

SUSTAINABLE FINANCING REPORT

JUNE 2022

ABOUT EDISON INTERNATIONAL

Edison International is one of the nation's largest electric utility holding companies, providing clean and reliable energy and energy services through its independent companies.

Headquartered in Rosemead, California, Edison International is the parent company of Southern California Edison (SCE), a utility that delivers electricity to 15 million people across southern, central and coastal California. Edison International is also the parent company of Edison Energy¹, a global energy advisory company that helps large corporate, industrial and institutional users deliver on their strategic, financial and sustainability goals. Edison International's vision is to lead the transformation of the electric power industry toward a clean energy future, while delivering superior value to customers and shareholders.

In June 2021, Edison International published its [Sustainable Financing Framework](#) (the "Framework"), to demonstrate how the company and its subsidiaries intend to enter into financing transactions to support its sustainability-oriented strategy and vision. The Framework considers the full spectrum of sustainable financing products and covers sustainable financing issuances for Edison International and its subsidiaries and affiliates (any such issuer, an "Issuing Entity").



Use-of-proceeds bonds issued under the Framework are aligned with the [Green Bond Principles 2018](#) ("GBP 2018"), [Social Bond Principles 2020](#) ("SBP 2020"), and [Sustainability Bond Guidelines 2018](#) ("SBG 2018") published by the [International Capital Market Association](#) ("ICMA") or as subsequently amended. Green, Social and Sustainability use of proceeds financing instruments will be referred to collectively as "GSS Financing Instruments" in the rest of this document.

Over the past 12 months, SCE issued four series of bonds under the Framework. In line with the commitments detailed in the Framework this Sustainable Financing Report ("Report") covers the allocation of SCE's GSS Financing Instrument proceeds and an estimate of their expected environmental and social impact.

Assurance

Vasquez & Company LLP ("Vasquez") has examined management's assertion that the allocations reported herein were disbursed for Eligible Projects within the Sustainable Financing Framework criteria (see summary on p. 5) and in their opinion believe the management's assertion to be fairly stated in all material respects. Vasquez's [independent accountant report](#) is available on Edison International's website.

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

FINAL TERMS OF GSS FINANCING INSTRUMENTS

	SCE — 2021G	SCE — 2021H	SCE — 2022A	SCE — 2022B
Issuing Entity	SCE	SCE	SCE	SCE
Green/Social/Sustainability Eligibility	Sustainability	Sustainability	Sustainability	Sustainability
Second-Party Opinion	<u>Framework SPO</u>	<u>Framework SPO</u>	<u>Framework SPO</u>	<u>Framework SPO</u>
Size (\$M)	\$450	\$450	\$500	\$700
Net Proceeds (\$M)	\$445	\$445	\$497	\$692
Coupon	2.50%	3.65%	2.75%	3.45%
Trade Date	6/9/21	6/9/21	1/10/22	1/10/22
Settlement Date	6/14/21	6/14/21	1/13/22	1/13/22
Maturity Date	6/1/31	6/1/51	2/1/32	2/1/52
Denomination	\$1,000	\$1,000	\$1,000	\$1,000
CUSIP	842400HD8	842400HF3	842400HM8	842400HN6

ALLOCATION REPORT

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Allocation Principles

An amount equivalent to the net proceeds from each of SCE's GSS Financing Instruments has been used to finance or refinance, in part or in full, Eligible Projects (as defined below), providing distinct environmental benefits (Eligible Green Projects) and/or social benefits (Eligible Social Projects). SCE followed the process described in the Framework along with its professional judgement, discretion and sustainability expertise when identifying the Eligible Projects.

Eligible Project Categories

Additional detail on eligible project categories is included in the Framework.

	Project Category	Eligibility Criteria	Alignment with UN SDG
ELIGIBLE GREEN PROJECTS	Renewable Energy ¹	<ul style="list-style-type: none"> • Direct interconnection, integration and delivery infrastructure for renewables • Grid modernization projects that support customer adoption of carbon-free energy technologies • Renewable energy generation 	 
	Clean Transportation	<ul style="list-style-type: none"> • Clean transportation infrastructure • Fleet electric vehicles (EVs) 	 
	Energy Efficiency & Carbon Reduction	<ul style="list-style-type: none"> • Grid modernization investments that support customer energy efficiency, building electrification, reliability, resiliency and/or exchange of renewable electricity between users • Energy storage • Energy efficiency expenditures on replacements and/or improvements to reduce energy losses, improve resiliency and improve energy efficiency through investment • Customer sustainability program expenditures in programs and technology required to enable clean energy options for customers 	  
	Climate Change Adaptation	<ul style="list-style-type: none"> • Climate change adaptation for elevated wildfire risk • Other climate adaptation expenditures related to minimizing the customer impacts resulting from climate change and its impact on SCE assets and the areas in which it operates 	 
ELIGIBLE SOCIAL PROJECTS	Socioeconomic Advancement and Empowerment, Including Gender Inclusion	<ul style="list-style-type: none"> • Diverse supplier procurement and empowerment enabling opportunities for small businesses that are minority-owned, women owned, veteran-owned and/or LGBTQ-owned 	  

¹Excludes projects with GHG intensity above 100 g CO₂e / kWh and bioenergy projects that do not have a sustainable feedstock (i.e., do not negatively impact food security or contribute to deforestation).

In the case of refinancing existing Eligible Projects, investments and expenditures that have been made within the 24-month period preceding the date of issuance of a GSS Financing Instrument shall be considered for inclusion as Eligible Projects. The estimated refinancing share is disclosed the Allocation Table on p. 7.

Exclusions

To avoid doubt, financing related to projects that involve the following activities are excluded from being Eligible Projects:

- Fossil fuel energy
- Nuclear energy
- Large hydro (i.e., hydro units with capacity greater than 30 MW)

Allocation of Bonds

Eligible Green Projects allocated into SCE's GSS Financing Instruments reflect a broad range of projects and programs aligned with [Pathway 2045](#), which is SCE's 2019 data-driven analysis of the steps that the state of California needs to take to meet economywide climate goals, including net-zero GHG emissions by 2045, a 40% reduction in GHG emissions from 1990 levels by 2030 and an 80% reduction by 2050. The paper concludes that economywide decarbonization is most affordably achieved through powering 100% of retail sales with carbon-free electricity coupled with high levels of transportation and building electrification. Eligible Social Projects allocated into SCE's GSS Financing Instruments are aligned with Edison International's enterprisewide commitment to [diversity, equity and inclusion](#). Eligible Projects allocated into SCE's GSS Financing Instruments include:



Renewable Energy

- **West of Devers Project** upgraded 181 circuit miles of 220kV high voltage transmission lines in the desert areas of eastern California, tripling transmission capacity from 1,600 MW to 4,800 MW to support renewable generation.
- **Grid Modernization: Field Area Network** investments support the communications network that underpins the electric grid's ability to integrate increasing levels of distributed energy resources and electric technologies, including EVs and building applications, while enhancing grid reliability.
- **Renewable Transmission Projects** provide the infrastructure required to interconnect renewable generation to the transmission system.



Energy Efficiency and Carbon Reduction

- **Reliability Utility-Owned Energy Storage Project** will add a total of 537.5 MW, 4-hour duration of battery energy storage capacity at three strategically located SCE substations in 2022. The new storage will increase SCE's ability to provide reliable service during times of peak demand and further improve the ability to supply reliable electricity from high levels of intermittent renewable resources, such as wind and solar.
- **LED Streetlights Conversion Program** enables cities to convert legacy high pressure, sodium vapor fixtures into energy efficient, light emitting diode (LED) technology.
- **Grid Modernization: Reliability Driven Distribution Automation** project will add intelligent automated devices to SCE distribution grid circuits to increase reliability and reduce customer interruptions and outage durations, while supporting increasing levels of distributed energy resources and electric technologies, including EVs and building applications.



Clean Transportation

- **Charge Ready (CR) programs** aim to help accelerate the transition to electrified transportation and support both California's greenhouse gas (GHG)-reduction goal and local air quality requirements by providing low- to no-cost EV charging infrastructure for qualified participants across the light, medium and heavy-duty EV segments.



Climate Change Adaptation

- **Covered Conductor Program** replaces overhead bare wire with covered conductor to prevent wildfire ignitions from wire contact with debris, such as tree branches or brush from strong wind events, in high fire risk areas. Covered conductor is a key aspect of SCE's efforts to adapt its system to climate change-driven wildfires.



Socioeconomic Advancement and Empowerment, Including Gender Inclusion

- **Supplier Diversity Program:** SCE partners with vendors who qualify as diversity business enterprises, including women, minority, disabled veteran, and LGBT-owned businesses to execute on SCE's capital investment plan and strategic objectives related to the safe delivery of reliable, affordable and clean energy.

Allocation of Bonds (Continued)

Some figures within the table do not sum due to rounding.

Allocated Eligible Projects by Category	SCE – 2021G		SCE – 2021H		SCE – 2022A		SCE – 2022B		Total	
	\$M	% of Proceeds	\$M	% of Proceeds						
Renewable Energy	\$134	30.0%	\$171	38.3%	\$ 25	5.0%	\$180	26.0%	\$ 509	24.2%
Clean Transportation	36	8.0%	—	0.0%	—	0.0%	—	0.0%	36	1.7%
Energy Efficiency and Carbon Reduction	24	5.3%	41	9.1%	205	41.2%	—	0.0%	269	12.8%
Climate Change Adaptation	208	46.7%	189	42.5%	65	13.1%	85	12.2%	547	26.0%
Socioeconomic Advancement/Empowerment	45	10.0%	45	10.0%	49	9.9%	69	10.0%	208	9.9%
Total Allocated	\$445	100.0%	\$445	100.0%	\$344	69.2%	\$333	48.2%	\$1,567	74.6%
Allocation Summary (% of Proceeds)										
Refinancing of Prior Expenditures	48.5%		47.1%		48.5%		48.2%			
Social Only Expenditures	\$45	10.0%	\$45	10.0%	\$49	9.9%	\$69	10.0%		
Social + Green Expenditures	50	11.3%	37	8.4%	18	3.6%	20	2.9%		
Social or Social + Green Expenditures	\$95	21.3%	\$82	18.4%	\$67	13.5%	\$89	12.9%		

IMPACT REPORT

IMPACT REPORT

The following metrics measure an estimate of the expected environmental and/or social benefits related to Eligible Projects funded by SCE's GSS Financing Instruments. See details related to these calculations in the Notes on p.10. Some figures within the table do not sum due to rounding.

	Capital	Environmental Impacts						Social Impacts
	Allocated (\$)	Avoided GHG tCO ₂ e/yr	Renewable Energy Integrated (MW)	Charging Ports Supported (#)	LED Streetlights Converted (#)	Covered Conductor (# of circuit miles hardened)	Storage Created (MW)	Jobs Supported (#)
SCE — 2021G	Renewable Energy	\$134	306,361	578				14
	Clean Transportation	36	42,868		1,858			81
	Energy Efficiency and Carbon Reduction	24						16
	Climate Change Adaptation	208					290	189
	Socioeconomic Advancement/Empowerment	45						208
	Total	\$445	349,229	578	1,858	—	290	—
SCE — 2021H	Renewable Energy	171	366,713	692				32
	Clean Transportation	—						
	Energy Efficiency and Carbon Reduction	41				96,648		5
	Climate Change Adaptation	189					264	186
	Socioeconomic Advancement/Empowerment	45						208
	Total	\$445	366,713	692	—	96,648	264	—
SCE — 2022A	Renewable Energy	25	56,852	107				1
	Clean Transportation	—						
	Energy Efficiency and Carbon Reduction	205					75	53
	Climate Change Adaptation	65					91	52
	Socioeconomic Advancement/Empowerment	49						318
	Total	\$344	56,852	107	—	—	91	75
SCE — 2022B	Renewable Energy	180	36,450	69				27
	Clean Transportation	—						
	Energy Efficiency and Carbon Reduction	—						
	Climate Change Adaptation	85					118	93
	Socioeconomic Advancement/Empowerment	69						447
	Total	\$333	36,450	69	—	—	118	—

Notes to the Impact Report

Reported impacts aligned with the International Capital Markets Association's June 2021 [Handbook Harmonised Framework for Impact Reporting](#) publication for Eligible Green Project expenditure impacts and ICMA's June 2020 [Working Towards a Harmonized Framework for Impact Reporting for Social Bonds](#) for Eligible Social Project expenditure impacts, where feasible. Impact reporting was completed on an aggregated portfolio basis.

The reporting was performed for allocated Eligible Projects on an estimated ex-ante annual impact basis or per unit installed basis. Reported impacts are consistent with the partial allocations of projects/programs based on the allocated portion of total project/program capital expenditures. For Eligible Projects not yet completed, allocated proportion based on current forecast of project/program capital expenditures.

Certain impact metrics result from the actions undertaken not only by SCE, but other active participants in energy generation and consumption.

Renewable Energy

Capacity of Renewable Energy Projects Interconnected (MW)

For transmission projects that enable the interconnection of new renewable energy projects, this metric represents an estimate of the incremental renewable energy project capacity expected to utilize the transmission capacity.

For the West of Devers project,¹ 100% of the incremental 3,200 MW of transmission capacity is expected to enable the interconnection of renewable energy resources, some of which has already interconnected and the remaining of which is expected to be online by 2024. The renewable resource type is assumed to be 100% solar generation based on generation already interconnected and the current interconnection queue for resources relying on the project.

Annual GHG Emissions Avoided (metric tons CO₂e/yr)

This metric represents the estimated MT CO₂e per year savings from the expected incremental installed capacity of renewable energy generation enabled by the transmission project(s) compared to the amount of CO₂e that would have been emitted by installed capacity of average GHG emissions intensity.

For the West of Devers project,¹ incremental renewable energy projects are assumed to be 100% solar resources based on generation already interconnected and the current interconnection queue for resources relying on the project. Avoided emissions were calculated by estimating annual GHG emissions abatement per MW of solar generation in 2021 ("Annual Abatement Value") and multiplying by the expected solar capacity enabled by the West of Devers project. The Annual Abatement Value was estimated by summing across all hours of the year the product of (1) the average hourly solar generation (MWh) per MW installed in the region supported by the West of Devers project and (2) the average hourly GHG emissions intensity (MT/MWh) across the California Independent System Operator (CAISO) grid. The data used to evaluate the Annual Abatement Value came from [CAISO's Open Access Same-time Information System](#) ("OASIS"). The MT/MWh is calculated from historical load data from OASIS, as well as historical emissions from the [CAISO emissions outlook website](#).

Clean Transportation

Charging Ports Supported (#)

This metric represents the count of charging ports that support light (Level 2 and Direct Current Fast Charging), medium and heavy duty EVs that SCE has deployed within its service territory. The charging ports are the result of SCE's efforts to design, construct and install the necessary infrastructure to support EV charging.

Annual GHG Emissions Avoided (metric tons CO₂e/yr)

This metric represents the estimated average annual MT CO₂e avoided due to the installation of charging ports to support light, medium and heavy duty EVs over the 25-year useful life of the ports. Annual GHG emissions avoided was calculated by converting expected annual kWh of charging by type of charging port into the avoided gallons of fuel that would have been required to power a similarly sized internal combustion engine vehicle and comparing the emissions associated with burning the fuel with the annual average GHG emissions intensity of the electric grid. Assumptions related to electric energy density (EED), energy economic ratio (EER), fuel carbon intensity and grid carbon intensity based on time of day align with those defined by the California Air Resources Board (CARB). Future-year grid carbon intensity based on time of day is estimated as a linear decline between CARB-defined 2022 estimate and internal estimate of the carbon intensity of the grid in 2045. Charging port utilization estimated based on combination of external studies and internal projections.

Energy Efficiency and Carbon Reduction

LED Streetlights Converted (#)

This metric represents the count of streetlights that have been converted from legacy high pressure, sodium vapor fixtures into energy-efficient, light-emitting diode (LED) technology.

Storage Created (MW)

This metric represents the energy storage capacity created by the project capital allocated. In terms of RUOES, this project has not yet been placed into service and is expected to come online in 2022, providing reliability and intermittent renewable energy project integration benefits.

Climate Change Adaptation

Covered Conductor (# of Circuit Miles Hardened)

This metric represents the count of circuit miles of covered conductor, or wire with protective layers, installed on SCE's overhead system in high fire risk areas to significantly reduce the risk of starting wildfires, under SCE's Wildfire Covered Conductor Program. Covered conductor is a key aspect of SCE's efforts to adapt its system to climate change-driven wildfires.

Socioeconomic Advancement/Empowerment Including Diverse Business Enterprise Spending on Green Eligible Projects

Jobs Supported (#)

This metric represents an estimate of the direct impact from SCE's spend with diverse business enterprises (DBEs). Inclusive procurement practices provide opportunities to DBEs that, in turn, provide greater representation, employment and economic advancement for minority, women, veteran and lesbian, gay, bisexual and transgender (LGBT) communities.

Jobs supported was estimated by leveraging the ratio of direct spend with DBEs to direct jobs supported, as reported in SCE's 2020 Supplier Diversity Economic Impact Report for 2019 and 2020 and based on an internal estimate for 2021, and multiplying by the allocated Socioeconomic Advancement/Empowerment eligible capital in each bond portfolio.

In addition to the portion of capital spending with DBEs that qualified only as Eligible Social Projects, a portion of Eligible Green Projects involved DBE supplier spend. Expenditures that qualified as both Green Eligible Projects and Social Eligible Projects are reflected in the Impact Report as Green Eligible Projects.

¹ There are additional Eligible Projects allocated into SCE's GSS Financing Instruments with renewable energy-related benefits, which have not been included in the impact metric calculation.