

Investors Send Strong Signal to Southern Company: Align Operations with Low-Carbon Future

In an important climate-related vote today, 46% of its shareholders asked The Southern Company (SO) to report on how it plans to align its business operations with a 2 degrees Celsius global warming scenario, up from 34% last year. The shareholder proposal was filed by the Sisters of St. Dominic of Caldwell, NJ and 8 co-filers from the Interfaith Center on Corporate Responsibility. This vote underscores shareholders' growing concern that fossil fuel-heavy energy and utility companies such as Southern – the second largest greenhouse gas emitters in the country – face short- and long-term risks from climate disruptions, but lack public-facing disclosure of business plans for resiliency in a carbon-constrained future.

“Today’s vote shows investors want enough disclosure to evaluate their risk as shareholders from the regulatory, technology and market impacts of the low-carbon transition,” said Mary Beth Gallagher, Executive Director at Tri-State Coalition for Responsible Investment. **“Companies unprepared for the low-carbon transition are at a high risk of stranded assets, write-downs, and loss of market share; Southern Company needs to present their strategy,”** continued Gallagher.

Over the past year, shareholder resolutions seeking 2 °C scenario analysis from electric utilities rose from 2 to 9, signaling growing investor demand for meaningful climate risk reporting. Large asset managers such as BlackRock have highlighted the increasing “business relevance” of climate change for investor decision-making.

“Here’s what I do not understand: Southern has invested in and is delivering on so many initiatives – but these investments make no sense unless we see the overall business plan – what’s the needed investment – what are the risks – where are we in this critical challenge to make sure that life can exist on this planet in the decades to come,” said Sister Patricia Daly, OP of the Sisters of St. Dominic of Caldwell who moved the resolution at today’s meeting. **“It’s absurd to me that our Company will not acknowledge that we have an International Agreement to limit warming to 2 degrees. There’s no clear context in your Annual Report and we don’t know if these initiatives will be close to enough.”**

This season, Southern Company has begun taking steps to provide greater disclosures to shareholders about its strategic planning on coal and carbon asset risk. Prior to the Company’s annual meeting, Shareholder advocate *As You Sow* withdrew a proposal from Southern’s proxy when the Company committed to provide greater disclosures on coal risk and the Company’s potential for stranded coal-based infrastructure, including how it is transitioning its fleet in response to carbon risk; its renewables strategy; its resource diversity; grid modernization strategies; and its evolving business model.

“Across the U.S., climate change-driven market forces have already stranded coal assets, including coal assets owned by Southern Company” said Danielle Fugere, President of *As You Sow*, a non-profit shareholder advocacy organization. **“We want to know that Southern Company is laser-focused on the growing risk to its coal assets as the low-carbon energy transition takes on speed. We think these disclosures will help Southern and its shareholders better understand the risk.”** Today’s vote underscores that this reporting must be aligned to the 2 degree scenario to give investors the information they need in order to make informed investment decisions.

Sam Collier, a Sierra Club representative from Georgia and a shareholder, said, "**We encourage Southern Company to take Big, Safe Bets on renewable energy. Risk Management is vital here, and large users are also calling for it.**" The Atlanta City Council this month voted unanimously for 100% renewable energy in city buildings by 2025, and 100% renewables for all consumption in the city by 2035.

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As You Sow is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. For more information visit www.asyousow.org.

Sisters of St. Dominic of Caldwell, NJ is a member of the Tri-State Coalition for Responsible Investment. Founded in 1975, Tri-State CRI's members use their voice as shareholders to engage corporations on social, environmental and governance issues and promote corporate social responsibility.

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