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Southern Company Commits to Net-Zero Carbon Emissions by 2050

Investors Applaud Southern's Commitment to a Net-Zero Carbon Future

SPRINGFIELD, IL – Southern Company (NASDAQ: SO) announced an updated climate strategy with a goal of achieving net-zero carbon emissions by 2050 at its annual stockholder meeting today. Institutional investors praised the company's move, reaffirming the importance of carbon reduction efforts and the risks and opportunities for electric utilities, their shareholders and society at large.

It is important that businesses prepare for the short- and long-term impacts of climate change. Failure to do so could cost companies billions and cause catastrophic impacts on communities. When affected companies set a net-zero goal, they take a decisive early step in confronting risk exposures and growth opportunities related to climate change. For electric utilities, that means addressing risks related to tightening emissions standards, changing subsidies and taxes, and physical risks to infrastructure, and at the same time, developing growth prospects as carbon-free energy generation presents increasing opportunities related to costs, demand, regulation and technological innovation. In addition, carbon reduction efforts are central to ensuring alignment with the Paris Agreement's goal of limiting average temperature rise to well-below two degrees Celsius, endorsed by 189 nations.

Numerous institutional investors have called on and collaborated with companies, including Southern, to set carbon reduction goals, implement strong governance structures and provide disclosure on climate transition plans. Investor signatories of [Climate Action 100+](#), launched in 2017, and the [Net-Zero Investor Coalition](#), launched in 2019, engaged with Southern Company to advance the adoption of a net-zero emissions goal. Engagements through Climate Action 100+, an investor-led initiative to ensure the world's largest greenhouse gas emitters take the necessary action on climate change, were coordinated by the sustainability nonprofit organization [Ceres](#).

Southern Company is one of the largest electricity producers in the U.S. and the largest wholesale provider in the Southeast. With this announcement, Southern Company becomes the latest in an expanding group of U.S. electric utilities committed to net-zero carbon emissions by 2050, including Xcel, Duke, Dominion, NRG, CMS, DTE, and APS.

The following comments were issued regarding Southern Company's new commitment:

Illinois State Treasurer Michael Frerichs:

“Climate change presents serious risks – and opportunities – to companies and investors. To thrive in the face of such a transformative, systemic threat such as climate change, it is critical that companies set goals, build plans and marshal the resources necessary to ensure long-term sustainability. Southern’s commitment to net-zero is an important milestone for the company and the industry – and it affirms the value of engagement between shareholders and companies, as our investor group, with the support of Ceres and Majority Action, has led a constructive dialogue with the company. Southern’s goal of net-zero carbon emissions by 2050 is a step in the right direction, and I look forward to future discussions on the company’s efforts to realize this objective.”

California State Teachers' Retirement System (CalSTRS) CEO Jack Ehnes:

“As a global institutional investor with a long-term focus, CalSTRS recognizes that climate change presents a material and existential risk to society and the economy. CalSTRS has a long history of engaging Southern Company, including more recently through its leadership in the Climate Action 100+ investor engagement group. We are encouraged by the company’s net-zero announcement and recognize the work that the board, the management team and staff are doing to carry out this commitment and help transition the United States to a low-carbon economy. We look forward to continuing our work with Southern Company.”

New York City Comptroller Scott M. Stringer:

“Climate change is the fight of our lives -- and we need to turn the page on the fossil fuel infrastructure of the past, and invest in clean, renewable and sustainable power. I commend Southern Company for committing to this net-zero emissions goal, because decarbonization is not just a moral imperative, it's a financial necessity. Mobilizing for the planet goes hand-in-hand with protecting our pensions.”

Connecticut State Treasurer Shawn Wooden:

"As a long-term investor in Southern Company, we are pleased to see their commitment to the important goal of net-zero emissions, and grateful for the collaboration with other institutional investors in getting them there. This commitment is a crucial step forward in ensuring progress in the electric utilities sector toward a sustainable platform for meeting our energy needs. The negative impacts of climate change call on us to treat this crisis with a sense of urgency, and the time for action is now.”

Mindy Lubber, CEO and President of Ceres, and a member of the Climate Action 100+ global steering committee:

“The U.S. power sector has a pivotal role to play in the transition to a net-zero emissions economy. It is very encouraging to see Southern Company’s increased ambition reflected in its net-zero emissions goal and its open approach to engaging with key investors and

other stakeholders on climate action. We will continue to urge Southern Company to increase its investments in renewable energy, energy efficiency, and electrification of transportation to achieve its goal.”

Carola van Lamoen, Head of Active Ownership, Robeco:

“As long-term sustainable institutional investors, we believe climate change to be one of the largest systemic risks we must manage. We support Southern Company’s new goal of net-zero carbon emissions by 2050. It is an important milestone towards aligning its corporate strategy with a low-carbon economy, as well as a strong demonstration of leadership. We thank Southern Company for the productive dialogues we have held over the past couple of years on the matter. We look forward to continuing working with the company on fully aligning its business with the climate goals of the Paris Agreement.”

As You Sow:

“We commend Southern for committing to net zero emissions and look forward to more clarity on how it will achieve this new target, especially with regard to its large natural gas fleet. Having worked with Southern over several years, we recognize that Southern’s net zero target is an important step in the right direction. As investors, we remain concerned about the full scope of our company’s climate impacts and will continue to work with Southern as it transitions to a pathway that fully aligns with the crucial 1.5 degree Celsius goal of the Paris Climate Agreement.”

Majority Action:

“We welcome Southern Company's commitment to achieve net-zero carbon emissions by 2050, in line with the guidance of the Intergovernmental Panel on Climate Change. Fully decarbonizing the electricity sector as rapidly as possible is the lynchpin of achieving net-zero carbon emissions economy-wide and limiting warming to 1.5 degrees Celsius. For Southern, as with other companies in the electric power sector, achieving net-zero carbon emissions by 2050 will require fundamental realignment of both planned capital expenditures and policy influence activity. We look forward to engaging with Southern on its plans to do so.”

Rebecca Myatt, Portfolio Manager – First State Investments Global Listed Infrastructure:

“I am most encouraged by Southern Company’s commitment to Net-Zero. This move reflects the importance of taking action to combat climate change, one of the greatest challenges facing the planet. It demonstrates Southern Company is willing to listen, and act, to address the long-term needs of all stakeholders alike - customers, employees and shareholders. It also shows a preparedness to embrace change and to operate their business in a different way to achieve a greater goal. As long-term shareholders in listed infrastructure assets globally we look forward to continued engagement with Southern Company in the future.”

Praxis Mutual Funds:

“We applaud Southern Company for its commitment to net-zero carbon emissions by 2050. Setting such a goal and developing an implementation plan are necessary parts of the transition to a low-carbon economy. As a long-term investor in many companies, we appreciate the opportunity to engage with companies like Southern on critical issues like climate change that will increase in importance over time.”

Local Authority Pension Fund Forum:

“The Local Authority Pension Fund Forum (LAPFF) believes climate change presents a significant risk to investors and, as such, all companies should be committed to achieving net-zero carbon emissions by 2050. The Forum welcomes Southern’s commitment to addressing the very real negative consequences of climate change and hope by doing so encourage peers to follow suit.”

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About the Illinois Treasurer

As Illinois State Treasurer, Michael Frerichs is the state’s Chief Investment and Banking Officer and actively manages approximately \$31 billion. The portfolio includes \$13 billion in state funds, \$12 billion in college and retirement savings plans and \$6 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$42 to the state for every \$1 spent in operations. Frerichs’ office protects consumers by safeguarding more than \$3 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer’s Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office

About CalSTRS

CalSTRS provides a secure retirement to more than 964,000 members whose CalSTRS-covered service is not eligible for Social Security participation. Members retire on average after more than 24 years in the classroom with a monthly benefit of approximately \$4,547. Established in 1913, CalSTRS is the largest educator-only pension fund in the world with approximately \$239.3 billion in assets under management as of April 30, 2020. CalSTRS demonstrates its strong commitment to long-term corporate sustainability principles in its annual Global Reporting Initiative [Sustainability Report](#). For more information, visit [CalSTRS.com](#).

About the New York City Comptroller

Comptroller Stringer serves as a trustee on the New York City Employees’ Retirement System, the Teachers’ Retirement System, the New York City Police Pension Fund and the New York City Fire Department Pension Fund, and the investment advisor to and custodian of the above New York City Pension Funds and the Board of Education Retirement System. The five New York City Pension Funds had combined assets under management of \$211.2 billion at February 28, 2020.

About the Connecticut Treasurer

Shawn T. Wooden is the State Treasurer for the State of Connecticut, where he is focused on strengthening Connecticut's economy and the financial wellbeing of families and businesses in the state. As principal fiduciary for Connecticut's six State pension and nine State trust funds, Treasurer Wooden is responsible for prudently managing the more than \$34 billion in assets for approximately 194,000 teachers, state and municipal employees, and retirees who are pension plan participants and beneficiaries as well as academic programs, grants, and initiatives throughout the state. Learn more [here](#).

About Ceres

Ceres is a sustainability nonprofit organization working with the most influential investors and companies to build leadership and drive solutions throughout the economy. Through powerful networks and advocacy, Ceres tackles the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and inequitable workplaces. For more information, visit www.ceres.org and follow @CeresNews.

About Climate Action 100+

Climate Action 100+ is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. More than 450 investors with more than \$40 trillion in assets collectively under management are engaging companies on improving governance, curbing emissions and strengthening climate-related financial disclosures. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition. Launched in December 2017, Climate Action 100+ is coordinated by five partner organisations: Asia Investor Group on Climate Change ([AIGCC](#)); Ceres ([Ceres](#)); Investor Group on Climate Change ([IGCC](#)); Institutional Investors Group on Climate Change ([IIGCC](#)) and Principles for Responsible Investment ([PRI](#)). These organisations, along with five investor representatives from AustralianSuper, California Public Employees' Retirement System (CalPERS), HSBC Global Asset Management, Ircantec and Manulife Asset Management, form the global Steering Committee for the initiative. Follow us on Twitter: @ActOnClimate100.

About Majority Action

Majority Action is a nonprofit organization dedicated to empowering shareholders to hold corporations accountable to high standards of long-term value creation, corporate governance, and social responsibility. www.majorityaction.us

About Robeco

Robeco is a pure-play international asset manager founded in 1929 with headquarters in Rotterdam, the Netherlands, and 17 offices worldwide. A global leader in sustainable investing since 1995, its unique integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies, for a broad range of asset classes. As at 31 December 2019, Robeco had EUR 173 billion in assets under management, of which EUR 149 billion is committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V. More information is available at www.robeco.com.

About As You Sow

[As You Sow](#) is a nonprofit organization that promotes environmental and social corporate responsibility through shareholder advocacy, coalition building, and innovative legal strategies. See our resolutions [here](#).

About the McKnight Foundation

The McKnight Foundation, a family foundation based in Minnesota, advances a more just, creative, and abundant future where people and planet thrive. With an endowment over \$2 billion, the Foundation seeks opportunities to align its portfolio with its mission. More than one out of every three dollars has mission alignment, and the Foundation has a robust [impact investing program](#). Given the vast economic risks and opportunities resulting from a changing climate, McKnight has long incorporated climate risk into its investment strategy, including engaging with companies in its public portfolios. In September, McKnight announced an expansion of its Midwest Climate & Energy grantmaking program with a new goal to: take bold action on the climate crisis by dramatically cutting carbon pollution in the Midwest by 2030.

About First State Investments Global Listed Infrastructure

First State Investments is a global asset management business focused on providing high quality, long-term investment capabilities to our clients. We are responsible for approximately US\$120 billion assets under management (as at 31 March 2020) on behalf of clients that include institutional investors, pension funds, wholesale distributors and platforms, financial advisers and their clients. We believe that long-term investment success is achieved by bringing together independent teams of active, specialist investors who share a common commitment to act as responsible stewards of our clients' assets. This commitment not only guides how our teams invest but is also central to our overall business and culture.

About Praxis Mutual Funds

Founded in 1994, Praxis Mutual Funds helps people and groups integrate their finances with their values. Praxis is a mutual fund family of Everence Financial, a comprehensive faith-based financial services organization helping individuals, organizations and congregations. Praxis practices stewardship investing – a philosophy of financial decision making that balances social and financial considerations and is motivated and informed by our faith convictions.

About the Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) is a voluntary association of 82 public sector pension funds and six pools based in the UK with combined assets of approximately £300 billion. It exists to promote the long-term investment interests of local authority pension funds, and to maximise their influence as shareholders to promote corporate responsibility and high standards of corporate governance amongst the companies in which they invest.