at the state level, including a 40% reduction in greenhouse gas (GHG) emissions from 1990 levels by 2030 and economy-wide carbon neutrality by 2045. Taken together, these goals are broadly considered to be consistent with limiting future global temperature rise to no more than 1.5°C above pre-industrial levels in accordance with the October 2018 United Nations Intergovernmental Panel on Climate Change (IPCC) [Special Report on Global Warming of 1.5°C](#).

The electric power sector in California has already made significant headway in reducing its GHG emissions, which are down 43% since 1990, and we are prepared for the work that lies ahead. We cannot do it alone, however. This shift requires a collaborative effort across the California economy. Today, the electric power sector accounts for only 15% of California's GHG emissions. The transportation sector now produces almost three times as many GHG emissions as the electric sector.

In November 2019, SCE published [Pathway 2045](#), which outlines our blueprint for how California can meet its ambitious goal to achieve carbon neutrality by 2045. Pathway 2045 updates and extends SCE's November 2017 [Clean Power and Electrification Pathway: Realizing California's Environmental Goals](#) white paper, which summarized an analysis SCE undertook to identify the most cost-effective and feasible set of actions to reach California's interim 2030 goals.

Pathway 2045 concludes that the changes required across the California economy are profound. Economy-wide decarbonization can be achieved through:

- Deep decarbonization of the electric sector through 100% carbon-free retail electric sales supported by more than 110 GW of additional utility-scale clean generation and storage;
- Significant electrification of transportation and buildings, including 75% of vehicles and 70% of buildings, coupled with advanced energy efficiency; and
- Use of low-carbon fuels for hard-to-electrify applications such as industrial and heavy-duty transportation and sequestering the remaining carbon.

Significant grid investment will be required to enable and integrate this new renewable generation and storage capacity, and to serve the substantial load growth associated with transportation and building electrification. Electrification will further increase customers' reliance on the grid, underscoring the need to build in additional resilience to withstand the more frequent and severe weather conditions due to climate change impacts.

Utility-scale generation and storage and the supporting grid represent up to \$250 billion of clean energy investments and include thousands of sustaining craft and skilled jobs across the California economy.

❖ **Adapting to a new climate reality**

Climate change is not a distant threat but a current reality. 10 of the 20 most destructive California wildfires have occurred since 2015. As of year-end 2018, approximately a quarter of SCE's service area was in a high fire-risk area. From an operational standpoint, SCE has taken substantial steps to reduce the risk of wildfires and is going beyond long-standing industry practices to address extreme conditions. Among other things, SCE is implementing aggressive mitigation measures primarily focused on preventing potential wildfire ignitions in high fire-risk areas, including further grid hardening, enhanced situational awareness, and expanded operational practices. SCE has also established collaborative partnerships and maintains a close working relationship with local, state, and federal first responder agencies.

For more details, see: [Grid Safety and Resiliency Program](#), filed in September 2018; the [Risk Assessment and Mitigation Phase](#) of our 2021 General Rate Case (GRC), filed in November 2018; our [Wildfire Mitigation Plan](#), filed in February 2019; and the [2021 GRC filing in August 2019](#).

❖ **Clean Energy**

In 2018, 46% of electricity that SCE delivered to customers came from carbon-free resources, more than halfway to the 80% we estimate is needed by 2030 to meet California's climate change goals. In 2018, SCE power producers emitted only half of the GHG per unit of electricity provided to customers compared to the estimated U.S. average. The Smart Electric Power Alliance (SEPA) has named SCE a [national leader in solar](#) since it began publishing solar rankings in 2007. In August 2019, SEPA also named SCE the [no. 1 utility for battery storage](#).

In 2018, Edison Energy structured renewable energy purchasing agreements for some of the nation’s largest energy users with deals for over 450 MW publicly announced. In corporate renewable energy purchasing alone, Edison Energy has advised customers on more than 3,100 MW of wind and solar transactions in total.

❖ Efficient Electrification

In 2018, SCE launched the largest truck and transit charging initiative in the nation, a \$356 million program known as [Charge Ready Transport](#), which will install infrastructure for at least 870 SCE customer sites by 2024. SCE’s \$22 million [Charge Ready](#) Pilot, which launched in 2016, is successfully supporting the installation of close to 1,500 EV charge ports for light-duty vehicles, including 260 in 2018. We are now investing another \$22 million to continue the program, expanding its reach, and have proposed to invest \$760 million to support the installation of more than 48,000 charge ports over four years.

Meanwhile, Edison International has invested in technologies and services that are making electrification possible including [Proterra](#), a leader in the design and manufacture of zero-emission electric buses, [ViriCiti](#), which provides monitoring and smart charging solutions for electric vehicle fleets, and [AMPLY Power](#), which offers charging as a service to help fleets transition to electric vehicles. Edison International’s President and CEO is also co-chair of the EEI transportation electrification task force and chaired the Electric Power Research Institute (EPRI) board working group on efficient electrification. Edison International served as the host company for EPRI’s inaugural Electrification International Conference & Expo in 2018.

❖ Grid of the Future

Over the long term, SCE expects to invest at least \$4 billion per year to create a safer, cleaner, more reliable, and more efficient grid that enables the integration of new technologies and is resilient in the face of climate change. SCE is modernizing its distribution business by:

- Leveraging advanced hardware and software to enable advanced grid management of an increasingly complex and intelligent grid;
- Connecting distributed energy resources (DERs) to markets to maximize the value of those DERs and to incentivize customers to adopt them at the right location and dispatch them at the right time; and
- Empowering customers to partner in making the grid more reliable, efficient, and clean.

SCE has received national recognition for its leadership in grid modernization. In August 2019, [SCE was honored the top prize \(Tier 1, Gold\) in the U.S. DOE’s inaugural “Electricity Industry Technology and Practices Innovation Challenge”](#) for a project related to virtualizing components of electric grid substations and operating them using a human machine interface. SCE’s Reliability Operations Center, which uses advanced analytics to detect system faults and energized downed wires, provide advance notice of potential equipment failure, and identify grid anomalies before customers report any issues, was honored as [one of five U.S. industry finalists for the prestigious 2019 EEI Edison Award](#).

❖ Customer Choice

SCE is partnering with customers to deploy new clean energy technologies, while ensuring all customers have access to renewable energy and giving customers information, tools, and incentives to use clean energy technologies in a way that maximizes benefits for themselves and the entire energy system.

In 2018, we developed a suite of new programs with a focus on expanding access for low-income customers. We are launching these revamped green programs to enable customers to purchase 100% renewable energy with

simplified rate structures and discounts for eligible customers in underserved communities. We implemented a new [Time-Of-Use \(TOU\)](#) rate in March 2019, providing customers using select green technologies with lower rates at off-peak times of day. We also offer incentives to customers reducing the cost of installing new energy storage systems through our [Self Generation Incentive Program](#).

SCE has a range of other programs to help customers manage their electricity use and lower costs. Read more about our [energy savings rebates and incentives](#) and [demand response programs](#).

Edison Energy is helping large commercial and industrial customers align energy investments to lower costs, improve efficiency, meet sustainability targets, and achieve customers' strategic goals. Examples of Edison Energy's work in 2018 include supporting large pharmaceutical company Novartis in executing a Virtual Power Purchase Agreement (VPPA) to add 100 MW of wind power to the electric grid starting in 2019, and working with Lincoln Center for the Performing Arts on an [award-winning project](#) to improve energy management at their 16-acre site.

❖ Safety

Safety is our top value. We are protecting our communities by increasing the resiliency of our operations and partnering with them to mitigate the risk of natural and human-induced disasters — including wildfires. Advancing a culture of safety within our own operations, including among employees and contractors, is driving us toward improved safety performance.

As wildfire-related risks continue to increase, we are implementing a comprehensive wildfire mitigation strategy that includes further grid hardening, enhanced situational awareness, and expanded operational practices. SCE has comprehensive programs to plan for and respond to earthquakes and other emergency situations, including by conducting more than 20 drills and exercises annually to prepare incident management teams to respond to potential natural and human-induced disasters. Helping to build a resilient region in partnership with all regional stakeholders, through partnerships, philanthropic funding, public education, and more is foundational to SCE's approach.

Our goal is for every one of our employees and contractors to return home safely every day, and we are investing a significant amount of time, energy, and focus to make sure that happens. We have been transparent about the fact that our 2018 performance did not meet our expectations. Real improvements in our safety performance will be driven by a shift in our safety culture, and we remain committed to that journey. In 2018, we enhanced our safety training, particularly for field employees who work on higher risk jobs. The training is focused on our culture around being both physically and psychologically safe.

❖ Diversity and Inclusion

We are among the nearly 100 organizations that have signed onto [Paradigm for Parity \(P4P\)](#), a public commitment to achieve gender parity in senior roles by 2030. In addition, in 2018, we signed the [CEO Action for Diversity & Inclusion™](#), the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. We also recently supported the [Human Rights Campaign Business Coalition for Equality Act](#) in support of federal legislation that would provide the same basic protections to lesbian, gay, bisexual, transgender, and queer (LGBTQ) employees as to other protected groups.

We have received recent recognitions as one of the best places to work for disability inclusion, LGBTQ equality, and for women. We also value transparency: SCE is among the few companies in the Fortune 500 that publicly discloses race and gender data in each job category and management level. In 2018, we also discussed pay equity performance with employees.

In terms of our suppliers, SCE spent more than \$2.13 billion, or 46.73% of SCE's overall spend, procuring goods and services from diverse business enterprises. This represents the sixth consecutive year that we exceeded our 40% aspirational spend goal.

We also value the diversity of ethnicity, gender, skills, backgrounds, and qualifications on the Board. Of the 11 directors currently on our Board, four are female (36%) and four are from a diverse racial/ethnic background (36%), which exceeds the average gender and racial/ethnic diversity at S&P 500 companies.

Notes:

For more information on these and our other material ESG issues, please visit our 2018 Sustainability Report at www.edison.com/sustainabilityreport.

Sources:

The qualitative portion of the EEI ESG template reflects relevant information covered in the Edison International and SCE [2019 Joint Proxy Statement](#), the [2018 Annual Report](#), the [2018 Sustainability Report](#), the [2018 Financial and Statistical Report](#), [Pathway to 2045](#) paper, and [Clean Power and Electrification Pathway](#) paper. White papers and other relevant documents are available on our websites <https://www.edison.com> and <https://energized.edison.com>. Corporate governance information is available at: edison.com/corpgov. Investor information can be found at edisoninvestor.com.