



A Report to

Southern Company

**On the Progress of Southern Company's
Moving to Equity Efforts**

December 2024

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This report reflects the views of the assessment team, which relied on data and representations provided by Southern Company’s management, employees, and third parties, some of which the assessment team was not able to confirm independently. The assessment team did not investigate specific allegations regarding potential legal, regulatory, or policy violations, or audit Southern Company’s financial statements. The material in this report is intended for informational purposes only, and does not constitute investment advice, a recommendation, or an offer or solicitation to purchase or sell any securities or other financial investments to any person in any jurisdiction in which an offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

I. Introduction

On July 17, 2020, following the murders of George Floyd and other unarmed Black people, then-Southern Company Chairman, President, and CEO Tom Fanning wrote to all Southern Company employees announcing that Southern Company would undertake efforts to “fully institutionalize our commitment and actions in our effort to eliminate racism and make them an enduring reflection of Our Values.” Fanning pledged to “do everything in [his] abilities to have Southern Company viewed as a role model among the private entities forging change.” Then-Georgia Power President—now-Southern Company Chairman, President, and CEO—Chris Womack further pledged that this work would not be episodic.

These commitments followed discussions that summer that Fanning led across the Company to address issues related to race, including speaking with employees about their experiences of racial injustice and those who wanted to be part of the solution. Fanning acknowledged that Southern Company must “do more than talk.” The Company would also need to “take action to ensure equality and fairness [across the] company.” These actions would be more than just a “reactive, one-off event or some short-term episode,” and would instead include concrete actions such as listening, learning, and self-reflection; ensuring there is no systemic racism or racial bias at Southern Company and working actively to eliminate it in local communities; establishing and effectuating progress toward a number of other commitments; and establishing accountability mechanisms including goals, metrics, benchmarks, and regular reporting. These steps culminated in a framework, titled “Moving to Equity” (“MTE”), to guide the Company’s continuing work on racial equity and justice, and to complement Southern Company’s longstanding diversity, equity, and inclusion (“DE&I”) efforts.¹

As part of MTE, Southern Company identified five key focus areas, styled as “pillars,” where the Company could have significant impacts in promoting racial equity across its operations and in the communities that the Company serves. In each pillar, Southern Company made a number of commitments, some of which have evolved as the Company implemented MTE. They include:²

- **Talent.** Southern Company is committed to enhancing outreach, recruitment, hiring, and retention of diverse talent, helping promote equity in leadership development, and cultivating diverse leadership pipelines.
- **Work Environment.** Southern Company is committed to fostering an actively inclusive culture, helping ensure all groups are well-represented, included, and fairly treated, creating an environment where everyone feels welcomed, valued, respected and heard.
- **Supplier Inclusion.** Southern Company is committed to engaging with more diverse companies in local communities and the utility industry with a goal to increase diverse spending to 30 percent by 2025.
- **Civic Engagement.** Southern Company is committed to leveraging the Company’s influence to address inequity, making civic decisions with a consistent process that aligns with the Company’s values.
- **Community Investment & Social Justice.** Southern Company has pledged \$225 million through 2025 to advance equity and social justice in its communities as well as aligning volunteer, giving, and community investment strategies with key areas:

education equity, criminal justice equity, economic empowerment, and energy empowerment.

In March 2022, Southern Company and the Service Employees International Union Master Trust (“SEIU”) agreed that Southern Company would undertake a racial equity assessment. The agreement between Southern Company and the SEIU stated that the focus of the assessment would be to “objectively assess Southern Company’s implementation of initiatives to support racial equity and inclusivity within the Company’s workforce and the communities that the Company serves, as set forth in Southern Company’s Moving to Equity commitment framework.” The letter memorializing Southern Company’s agreement with the SEIU is included in the Appendix to this report. Southern Company and the SEIU further agreed that the assessment team would engage with a range of the Company’s key stakeholders during the assessment, including employees involved in, managing, or implementing MTE-related efforts, as well as select civic organizations. Southern Company retained former Attorney General Eric H. Holder, Jr. and a team from Covington & Burling LLP (“Covington”) to conduct the assessment.

This report contains Covington’s assessment of Southern Company’s implementation of MTE, including key observations regarding MTE and its goals and commitments, as well as recommendations for additional steps that Southern Company could take to further its commitments. In each section, these observations include an assessment of the progress that Southern Company has made toward each of its commitments. “Complete” indicates where Southern Company has already met its commitment. “On Track” indicates where Southern Company has made substantial progress toward meeting its commitment. “Progressing” indicates where Southern Company has made some progress toward its commitment, but additional efforts are recommended to meet that commitment.

The report begins with a description of the scope of the assessment and the methodology used, including Covington’s collaboration with employees and external stakeholders. Next, the report provides an overview of Southern Company and its historical DE&I efforts, and the development of MTE to further focus and institutionalize some of those efforts, followed by observations and recommendations with respect to MTE as a whole. The report then describes in greater detail each of MTE’s commitments and related initiatives for each pillar, offering observations and recommendations for steps Southern Company could take to make further progress toward its commitments.

II. Scope and Methodology

Consistent with the terms of Southern Company's agreement with the SEIU, Covington assessed Southern Company's implementation of initiatives to support racial equity and inclusivity within the Company's workforce and the communities that the Company serves, as set forth in Southern Company's MTE commitment framework. Specifically, the assessment sought to answer three questions:

- i. What commitments has Southern Company made as part of its MTE framework related to its workplace, supply chain, and civic engagement activities, and in the communities it serves; what efforts, including policies, processes, programs, and initiatives, has Southern Company undertaken to fulfill those commitments?
- ii. What progress has Southern Company made with respect to its efforts undertaken to meet the commitments laid out in MTE and what mechanisms does Southern Company have in place to monitor the effectiveness of those efforts?
- iii. What additional steps could Southern Company take to fulfill its commitments related to MTE and make those efforts, including policies, processes, programs, and initiatives, more effective?

Covington reviewed each of Southern Company's MTE-related commitments across the five pillars: (i) Talent, (ii) Work Environment, (iii) Supplier Inclusion, (iv) Civic Engagement, and (v) Community Investment and Social Justice; identified the relevant efforts undertaken in furtherance of those commitments; and evaluated the Company's progress toward those commitments. Covington did not assess Southern Company's substantial and longstanding DE&I initiatives that predate or fall outside the scope of MTE, unless MTE impacted or evolved those initiatives. This report, however, contains additional background throughout on those DE&I initiatives to provide a more complete picture of the Company's DE&I efforts. Similarly, Covington did not assess certain topics, such as environmental justice efforts,ⁱ that fall outside the scope of the agreement with the SEIU.

To answer the questions above, Covington:

- i. Reviewed documents and data related to MTE that the assessment team received from Southern Company, including third-party audit reports of the MTE framework, data analytics, DE&I programming, employee demographic data, meeting agendas, metrics and Key Performance Indicators ("KPIs"), philanthropic giving data, planning documents, playbooks, policies, presentations, procedures and processes, strategy documents, surveys, trainings, and updates; and publicly available documents including Southern Company's MTE reports, 2022 and 2023 Political Engagement Reports and Historical Political Engagement Expenditure Disclosures, Environmental Justice summary for the Company's largest power generating facilities, Just Transition report, operating company specific charitable

ⁱ Southern Company recently published an environmental justice summary for its largest power generating facilities on the Company's website, available at: <https://www.southerncompany.com/content/dam/southerncompany/sustainability/pdfs/esg-environmental-justice-summary.pdf>.

foundation reports, the Overview of Policies and Practices for Political Engagement, and the Workforce Representation Disclosure (EEO-1).

- ii. Conducted interviews with approximately 40 individuals, some multiple times, responsible for implementing MTE or otherwise involved in related efforts. The assessment team spoke with senior executives including the CEO and the MTE executive sponsors, individuals who helped design MTE and those responsible for overall coordination of MTE, employees charged with implementing specific MTE initiatives, and employees responsible for integrating DE&I efforts into Southern Company's business, among others. This included senior leaders and team members responsible for the Charitable Foundation Giving, Community Benefits, Environment, External and Government Affairs (including Legislative Affairs and Regulatory Affairs), Internal Auditing, Research & Development, Sustainability, Supplier Inclusion and Supply Chain, and Talent Acquisition, Talent Management, DE&I, and Total Rewards functions.
- iii. Conducted interviews with suppliers participating in Southern Company's Supplier Inclusion program and recipients of grants that Southern Company has made through its own and its operating companies' foundations, as described more fully in Sections VII and IX below.
- iv. Observed Southern Company's Annual Environmental Stakeholder Forum in Washington, D.C., which brought together more than 20 stakeholder participants for two days of presentations and discussions, as described more fully in Section IX below.
- v. Convened a listening session with more than a dozen leaders from Southern Company's employee-led DE&I focused groups including Employee Resource Groups ("ERGs") across operating companies representing racial and ethnic minorities, to understand how Southern Company engages with and leverages these groups to strengthen its MTE efforts and where there may be room for improvement, as described more fully in Section VI below.
- vi. Organized a roundtable in Atlanta, Georgia with 17 civic organizations representing a range of perspectives on Southern Company's business operations, including grant recipients, diverse supplier organizations, environmental groups, and other key racial equity and civil rights stakeholders in the Southeastern United States identified by Southern Company and Covington, to obtain their perspectives on MTE and potential suggestions for further enhancements to those efforts, as discussed more fully in Section IX below.ⁱⁱ

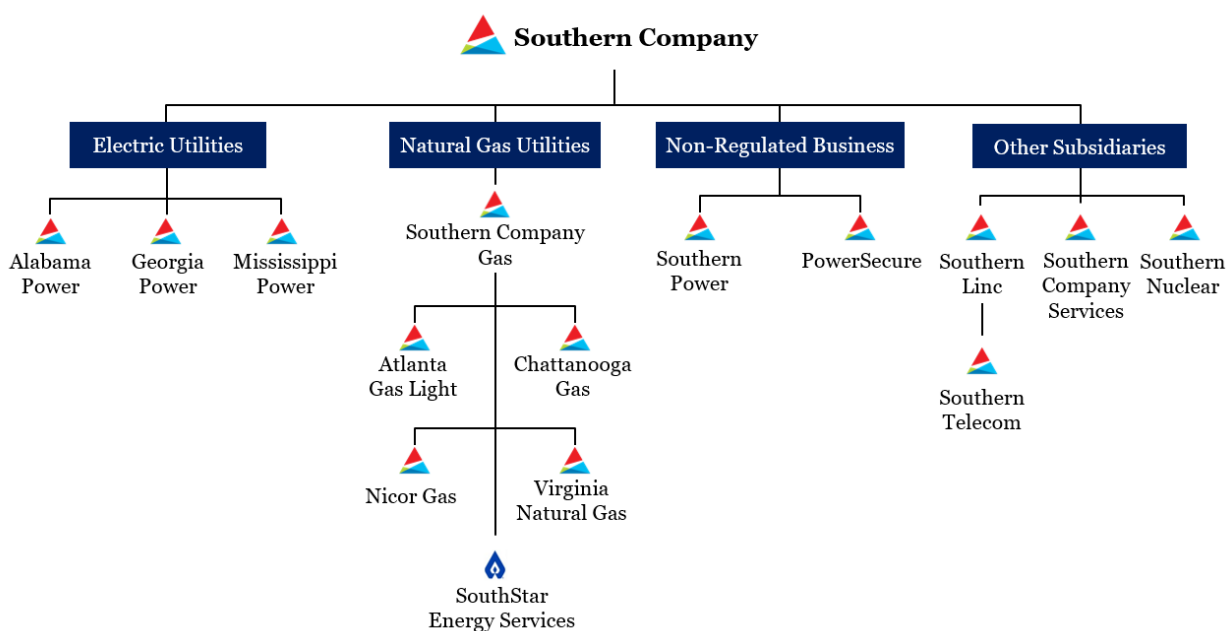
Although MTE efforts will continue through 2025, this report describes Southern Company's progress toward its MTE goals and commitments through September 2024.

ⁱⁱ The assessment team has also engaged additional interested stakeholders throughout the assessment in individual conversations.

III. About Southern Company

Founded in 1924,³ Southern Company is a leading public utility company based in Atlanta, Georgia, that serves over nine million customers across the United States.⁴ Today, Southern Company is the second largest utility company in the United States in terms of profits and the third largest with respect to revenue.⁵ The Company employs over 28,000 individuals across the country⁶ in a variety of positions including executives, managers, and other professionals, administrative support, technicians, sales workers, craft workers, operatives, laborers, and service workers.⁷

Southern Company is a holding company for electric operating companies, natural gas distribution companies, a competitive generation company, a distributed energy infrastructure company, a fiber optics network, and telecommunications services (collectively referred to as “operating companies” or “affiliates”), as depicted in the graphic below.⁸ These include Southern Company’s employing companies—first-tier subsidiaries that have employees—such as Alabama Power, Georgia Power, Mississippi Power, Southern Company Services, Southern Company Gas, Southern Power Company, PowerSecure, Southern Nuclear, and Southern Communications Services (Southern Linc).



Southern Company’s three state regulatedⁱⁱⁱ electrical operating companies—Alabama Power, Georgia Power, and Mississippi Power—distribute electricity generated by nuclear power, natural gas, coal, and renewables to more than 4.4 million retail customers in these three

ⁱⁱⁱ Southern Company and its subsidiaries are subject to a host of federal, state, and local regulations. For example, Southern Company’s electric operating companies and natural gas distribution utilities are subject to the jurisdiction of state public service commissions and other state regulatory agencies that supervise and regulate rates, service regulations, sales of securities, and retail service territories. In addition, the electric operating companies, Southern Power Company, and certain of its generation subsidiaries are subject to the rate, financial, and accounting jurisdiction of the Federal Energy Regulatory Commission, and Alabama Power, Georgia Power, and Southern Nuclear are subject to regulation by the Nuclear Regulation Commission. See 2023 Form 10-K, I-9-I-10.

Southeastern states and to wholesale customers throughout the Southeast.⁹ Southern Company Gas distributes natural gas through four state regulated local distribution companies to over 4.2 million customers in Georgia, Illinois, Tennessee, and Virginia.¹⁰ Southern Power Company and its subsidiaries develop, construct, and manage power generation assets, including renewable energy projects, and sell electricity at market-based rates in the wholesale market.¹¹ In addition to its electric and natural gas utilities, Southern Company owns Southern Company Services, Southern Linc, Southern Holdings, Southern Nuclear, PowerSecure, and other direct and indirect subsidiaries.¹²

Southern Company Services, which is headquartered in Birmingham, Alabama, is the shared services division of Southern Company. Southern Company Services maintains functions that provide centralized support and oversight to Southern Company's various operating companies and subsidiaries, including providing general executive and advisory, operations, finance, legal, information technology, marketing, auditing, and human resources services, among others.¹³

Southern Company's Board of Directors carries out its oversight and corporate governance responsibilities through several committees including Audit; Business Security and Resiliency; Compensation and Talent Development; Finance; Nominating, Governance and Corporate Responsibility; and Operations, Environmental and Safety.¹⁴ The Board, principally through its Compensation and Talent Development Committee, oversees the Company's DE&I initiatives.¹⁵ The Board consists of the CEO and 12 independent directors, including four women and four directors who identify as people of color.¹⁶ The Nominating, Governance and Corporate Responsibility Committee of Southern Company's Board of Directors oversaw the assessment and received periodic reports regarding Covington's work.

Among other responsibilities, Southern Company's Management Council—the Company's executive team that includes companywide officers and the CEOs of the primary operating companies—creates and implements the company's vision and plan,¹⁷ and leads Southern Company's DE&I initiatives, including MTE.¹⁸ As of September 2024, the Management Council is composed of 13 executives, including two women and four executives who identify as people of color, including Mr. Womack.

Southern Company is guided by a set of four core company values, known as "Our Values." According to Southern Company, Our Values, which were refreshed in 2023, guide every decision the Company makes to "put the needs of those we serve at the center of all we do."¹⁹ This includes a commitment to improving the environment and communities that the Company serves while conducting business with honesty, integrity and fairness.²⁰ Our Values include:²¹

- *Safety First.* We actively care about the safety and well-being of our employees, customers and communities. Safely approaching every job, every day, always comes first.
- *Intentional Inclusion.* We are One Team, working to foster a culture of belonging and ensuring our diverse team feels valued. Investing in an equitable culture benefits employees, customers, communities and shareholders.
- *Act with Integrity.* We act with honesty, respect and fairness, demonstrating trustworthiness in all we do. We are true to our word and follow through on our commitments.

- *Superior Performance.* We keep customers at the center of everything we do, with a focus on continuous improvement. We provide exceptional service, delivering innovative solutions that benefit our customers, communities, investors and the environment.

“Intentional Inclusion” was added to Our Values in 2023 to further embed inclusion in the Company’s approach to doing business and to signal the importance of inclusion alongside other longstanding company values such as “Safety First.” Several employees reported that this has generated support and buy-in for Southern Company’s DE&I efforts, including MTE, from employees at all levels of the Company.

IV. About Moving to Equity

A. Background and Evolution of MTE

For decades, Southern Company has undertaken efforts to foster an inclusive workplace and to be “a citizen wherever we serve,” including in the local communities within the Company’s service footprint.²² Among others, these have included significant investments in local communities through philanthropic contributions and employee volunteerism, longstanding employee DE&I programming and initiatives, and sustained recruitment from Historically Black Colleges and Universities (“HBCUs”). Though Southern Company had made strides toward fostering a culture of inclusion before 2020, according to Company executives, public reactions to the killings of George Floyd, Ahmaud Arbery, Breonna Taylor, and Rayshard Brooks in 2020 caused a shift in the Company’s approach to several issues related to racial equity, including workplace inclusion. These events, and several resulting internal company conversations on race, prompted Southern Company to adopt the MTE framework, which committed the Company to take specific actions to address racial inequity and racism in its workforce and the communities it serves.²³ This work was specifically designed to evolve Southern Company’s efforts to promote equity and to embed within the Company’s culture a commitment to addressing systemic racism and to ensure this commitment would not be “episodic.”²⁴

Southern Company intentionally designed MTE’s governance structure, accountability mechanisms, and five pillars to drive this work throughout the Company and to promote buy-in from across the system. In developing this framework, Southern Company retained a third-party consultant to benchmark other companies’ racial equity efforts, advise the Company regarding potential pillars, and develop goals and metrics. After the Management Council provided input on the framework and goals, Southern Company selected five MTE pillars—Talent, Work Environment, Supplier Inclusion, Civic Engagement, and Community Investment and Social Justice—that sought to cover a comprehensive range of areas in which the Company could help address the effects of racism both internally and externally. As the framework evolved, Southern Company engaged a consulting company to assess its design and develop metrics for measuring its success.

Though Southern Company initially undertook MTE specifically to address racism, including anti-Black racism, the framework has evolved to help address the effects of other inequalities. For example, in response to increasing hate directed toward Asian Americans during the COVID-19 pandemic, the Company supported legislation aimed at combatting anti-Asian hate. In addition, the Company has expanded recruiting efforts with Hispanic-Serving Institutions (“HSIs”) and organizations that support veterans. Southern Company’s most recent MTE Report commits to expanding MTE efforts to include “people with disabilities, second-chance programs and other diverse demographics.”²⁵ Southern Company has also expanded MTE’s focus to include efforts to help address the effects of other inequalities, including those affecting other racial and ethnic groups.

B. Governance and Infrastructure

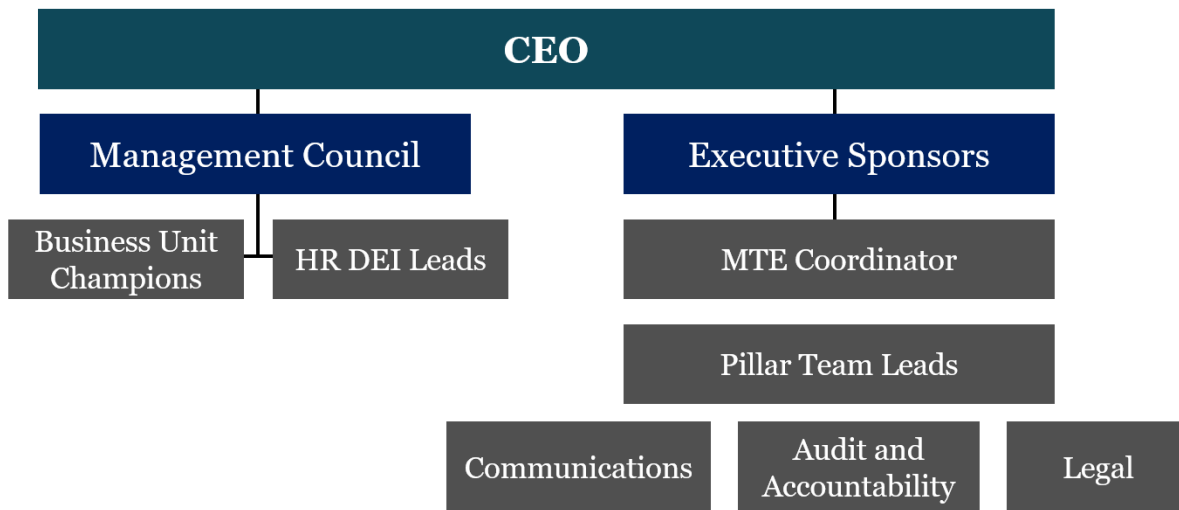
Southern Company maintains a robust governance structure designed to encourage leadership and employees at all levels of the organization and at each operating company to take ownership of MTE and make progress toward its commitments. At the company-wide level, Southern Company has an MTE coordinator responsible for overall facilitation of the initiative. The MTE coordinator oversees a coordination support team that meets biweekly to discuss updates and areas of opportunity to advance the Company’s MTE goals. The core MTE team

includes pillar leads who develop strategies for each pillar, with support from pillar teams composed of representatives from each operating company. Southern Company designed the pillar team structure to foster ownership among each operating company in shaping the initiative. Pillar leads and their teams meet with the MTE coordinator periodically to discuss challenges, opportunities, and feedback from the Management Council, employees, or business units. Leads for designated subject areas, including audit and accountability, legal, and communications, also serve on the MTE team and meet with the MTE coordinator on at least a quarterly basis. The MTE coordinator meets on a bi-monthly basis with Mr. Womack, who oversees the Company's MTE efforts, to discuss the Company's MTE commitments and progress.

To garner support for MTE at the senior leadership level, Southern Company designates three MTE executive sponsors from the Company's Management Council. These executive sponsors currently include the Company's Chief Human Resources Officer, Chief Information Officer, and President of External Affairs. The MTE coordinator and executive sponsors meet quarterly to discuss progress toward the Company's racial equity commitments and how to sustain that work across the Company. Executive sponsors periodically change to allow other members of the Management Council to closely engage with and provide input on MTE.

Each operating company's DE&I team members also support Southern Company's MTE efforts. HR DE&I managers and business unit HR leads coordinate with Southern Company's centralized HR function to implement the Company's MTE initiatives at each operating company. In an effort to share best practices and utilize efficiencies, Southern Company is in the process of evaluating consolidating certain aspects of HR and DE&I workstreams from across the operating companies' teams. Southern Company does not have a designated Chief Diversity Officer in an intentional effort to encourage employees across the Company to take ownership of DE&I and MTE efforts. Southern Company's CEO reinforces this shared ownership expectation with employees across the Company. Most leaders with whom the assessment team spoke believe that centralizing MTE and DE&I in a single position could disincentivize other employees from becoming involved in DE&I and MTE efforts. In addition to the business unit HR leads and DE&I managers, each operating company also designates an executive to serve as a "business unit champion" to promote visibility of MTE and integrate MTE into each operating company's culture, including pre-existing DE&I initiatives. This structure aims to encourage executives and business unit leaders to support the Company's work to foster a diverse and inclusive work environment and encourages leaders, managers, and employees at each operating company to take ownership of MTE efforts and goals. Business unit champions in particular were credited by senior leaders with whom the assessment team spoke as playing an integral role in promoting shared responsibility across the Company for MTE.

The full MTE team, depicted in the graphic below, meets quarterly to discuss progress toward each MTE commitment. Each member of the MTE team, including the MTE coordinator, undertakes MTE-related responsibilities in addition to their other, full-time jobs at Southern Company. The Company does not designate a budget for MTE; instead, each pillar uses funds from business unit budgets for MTE initiatives.



C. Accountability

Southern Company maintains mechanisms to hold the Company and its leaders accountable for advancing progress toward the MTE commitments. In addition to the governance structure described above, Southern Company made several accountability-related commitments in its 2020 MTE framework, as described below, and publishes annual MTE reports to provide transparency on the Company’s progress toward its MTE commitments.²⁶

1. Southern Company’s Accountability Commitments

To further promote accountability for the Company’s MTE efforts, Southern Company made seven accountability commitments.²⁷ As depicted below, Southern Company has made progress toward each of these commitments.



Governance & Accountability

Commitment	Status
<p>Develop accountability measures to ensure that leaders and employees across Southern Company embrace MTE.</p>	<p>On track – Southern Company developed an MTE infrastructure designed to promote buy-in for MTE from employees at all levels across the Company.</p>
<p>Establish a communication framework that positions the Company’s racial equity efforts as central to Our Values, including publishing a report on the Company’s progress towards its racial equity commitments.</p>	<p>On track – Southern Company published an MTE framework in 2020 and has published annual reports since then. The Company also maintains a website which provides updates on the Company’s progress toward MTE commitments.</p>
<p>Engage a third party to conduct an external audit of the MTE initiative to strengthen the Company’s implementation and evaluate the metrics and KPIs used to measure progress towards the MTE commitments.</p>	<p>Complete – Southern Company engaged an external consulting firm in 2020 to evaluate the MTE initiative and develop metrics for each MTE pillar.</p>
<p>Supplement existing efforts towards racial equity by reviewing Our Values, evaluate additional metrics used to measure MTE, further define the MTE framework, and develop an employee feedback loop to continuously evolve the Company’s racial equity journey.</p>	<p>On track – The Company refreshed Our Values in 2023 to include “Intentional Inclusion” and developed a continuous feedback loop model to regularly receive employee feedback about MTE as appropriate.</p>
<p>Integrate MTE goals into employee performance plans.</p>	<p>Progressing – Operating companies provide employees with the opportunity to include DE&I related goals in their annual performance review plans. Adoption of these goals varies across operating companies.</p>
<p>Collect and analyze industry benchmarks to identify additional metrics and KPIs for MTE.</p>	<p>On track – To further refine its MTE commitments, the Company has engaged several third-party experts to develop MTE metrics based on industry benchmarks.</p>

Enhance the Company’s data processes for MTE metrics to ensure data is accurate.

On track – A designated audit and accountability lead works with each pillar periodically to enhance metrics and data processes.

2. Efforts Undertaken Towards Governance and Accountability Commitments

a) Develop Accountability Measures

Southern Company committed to develop accountability measures for MTE that are designed to encourage employees across the Company to embrace MTE, hold the Company accountable for its commitments, and cultivate an inclusive work environment.²⁸ As described above, Southern Company established an MTE infrastructure designed to foster support for MTE from across operating companies and leadership levels of the Company. To hold the Company accountable toward its commitments, MTE pillar teams track key metrics including progress toward MTE commitments by operating company. Each member of the Management Council receives a monthly summary of key MTE metrics for the member’s business unit. The Company also updates the full Management Council on a quarterly basis on certain metrics including representation of underrepresented employees in Southern Company’s workforce, progress toward supplier inclusion goals, and the Company’s work environment to promote accountability in encouraging and maintaining an inclusive work environment.

b) Establish a Communication Framework

As part of MTE, Southern Company established a communication framework to inform employees and the public about the Company’s efforts to promote equity. As described above, in 2020, the Company published an MTE framework that describes the MTE initiative and commitments.²⁹ Since 2021, Southern Company has published annual reports sharing the Company’s progress.³⁰ Additionally, in 2022, Southern Company launched a website to provide updates on the Company’s progress towards its MTE commitments and features stories and highlights related to each of the five MTE pillars and the Company’s DE&I initiatives.³¹ As described below in Section VI, as part of the MTE initiative, Southern Company produced videos and podcasts addressing racial equity issues that feature Mr. Womack, Management Council members, and Business Unit Champions.³²

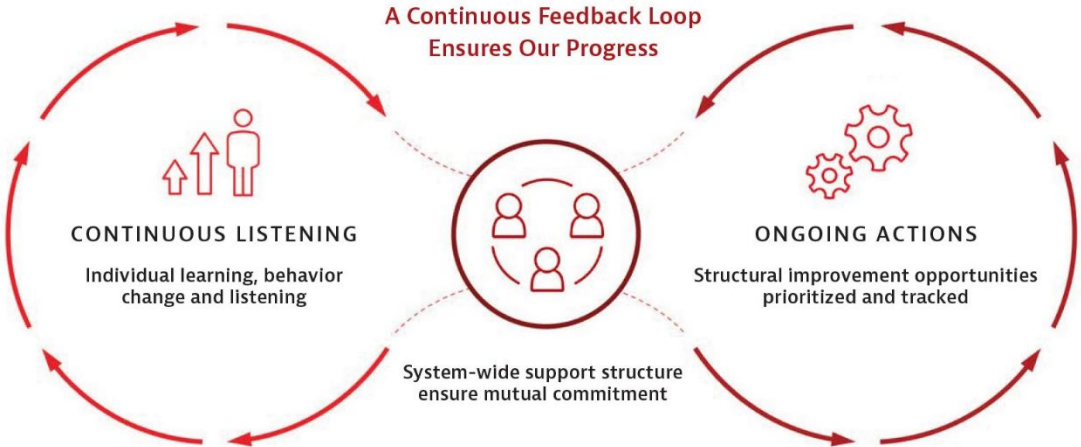
c) Engage a Third-Party to Audit MTE’s Metrics and KPIs, Evaluate Additional Diagnostics and Further Define MTE Initiatives, and Collect and Analyze Industry Benchmarks

To further refine the Company’s accountability measures for MTE, Southern Company engaged a leading consultant in 2020 to assess the MTE framework, review the Company’s goals, and provide benchmarking information on best practices from DE&I industry leaders.³³ As part of this assessment, Southern Company worked with the consultant to develop metrics for each pillar to assess the success of the MTE initiative. To do this, the consultant provided Southern Company with best practice metrics—classified as (i) expected, (ii) recommended, (iii) robust, and (iv) above and beyond—and worked with each pillar to adopt the “expected” and “recommended” metrics. Additionally, in response to the recommendations, each pillar

developed dashboards to track the pillar’s KPIs. Southern Company has also recently engaged another third-party consultant to, in part, provide benchmarking practices with respect to components of the Company’s Work Environment pillar and related efforts.

d) Supplement Existing Efforts Toward Racial Equity

In 2021, Southern Company developed a continuous feedback loop model for MTE designed to receive employee feedback that would “continuously evolve” the Company’s racial equity commitments. This feedback framework consists of periodically receiving feedback from employees on the state of the Company and its culture; a system-wide support structure; and ongoing actions such as developing Company commitments in response to employee feedback and establishing systems to support accountability and sustainability.³⁴



Southern Company also committed to supplement its racial equity efforts by reviewing “Our Values” to align those values with the Company’s racial equity and social justice beliefs and developing and integrating an employee feedback loop. In 2023, shortly after Mr. Womack was appointed CEO, Southern Company undertook a review of “Our Values” that included surveying 1,500 randomly selected employees, hosting a focus group with MTE business unit champions, engaging in one-on-one conversations with leaders, and benchmarking corporate values of other similarly situated companies. In August 2023, Mr. Womack announced that “Intentional Inclusion” would be added to “Our Values” to “underscore [the Company’s] focus on inclusivity.”

e) Integrate MTE Goals into Employee Performance Plans

To encourage employee responsibility for promoting Southern Company’s equity-related values, Southern Company provides employees with the opportunity to develop DE&I-related goals as part of their annual employee performance plans. To do this, each operating company develops its own guidelines for employees to set those goals. Specific guidelines and approach varies across operating companies. For example, operating companies may allow employees to set goals related to participating in employee-led DE&I focused groups, completing optional DE&I-related training, attending educational events, or participating in inclusion conversations with teammates. Southern Company tracks the percentage of employees across the system who have set at least one DE&I-related goal. In 2023, 65 percent of Southern Company’s total

workforce set a DE&I-related goal, as did 72 percent of mid-level managers and 71 percent of senior leaders.

f) Enhance the Company’s Data Processes for MTE and Further Define MTE Initiatives

Finally, to fulfill the Company’s commitment to implement additional enhancements to data processes in order to maintain the accuracy of MTE-related data, the MTE team’s audit and accountability lead periodically works with each pillar team to define, categorize, and track metrics and develop processes and controls to maintain metric completeness and accuracy.

Overarching Recommendations for MTE

To ensure that Southern Company’s MTE efforts are not episodic and continue in the years ahead, the Company should consider the following recommendations:


- Maintain the Company’s commitment to equity after 2025 by continuing MTE within the Company’s broader DEI strategy and structure. This sustained focus on equity should continue Southern Company’s efforts to focus on all underrepresented racial and ethnic minority groups and expand efforts with respect to other dimensions of diversity such as those with disabilities, veterans, and members of the LGBTQ+ community. To support these efforts downstream, consider providing additional support to the MTE team and coordinator, while maintaining the strong overall governance structure that includes leaders from across the Company.
- As Southern Company considers next steps for implementing MTE after 2025, continue to review industry standards for best practices and related metrics and consider opportunities to integrate those practices and metrics into MTE and the Company’s operations.
- To motivate consistent support at all levels of the Company for its commitment to inclusion, encourage employees to include in their performance plans an assessment of how they promote the Company’s value of Intentional Inclusion.
- Explore opportunities to provide more frequent updates to key partners, including external stakeholders and suppliers, about Southern Company’s MTE commitments, related efforts, and equity journey, including in areas in which Southern Company views itself as an industry leader.
- Continue the Company’s strong stakeholder engagement, including its Annual Environmental Stakeholder Forum, and explore additional opportunities to solicit feedback from civic and civil rights organizations.

V. Pillar 1: Talent

Southern Company’s first MTE pillar is Talent.³⁵ Through this pillar, Southern Company aims to promote equal opportunity in its hiring and recruitment practices and increase recruitment, hiring, and retention of underrepresented groups at all levels of the workforce. Southern Company maintains³⁶ that fostering a diverse and inclusive workforce is a “business imperative that facilitates [the Company’s] long-term success.”^{iv} For decades, Southern Company has undertaken efforts to recruit and retain a workforce representative of the communities the Company serves and has made substantial investments in targeted recruiting efforts at HBCUs. The Company formalized much of this ongoing work as an MTE priority, and in doing so, the Company aimed to make MTE one part of its overall DE&I strategy.

A. Southern Company’s Talent Commitments

To continue the Company’s progress toward recruiting and retaining a diverse workforce, Southern Company made five Talent commitments as part of MTE. The Company has made significant progress toward each of these commitments, as depicted below.³⁷

 Pillar 1: Talent	
Commitment	Status
Increase and improve outreach, recruitment, hiring, and retention of underrepresented groups at all levels of the workforce, including through strategies that prevent bias, diverse slates, partnerships with HBCUs, training programs, and targeted scholarships for underrepresented groups.	On Track – Southern Company implements processes to mitigate bias and discrimination risks in recruiting and hiring, has expanded recruiting efforts with HBCUs, and maintains a variety of internship, co-op, training, apprenticeship, and scholarship programs designed to enhance the recruitment of employees from HBCUs and HSIs.

^{iv} Some research supports this view. For example, a 2020 study by McKinsey suggested that companies in the top quartile of ethnic and cultural diversity outperformed those in the bottom quartile. McKinsey & Company, *Diversity Wins: How Inclusion Matters* 20 (May 2020), <https://www.mckinsey.com/~media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf>. The Harvard Business Review also reported that companies with diverse teams make better business decisions, in part because diverse teams are more likely to remain objective, process information more carefully, and engage in innovative thinking. Heidi Grant and David Rock, *Why Diverse Teams are Smarter*, Harvard Business Review (Nov. 4, 2016), <https://hbr.org/2016/11/why-diverse-teams-are-smarter#:~:text=Diverse%20teams%20are%20more%20likely,cognitive%20resources%20sharp%20and%20vigilant>; Heidi Grant et al., *Diverse Teams Feel Less Comfortable—And That’s Why They Perform Better*, Harvard Business Review (Sept. 22, 2016), <https://hbr.org/2016/09/diverse-teams-feel-less-comfortable-and-thats-why-they-perform-better>.

<p>Ensure equity in leadership development programs, including by reviewing current programs and piloting new approaches to mentorship and development.</p>	<p>On Track – Southern Company affiliates piloted two mentorship programs and the Company has implemented external and internal systemwide professional development programs. The Company tracks demographic representation of participants in leadership development programs to promote equitable participation across gender and racial and ethnic groups.</p>
<p>Seek diverse candidate slates for management roles.</p>	<p>On Track – During the succession planning process for employees at the officer level and above, Southern Company reviews the demographics of its slates of potential management successors to identify gaps in representation and promote equal employment opportunities, including promotion, for all employees. Southern Company also reviews the demographics of its talent pipeline to promote equitable representation of qualified employees.</p>
<p>Establish lawful and measurable goals to achieve by 2025.</p>	<p>On Track – Southern Company aims to maintain a workforce that reflects the communities it serves and implements several accountability measures to promote progress toward this commitment.</p>
<p>Proactively track, analyze, and benchmark key metrics, including representation, promotion opportunities, pay equity, and attrition, to understand opportunities for improvement across the full talent journey for underrepresented employees.</p>	<p>On Track – The Company measures key metrics, including workforce demographic representation data, and conducts regular pay equity analyses.</p>

B. Efforts Undertaken Toward Talent Commitments

1. Increase and Improve Outreach, Recruitment, Hiring, and Retention of Underrepresented Groups

Southern Company committed through MTE to continue its efforts to increase and improve outreach, recruitment, hiring, and retention of underrepresented groups.³⁸ Southern Company’s centralized Talent Acquisition team is responsible for overseeing the Company’s recruitment and hiring process across the enterprise and has implemented several strategies to expand the diversity of Southern Company’s talent pool through inclusive recruiting and hiring practices. As described below, as a result of MTE, the Company has launched new measures to mitigate bias during the recruitment and hiring processes; expanded its diverse recruiting

strategy; and increased its internship, co-op, training, and apprenticeship programs which seek to increase representation among groups underrepresented in Southern Company's workforce.

a) Mitigating Bias in Recruitment and Hiring

To promote fairness and equal employment opportunity, Southern Company instituted systemwide efforts, including the Company's new candidate screening process launched in 2021, designed to mitigate bias in recruiting and hiring.³⁹ Through this candidate screening process, hiring managers and recruiters participate in initial planning sessions called "intake meetings." During these sessions, recruiters and managers discuss writing inclusive job descriptions and sourcing a diverse range of candidates for open positions to align on recruiting and hiring strategies before posting a position.⁴⁰ The Talent Acquisition team then reviews each job description to confirm it does not include requirements or preferences that could discourage underrepresented candidates from applying for the position. For example, the Company has eliminated education degree requirements from most of Southern Company's technician and non-exempt job postings, making them a preferred qualification instead. Southern Company does not currently use machine learning tools to review job descriptions for bias but is exploring opportunities to use internal artificial intelligence tools to develop neutral job descriptions free of potential bias. After these steps, the Talent Acquisition team publishes the job posting using job distribution networks and job syndication vendors, including on over 50 websites targeted toward individuals from underrepresented groups. Once candidates submit applications, recruiters at Southern Company complete initial resume screenings and redact information irrelevant to qualifications for the role and that may lead to bias—including name, age, geographic location, and educational institution—before providing the resumes to hiring managers. Hiring managers only receive unredacted resumes after they select a pool of candidates to interview.⁴¹ One senior Company leader with whom the assessment team spoke credited MTE with garnering support for implementing this initiative. Hiring managers receive mandatory training on the redacted resume process and recruiters receive training on the tools used to redact resumes.

To further mitigate potential bias and discrimination risks in the candidate screening process, Southern Company made changes to its drug testing and background check screening policies in accordance with Equal Employment Opportunity Commission guidance.⁴²

Southern Company also implements several strategies to mitigate potential bias during the interview process. For example, to promote consistency in interview questions, hiring managers select questions from the Talent Acquisition team's interview guide generator tool. As a result of MTE, this tool includes a category for DE&I-related questions to ask applicants used to gauge candidates' commitment to fostering an inclusive work environment. Questions include, for example, "[w]hat do you see as the fundamental characteristic(s) of organizations that create an inclusive environment?" and "[h]ow have you worked to understand and engage the perspectives of others on your team?" In addition, the Talent Acquisition team encourages recruiters to generate and present to hiring managers a qualified diverse slate of candidates to select from for interviews and advises managers that interview panels should include gender and racial and ethnic diversity. Southern Company encourages the use of diverse candidate slates and interview panels; the Company does not require that candidate slates and interview panels include a certain number of individuals from underrepresented backgrounds.

Southern Company has also launched new recruiting and hiring trainings to promote fairness. In 2021, the Company introduced a required training for all hiring managers called "Embedding Inclusive Practices in the Hiring Process," which focuses on recognizing potential bias, drafting inclusive job descriptions, selecting diverse slates and interview panels, and

implementing standardized interview procedures. The Company tracks the percentage of people leaders who complete the training across operating companies and informs supervisors when their direct reports do not complete the training. In 2023, 85 percent of all people leaders completed this training. Southern Company also launched an interactive virtual reality course in August 2024 that focuses on inclusive hiring practices, interrupting bias, and empathy.⁴³

b) Strategy for Recruiting a Diverse Workforce

Southern Company implements a robust campus recruiting strategy aimed at building a talent pipeline that brings a diverse range of experiences, backgrounds, and expertise to the Company. Southern Company recruits students for its internship and co-op programs at 24 universities, including nine HBCUs and two HSIs, with the goal of converting the students to full-time employment upon graduation. In prioritizing schools for its recruiting efforts, Southern Company reviews enrollment data and data on its past campus hires, including demographic data, to determine whether schools will provide Southern Company with a diverse and qualified candidate pool. The Talent Acquisition team maintains at each of these 24 schools a designated “Campus Activity Team” composed of Southern Company employees, who assist with outreach on campus to promote awareness among students of Southern Company and the utility industry. Southern Company tracks the demographics of students it recruits from its campus efforts and adjusts its recruitment strategy accordingly to promote its effort to recruit students representative of the labor pool. As a result of these efforts, in 2023, almost half of Southern Company’s campus hires were people of color.

MTE prompted Southern Company to build on its longstanding outreach efforts to HBCUs, and thus the number of HBCUs from which the Company recruits has increased from three to nine. Southern Company has maintained a decades-long sustained focus on HBCU recruitment because it views this recruitment as key to achieving the Company’s goals of attracting the best talent and increasing representation of underrepresented groups in its workforce. Because HBCUs award a quarter of the nation’s Science, Technology, Engineering, and Mathematics (“STEM”) degrees to Black students,⁴⁴ HBCUs provide Southern Company with an important pool of qualified talent to recruit from for the specific skills needed for a number of technical jobs at the Company. Accordingly, Southern Company has four recruiters that intentionally recruit at HBCUs through career fairs and various on-campus events.

Southern Company also supports HBCUs by providing scholarships, including, for example, \$1 million in scholarships to HBCU students pursuing careers in construction or building trades in Alabama in partnership with TradesFutures, an organization dedicated to developing apprenticeship readiness programs. In spring 2024, HBCU students constituted over 20 percent of accepted offers from Southern Company’s campus recruiting efforts, and HBCUs were two of the schools with the highest number of offers and acceptances.

Southern Company has maintained close recruiting partnerships with other organizations to support candidate outreach, including a partnership with the University of Puerto Rico at Mayagüez, an HSI, since 2003.⁴⁵ In addition, the Company has recruiting partnerships with 43 military organizations and in 2022, the Company engaged in outreach at 46 military installations and partnerships with local National Guard and Reserve units.⁴⁶ Southern Company also partners with 19 professional associations for recruiting efforts—including, for example, the National Society of Black Engineers, the Society of Women Engineers, and the Society of Hispanic Professional Engineers—and serves as a corporate sponsor at national recruiting conferences. Finally, to recruit craft labor and technical workers, Southern Company partners with community colleges and technical schools such as the Alabama Community College System and the Georgia Technical College System, including by

sponsoring workshops, developing curricula focused on skills necessary for Southern Company positions, and working with technical colleges to recruit a student body representative of the community.

For many of these recruiting efforts, the Talent Acquisition team involves employee-led DE&I focused group members, though the Company does not formally seek their input in developing its diverse recruiting strategy. Employee-led DE&I focused group leaders who participated in the roundtable event with Covington expressed interest in being included in efforts to develop the Company's long-term strategy for recruiting and retaining underrepresented talent, as described below in Section VI.

c) Internship, Co-Op, Training, and Apprenticeship Programs

Southern Company also offers internships and co-op programs for college and university students to provide students with work experience, with the goal of increasing the diversity of Southern Company's talent pipeline and ultimately hiring interns and co-op participants for full time employment upon graduation. As described above, Southern Company recruits students for these programs at 24 universities, including nine HBCUs and two HSIs, and prioritizes recruiting efforts at schools with diverse, qualified student bodies. As of November 2024, more than 370 students have been recruited for these programs with a job placement rate of 95 percent, 163 of whom have received jobs from Alabama Power. In addition, over half of the students who accepted offers for co-op or internship positions in 2024 are people of color.

To further build a pipeline of craft labor and technical workers that reflects the communities Southern Company serves, the Company offers a number of training and apprenticeship programs, including through partnerships with local community colleges and technical schools to develop and enhance technical trade certification programs.⁴⁷ For example, in 2022, to establish apprenticeship readiness programs aimed at increasing the number of underrepresented workers and veterans in trades, Southern Company partnered with the North America's Building Trades Unions, a labor organization representing skilled craft professionals; Helmets to Hardhats, an organization that connects military veterans with career training and employment opportunities; and TradesFutures.⁴⁸ In addition, Alabama Power participates in the Alabama Community College System Pre-Apprentice Line Worker Program by partnering with four community colleges—three of which are HBCUs—to provide a ten-week program with classes on electrical power line worker skills such as safety, basic electrical theory, and hand tool usage. Since the program's inception in 2020, 292 students have graduated from the program, 98 percent of whom received job placements, including 135 students who received jobs with Alabama Power. Southern Company has also partnered with community and technical colleges to launch trainings on HVAC work, distribution control center operations, and utility tree trimming. Lastly, Southern Company and its operating companies support training and apprenticeship programs for veterans, including job training for military service members through the Department of Defense SkillBridge Program⁴⁹ and charitable contributions from operating companies and their foundations to Helmets to Hardhats.

2. Promoting Equity in Mentorship and Development Programs

Southern Company further committed to promoting equity in mentorship and development programs for Black and other underrepresented employees by reviewing its current programs and piloting new opportunities, as described below. Prior to MTE, Southern Company's operating companies each maintained their own Talent Management teams with various mentorship and development programs across affiliates. In 2024, Southern Company

consolidated Talent Management into one systemwide team, though operating companies maintain flexibility to implement their own programming.

a) Mentorship Programs

Most of Southern Company's operating companies offer mentorship programs. As a result of MTE, Georgia Power and Southern Company Services piloted cross-cultural mentorship programs designed for leaders to mentor employees of a different race, gender, ethnicity, religion, cultural background, sexual orientation, or nationality than their own. Mentors and mentees participated in an orientation session on the program, took an assessment of their intercultural competence at the beginning of the program, and took a survey at the end of the program evaluating their satisfaction with the program. Southern Company Services and Georgia Power operated these programs for two years, which have now evolved into the Intercultural Competency Leadership Program, described in Section VI below. Other operating companies also implement their own mentorship programs aimed at supporting underrepresented employees, including, for example, Mississippi Power's New Employee Connections program, which pairs new hires with an experienced employee, and Southern Company Gas' GEM Mentoring Program, a nine-month program launched in 2021 that pairs leaders with an employee from a different background to work on communication, networking, and business skills.

Southern Company does not collect and use, at a systemwide level, data on mentorship program participation disaggregated by race or ethnicity, though some individual operating companies collect and use this data. The Talent Management team recently invested in new mentoring software that will allow the Company to analyze data on mentorship participants, including data disaggregated by race and ethnicity. This software will also enable the Talent Management team to scale successful mentorship programs across operating companies. The Company is currently piloting this software at Alabama Power.

b) Professional Development Programs

Southern Company also offers a number of internal and external professional development and leadership programs that are available to all employees with the aim to provide equitable opportunities for development of employees across the Company. For example, as a result of MTE, Southern Company expanded its offering of external development programs, including through a partnership with McKinsey to offer programs for senior, mid-level, and early career employees, including executive coaching, workshops, networking, peer coaching, and leadership courses. Since 2020, approximately 230 Southern Company employees have participated in external development programs through the Company's partnership with McKinsey, some of which have included cohorts for underrepresented employees in corporate leadership. Southern Company also offers leadership development programs through partnerships with organizations including the Aspen Ideas Festival, the Power Pink Alliance, and LEAD Atlanta, an eight-month program targeted at young professionals in metropolitan Atlanta area.

The Talent Management team at Southern Company also implements internal professional development programs to strengthen the Company's talent pool, including new systemwide programming and operating company-specific programming. Systemwide offerings include Southern Company's Leadership Academy which offers a "Master Class Series" for executives and senior leaders. This series includes five in-person, two-day summits at different Southern Company locations featuring trainings, panels, group coaching, and site visits. The Leadership Academy will soon offer other career development programs with content tailored to

early-career leaders, mid-career leaders, and executives and senior leaders, such as self-paced learning programs, group coaching, individual coaching, and programming through external partners. This programming will include sessions on Our Values, fostering an inclusive culture, and leading with intentional inclusion. Operating companies also offer affiliate-specific development programs, including, for example, the Developmental Moves program that places Georgia Power employees in temporary roles for six to 18 months to develop relationships across the operating company and gain new skills.

To evaluate and promote equitable participation in these development programs, Southern Company tracks professional development and leadership development program participant demographic information including by gender, race, and ethnicity and reports to leadership aggregated demographic data for these programs. The Company collects data on annual participation in these programs disaggregated by race and ethnicity but does not report disaggregated data to leadership. The Talent Management team also tracks promotion rates for participants in the Master Class series and plans to track promotion rates for all leadership and development programs in the future. In 2023, women and employees of color had significant representation in Southern Company's leadership development programs.

3. Seek Diverse Candidate Slates for Management Roles

Southern Company further committed to “seek diverse candidate slates for management roles” as part of the Talent MTE pillar.⁵⁰ The Company makes efforts toward this commitment through its annual succession planning process for employees in management roles, which includes employees at and above the officer level. Southern Company does not require diverse succession planning slates. Instead, Southern Company reviews demographic data on the race and ethnicity of individuals included on succession planning slates for management roles to monitor for gaps in representation with the aim to promote equal employment opportunities, including promotion, for all employees. To promote equitable representation of underrepresented employees on management slates, the Talent Management and Talent Acquisition teams work together to provide equitable development opportunities that prepare these employees for future leadership positions. In addition, Southern Company focuses on hiring talent for leadership positions from within the Company, hiring fewer than 10 percent of its leaders externally, in order to leverage the Company's internal diverse talent pipeline.

4. Establish Lawful and Measurable Talent Goals

As part of the Talent MTE pillar, Southern Company also committed to establishing “lawful and measurable” talent goals to achieve by 2025⁵¹ and has established a goal to build and maintain a workforce that reflects the communities the Company serves.⁵² Southern Company does not maintain specific numerical goals for representation of underrepresented groups in its workforce, focusing more directly on equitable representation of underrepresented groups in its workforce by promoting equal employment opportunities.⁵³ As described above in Section IV, Southern Company has established several measures to promote accountability and progress toward this commitment, and as described below, the Talent team tracks key metrics to assess opportunities for improvement.

5. Track Key Metrics to Understand Opportunities for Improvement

Southern Company also committed through MTE to “[p]roactively track, analyze and benchmark” key talent metrics, including workforce representation, promotion, turnover, net opportunities, and pay equity, to identify areas of opportunity for promoting equal opportunity

and inclusion in the Company’s workforce.⁵⁴ Southern Company tracks several key metrics in fulfillment of this commitment, including workforce demographic and pay equity data.

a) Workforce Demographic Data

Southern Company tracks the race and ethnicity of employees in its workforce, reports on workforce representation to the Management Council on a quarterly basis, and voluntarily reports on its website annual EEO-1 report representation data.⁵⁵ Southern Company’s workforce race and ethnicity representation for 2020–2023, as reported in the Company’s EEO-1 reports,⁵⁶ is as follows:

Workforce Representation Data				
Race/Ethnicity	2020	2021	2022	2023
American Indian or Alaska Native	0.5%	0.5%	0.5%	0.5%
Asian	1.9%	2.0%	2.1%	2.2%
Black or African American	20.9%	21.6%	22.3%	22.3%
Hispanic or Latino	3.9%	4.1%	4.4%	4.7%
Native Hawaiian or Other Pacific Islander	0.1%	0.1%	0.1%	0.1%
White	71.8%	70.9%	69.7%	69.2%
Two or More Races	0.8%	0.8%	0.9%	0.9%

To make progress toward the Company’s commitment to build a workforce that reflects the communities Southern Company serves,⁵⁷ Southern Company analyzes its workforce demographics compared to the demographics of the relevant labor market pool. The relevant labor market pool, rather than the total population, is the proper comparison group for this analysis because it encompasses qualified workers in the specific geographic regions that Southern Company serves. As of September 2024, Southern Company’s workforce representation generally meets labor market availability for white employees, exceeds labor market availability for Black employees, and is seeking to meet labor market availability for some grade levels for Asian, Hispanic/Latino, American Indian/Alaska Native, and Native Hawaiian/Other Pacific Islander workers and employees who identify as more than one race.

As part of MTE, the Talent team tracks metrics on the representation of employees at each step of the recruiting and hiring process, including application submissions, interviews, hires, promotions, workforce representation, non-retirement turnover, and net opportunities. The Talent team also analyzes areas for improvement in recruiting, hiring, and retaining underrepresented talent, and tracks demographic data on employees represented in the Company’s talent pipeline.

b) Pay Equity Analysis

Southern Company's efforts to promote equitable pay practices predate MTE. For example, the Company has long internally analyzed its pay practices to promote gender and racial and ethnic equity and began conducting third-party pay equity analyses in 2019. Currently, Southern Company conducts external pay equity analyses every year on non-union employees across the system and encompasses base pay and total compensation, including bonus. The Company analyzes pay equity by gender and race, and within race compares the pay of white employees to employees of color, and also further disaggregates the data by race and ethnicity. Southern Company remedies any gaps identified. Southern Company's pay equity analyses have consistently demonstrated that the Company pays employees equitably across racial and gender lines. In addition, HR partners also review data on pay at the Company by gender, race, and ethnicity to equitably set salaries.

Recommendations for Talent

In order to further enhance Southern Company's already robust efforts to build a workforce that reflects the diversity of the communities the Company serves, Southern Company should consider the following recommendations:

- Continue efforts to recruit a workforce that reflects labor market availability for all racial and ethnic demographic groups, including by enhancing recruiting efforts targeted toward those demographic groups for which the Company has not yet achieved available labor market representation and promoting equitable opportunities for development.
- Consider additional opportunities for employee-led DE&I focused groups to provide feedback to Southern Company's Talent team on the Company's strategies for recruitment and retention of underrepresented talent.
- To further promote Southern Company's efforts to increase recruitment and hiring of underrepresented employees, consistently encourage and track the use of diverse candidate slates and diverse interview panels across the Company.
- Consider leveraging new mentorship software to increase mentoring opportunities for employees across the system and to assess participation in mentorship programs by race and ethnicity to promote equitable participation in those programs.

VI. Pillar 2: Work Environment

The second pillar of Southern Company’s MTE framework is Work Environment.^v As part of this pillar, Southern Company committed to “cultivat[ing] an actively inclusive workplace where everyone is embraced, valued and respected, fostering a sense of belonging for all.”⁵⁸ This commitment reflects the Company’s belief that “[i]nclusion must start in each employee’s individual work environment and is the responsibility of all employees.”⁵⁹

Southern Company aims to foster an inclusive work environment that attracts and retains talent and drives results^{vi} for the Company.⁶⁰ Many of the Company’s efforts to foster an inclusive workplace have long predated MTE. For example, Southern Company has developed and maintained DE&I strategies and employee-led DE&I focused groups for over 20 years, and each operating company’s HR lead is responsible for overseeing DE&I efforts, including DE&I teams, at that company. In addition, each operating company has a designated DE&I manager responsible for coordinating and implementing DE&I initiatives, including those that were established because of MTE. As described above, Southern Company is in the process of consolidating Talent Management into one systemwide team. Southern Company’s internal DE&I working group—composed of operating company HR leads and DE&I managers—meets monthly to coordinate the Company’s enterprise-wide DE&I strategy, share best practices, and foster cross-system collaboration.

A. Southern Company’s Work Environment Commitments

To further the Company’s decades-long efforts to promote an inclusive culture and a workplace where employees feel valued and respected, Southern Company has made five Work Environment MTE commitments. As depicted below, Southern Company has made progress toward each of these commitments:⁶¹

^v Southern Company originally styled this pillar “Culture” but changed the title to “Work Environment” in 2021. See 2020 MTE Framework at 4; 2021 MTE Report at 26.

^{vi} Some research supports this review. For example, a 2023 study by Enterprise Strategy Group, a market research and strategy firm, found that organizations with strong DE&I initiatives, including trainings on DE&I topics and support for ERGs, were 2.6 times more likely to have exceeded revenue expectations when compared to organizations without strong DE&I programs. Adam DeMattia, Enterprise Strategy Group, *A Mature Approach to Diversity, Equity, and Inclusion Delivers Real Results* 13 (Mar. 2023), https://media.bitpipe.com/io_16x/io_168145/item_2693001/ESG-Research-Insights-Paper-AWS-DEI-Mar-2023--.pdf. DE&I programs also boost employee retention, which in turn reduces costs for companies, as replacing an employee can cost up to two times the employee’s annual salary. Shane McFeely and Ben Wigert, *This Fixable Problem Costs U.S. Businesses \$1 Trillion*, Gallup Workplace (Mar. 13, 2019), <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>.



Pillar 2: Work Environment

Commitment	Status
<p>Promote an actively anti-racist culture and ensure that all groups are well-represented, included and fairly treated within all levels of the organization and that everyone feels welcomed, valued, and respected.</p>	<p>Progressing – Southern Company sets a strong tone from the top of the organization about driving inclusion across the Company, maintains a robust governance structure for MTE, and refreshed its values in 2023 to add “Intentional Inclusion” as a core value. Work to drive an inclusive culture across the Company is ongoing and requires continued, sustained efforts.</p>
<p>Organize listening sessions to better understand the experience of Black and underrepresented employees, proactively seek feedback through surveys, focus groups, one-on-one conversations, town halls, and online listening, and share how the Company has leveraged the feedback to refine its commitments and actions.</p>	<p>Progressing – Southern Company regularly seeks employee feedback and hosted a variety of listening sessions with employees in 2020 focused on the experience of Black employees. The Company could enhance executive outreach to additional underrepresented groups.</p>
<p>Engage employees in the Company’s journey to racial equity through open dialogues, training, and education, expect all employees to commit to continued personal education on equity and inclusion, create annual DE&I training options for leaders and employees, and deliver inclusive leader and unconscious bias training for all new supervisors.</p>	<p>On Track – Southern Company and its operating companies offer numerous DE&I learning programs and trainings.</p>
<p>Empower employees to be themselves, raise concerns, and innovate without fear of failure, work to prevent barriers that may undermine a sense of empowerment for underrepresented employees, and review and evolve business practices and policies to ensure advancement of the Company’s social justice goals.</p>	<p>On Track – Southern Company maintains a robust and visible Concerns Program through which employees are empowered to report allegations of workplace misconduct.</p>

Increase support for employee-led groups for underrepresented talent, make the resources afforded to such groups available to all employees, lift the voices of employee-led networks, and create platforms for allyship within and across groups.

Progressing – Southern Company has 30 employee-led groups, councils, and networks, and has significantly grown participation in these groups since 2020. Opportunities exist for greater buy-in from mid-level managers for the importance of these groups and more formally integrating these groups in the Company’s MTE efforts.

B. Efforts Undertaken Toward Work Environment Commitments

1. Promote an Actively Anti-Racist Culture and Ensure Groups Feel Included and Fairly Treated

Southern Company committed as part of MTE to promote an “anti-racist culture” and ensure that all groups are “included and fairly treated within all levels of the organization” so that employees feel “welcomed, valued and respected.”⁶² As described in Section IV above, Southern Company sets a strong tone from the top of the organization, including at the CEO and Management Council level, about the importance of MTE to the Company and driving inclusion at all levels of the Company. Southern Company maintains a robust governance structure for MTE that provides leadership, coordination, and visibility to the initiative across the Company. This structure aims to encourage executives and business unit leaders to support the Company’s work to foster a diverse and inclusive work environment and encourages leaders, managers, and employees at each operating company to take ownership of MTE efforts and goals.

As part of MTE, Southern Company also undertook a review of the Company’s values to align those values with the Company’s equity-related goals.⁶³ Specifically, the Company’s decision in 2023 to include “Intentional Inclusion” in its values embeds its equity-related work—and commitment to inclusion more broadly—into the Company’s mission and communicates MTE as a priority to all employees. One ERG leader with whom the assessment team spoke noted that the addition of this value allows employees to point to Intentional Inclusion as a demonstration of the Company’s commitment to inclusion and to respond to potential criticism of the MTE initiative. MTE executive sponsors with whom the assessment team spoke also echoed this sentiment.

Southern Company has also undertaken each of the efforts described below to foster an inclusive culture where employees feel fairly treated and respected.

2. Organize Listening Sessions and Seek Employee Feedback

As part of MTE, Southern Company further committed to “organize active listening sessions to better understand the experience of [] Black and underrepresented employees”; seek feedback through surveys, focus groups, one-on-one conversations, town halls, and online listening; and share how the Company leveraged the feedback to refine its commitments and actions.⁶⁴ Southern Company has undertaken several efforts to fulfill these commitments.

a) Listening Sessions, Focus Groups, and Town Halls

In 2020, as the Company engaged in efforts to listen to and learn from Black employees following the murder of George Floyd, Southern Company executives hosted in-person and virtual town halls, focus groups, brainstorming sessions, and listening sessions focused on inequality and race, with a particular emphasis on anti-Black racism, across various operating companies.⁶⁵ Some operating companies also developed video and webinar series with messages from company leaders and employees on their experiences and understanding of racial equity. The Southern Company Management Council convened in June 2020 a special meeting with Black leaders across the Company to discuss racial equity.⁶⁶ After the meeting, then-CEO Tom Fanning wrote to all employees, encouraging them to continue to “listen, learn, and understand” and engage in listening sessions about the experiences of Black employees.⁶⁷ In response, employees established small groups that continue to periodically meet to discuss race and current events.⁶⁸ Southern Company leaders, including Mr. Womack and Management Council members, have also participated in a video and podcast series on racial equity issues.⁶⁹ One senior Company leader with whom the assessment team spoke supports increased outreach efforts to additional groups of underrepresented employees to learn more about the employee experience for, and the most important issues facing, those employee populations and use those learnings to inform MTE.

b) Employee Surveys

Southern Company also committed to “proactively seek feedback” from employees through employee surveys.⁷⁰ The Company has conducted employee engagement surveys since the early 2000s and has conducted a company-wide, biennial survey called “Voice of the Employee” since 2018. The Voice of the Employee survey measures employee engagement and satisfaction using an “Engagement Index” score that is based on responses to questions, including, for example “I would recommend the company as a great place to work,” “I am treated with respect and dignity at work, regardless of my beliefs or identity,” and “I believe Southern Company’s commitment to equity is appropriate.” Southern Company encourages employee participation in the survey through campaigns at each operating company, messaging from the CEO about the survey, and designated time for employees who do not have access to a personal computer to take the survey on Southern Company-provided devices. As a result of these efforts, in 2023, 76 percent of employees participated in the survey and Southern Company received an 87 percent favorable response rate.⁷¹

Southern Company collects and uses anonymous survey data disaggregated by race, ethnicity and gender. In 2023, workplace satisfaction rates were slightly higher among women and employees of color,^{vii} averaging a high 89 percent favorable response rates. Southern Company’s Engagement Index score has remained consistent since the Company first implemented the Voice of the Employee survey in 2018. Survey results are shared across the Company, including through a dashboard provided to the Management Council, DE&I team, MTE team, operating company leaders, and HR managers, that allows operating company leaders to compare their organization’s scores to the Company as a whole and across years. Managers are also provided with their team’s survey results and develop action plans designed to improve employee engagement and satisfaction on their teams. In addition, Southern

^{vii} Defined as including employees who identify as American Indian or Alaska Native, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, not disclosed, or two or more races.

Company's CEO provides a high-level summary of the survey results in an email to all employees.

Southern Company also conducted a secondary survey in 2023 and a DE&I Pulse Survey in 2022. In 2023, Southern Company conducted a follow-up survey to the Voice of the Employee survey that asked employees to voluntarily identify their veteran and disability status, whether they identify as a member of the LGBTQ+ community, and their current religious affiliation. The Company analyzed the approximately 6,000 survey results to determine whether responses and engagement scores from the Voice of the Employee survey varied based on employees' status as a veteran or person living with a disability or as a member of the LGBTQ+ community, or religious affiliation. In 2022, Southern Company conducted a DE&I Pulse survey, in which 34 percent of employees participated, to measure employees' awareness of, involvement in, and support for, the Company's MTE and DE&I efforts, including by gender, race, and ethnicity. Ninety percent of respondents reported that they were aware of Southern Company's commitments to foster an equitable and inclusive workplace, 67 percent reported feeling that their operating company had become a more inclusive place, and 70 percent answered that they gained a greater personal understanding of DE&I as a result of the Company's focus on racial equity issues.

3. Engage Employees in the Company's Racial Equity Efforts Through DE&I Training Programs

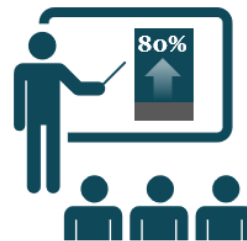
As part of MTE, Southern Company also committed to engage employees in the Company's efforts to promote and achieve racial equity through DE&I training and education, including "annual DEI training options for leaders and employees" and inclusive leader training for all new supervisors.⁷² Southern Company and its operating companies have enhanced numerous DE&I training and education programs. As of October 2021, all operating companies had launched comprehensive DE&I learning programs, and in 2023, 65 percent of employees established at least one DE&I-related goal as part of their overall performance management goals. In 2022, approximately 60 percent of Southern Company employees completed at least one DE&I training course,⁷³ and in 2023, 37 percent of employees completed DE&I training. Across the system, Southern Company uses a dashboard to track completion of DE&I-related trainings, modules, and courses at each operating company.

Southern Company requires all new supervisors to take a course called "Taking the Lead," which includes content on the Company's DE&I efforts, and, in 2025, will also describe MTE commitments. Some operating companies also require employees to complete mandatory DE&I trainings or modules each year that address topics such as potential bias and cultural competency, and to participate in orientation sessions that may address a number of topics including the Company's MTE framework, the DE&I team, DE&I learning requirements, potential bias, and cultivating an inclusive workplace. These requirements vary by operating company.

Southern Company and various of its operating companies also offer a suite of other DE&I learning opportunities which include: (i) DE&I toolboxes which provide leaders with resources on DE&I topics; (ii) self-paced DE&I certificate programs covering topics such as cultural competency, diversity dialogues, skills for inclusion, intercultural immersion, and cross-cultural service; (iii) annual DE&I summits; and (iv) DE&I newsletters, among other programs, some of which are highlighted below.

Georgia Power Intercultural Competency Leadership Program

Nine-month program, launched in 2023, designed to increase the intercultural competency of mid-level leaders and includes an intercultural assessment at the beginning and end of the program. About 80 percent of the 20 total participants in the recent program increased their score as a result of the program. Given this success, Southern Company plans to expand the program to Services in 2024.



Mississippi Power Ally August

Month-long programming, which first began in 2021, that includes employee challenges and webinars that highlight allyship across the company.



Southern Nuclear Company DE&I Knowledge and Skill Building Certificate

Self-paced program, launched in 2021, with coursework on topics including unconscious bias, allyship, and communication. Participants are encouraged to attend DE&I events and lead DE&I initiatives in connection with completing the program.



Southern Company Gas LEAD Council

This council, launched in 2012, is comprised of about 18 leaders who serve as champions of DE&I and MTE and sponsor quarterly, companywide DE&I sessions on topics such as psychological safety, mental health awareness, and disability inclusion.

4. Empower Employees to Raise Concerns

Southern Company's MTE commitments include ensuring that employees feel empowered to raise concerns.⁷⁴ Effective reporting and investigations processes that help companies identify and prevent workplace misconduct are critical to fostering an inclusive environment and retaining employees.^{viii} Pre-dating MTE, Southern Company has implemented a robust complaint investigation and reporting process and maintains enterprise-wide policies, including the Code of Ethics,^{ix} the Workplace Free of Harassment and Discrimination Policy,^x

^{viii} For example, one study from the Massachusetts Institute of Technology reported that toxic workplace culture was the single best predictor of employee attrition during the first six months of the "Great Resignation" in 2021, and robust complaint investigations processes help correct and prevent problematic workplace conduct that can contribute to a toxic culture. See Donald Sull et al., *Toxic Culture is Driving the Great Resignation*, MIT Sloan Management Review (Jan. 11, 2022), <https://sloanreview.mit.edu/article/toxic-culture-is-driving-the-great-resignation/>.

^{ix} Southern Company's Code of Ethics, which includes the Company's core values and expectations for how employees treat each other, explains that all employees have a duty to promptly report any suspected violation of the Code and that the Company will not tolerate retaliation against anyone who reports suspected violations. See Southern Company, Code of Ethics (Aug. 2023), <https://www.southerncompany.com/content/dam/southerncompany/pdfs/about/governance/values-and-ethics/Code-of-Ethics.pdf>.

^x The Workplace Free of Harassment and Discrimination Policy, which applies across Southern Company, prohibits harassment or discrimination against any individual on the basis of a protected characteristic, including race or ethnicity, and states that employees and contractors have an obligation to "contribute to (continued...)"

and the Internal Investigations and Reporting Policy,^{xi} that empower employees to raise concerns.

Southern Company conducts internal investigations through the Company’s “Concerns Program,” which operate at each subsidiary,^{xii} using thorough and well-documented procedures to evaluate allegations of suspected policy violations and misconduct. Employees may report potential policy violations through multiple channels, including in person to leadership and HR or via hotline, text, email, mail, or the Concerns Program website. The Concerns Program website is accessible publicly and allows non-employees, including contractors and suppliers, to file complaints.⁷⁵ Southern Company takes several steps to help employees understand how to report complaints, including providing information on reporting avenues in the Code of Ethics;⁷⁶ trainings for new employees and supervisors on the Concerns Program; information on the Concerns Program webpage including FAQs and a one-pager on the investigation process;⁷⁷ quick reference guides for employees working in the field; and a quarterly newsletter that includes examples of recent investigation outcomes. In addition, Southern Company conducts an annual questionnaire and includes in the biennial Voice of the Employee survey questions about whether employees feel comfortable speaking up without fear of negative consequences.

a) Investigations

The Concerns Program teams investigate reports of workplace misconduct, including allegations of discrimination, harassment, and retaliation. Southern Company has instituted safeguards to promote fairness and equity in the investigations process, including launching in 2024 a standardized investigations manual that instructs investigators on their duties during the investigation process to promote consistency across operating companies and maintaining Investigative Review Committees at each subsidiary that review substantiated allegations to confirm that any investigative findings are fair and justified. The Concerns Program also considers the nature of the allegations and the diversity of the investigative team when designating investigators and encourages team members to attend regular trainings and seminars. The Company takes steps to prevent retaliation against employees who use the Concerns Program including clear policy prohibitions against retaliation with reminders during the investigation and an optional survey for complainants after the conclusion of the investigation that asks whether they experienced retaliation.

The Concerns Program teams monitor investigation-related data in order to identify opportunities for education, training, and communication. Southern Company reports this data to the Management Council and Audit Committee of the Company’s Board on a quarterly basis and includes some of the data in a quarterly employee newsletter. Southern Company does not track the demographics of participants in the complaint investigation process, including, for example, the race, ethnicity, gender, or age of complainants or respondents. When certain teams experience an uptick in investigations, concerns managers will offer compliance training for those teams to share information on the Company’s reporting process and policies.

a workplace free from unlawful discrimination and harassment” and report any discrimination or harassment to Human Resources or through the Concerns Program.

^{xi} The Investigations and Reporting Policy sets forth the Company’s investigation process.

^{xii} Southern Company Gas and Southern Nuclear have their own independent internal investigations programs.

b) Corrective Action, Including Discipline

After the close of an investigation, management, in consultation with HR, determines how to proceed with corrective action, including determining and applying appropriate discipline. In determining appropriate discipline for substantiated allegations, management considers the employee's past behavior and corrective actions taken to address similar violations by other employees. Operating companies also maintain disciplinary policies outlining the progressive levels of discipline available. Even if an allegation is not substantiated, management may take action to help remediate the perceived issue. The Investigative Review Committee reviews any corrective actions taken to promote consistency in disciplinary decisions.

5. Increase Support for Employee-led Groups

Southern Company's fifth Work Environment MTE commitment is to increase support for employee-led groups for underrepresented talent.⁷⁸ Southern Company first established employee-led DE&I focused groups, including ERGs, at some operating companies more than 20 years ago with the goal⁷⁹ of promoting employee satisfaction and inclusion.^{xiii} As of 2023, Southern Company has 30 employee-led DE&I focused groups—some of which are depicted in the graphic below—which organize events, promote awareness during heritage months, provide mentoring and networking opportunities, and engage in service and volunteering initiatives.⁸⁰ These groups are decentralized and vary across operating companies, but every employee in the Southern Company system has the opportunity to join these groups. The groups, including ERGs, are company-sponsored, led by employees who apply and volunteer their time to serve as leaders, and open to all employees, including allies.

^{xiii} The importance of these efforts is supported by research—a McKinsey study based on a survey of almost 25,000 employees reported that ERGs are crucial to promoting feelings of inclusion among employees. Natacha Catalino et al., *Effective Employee Resource Groups are Key To Inclusion at Work. Here's How to Get Them Right*, McKinsey & Company (Dec. 7, 2022), <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/effective-employee-resource-groups-are-key-to-inclusion-at-work-heres-how-to-get-them-right>. Enhancing the employee experience increases profits—as McKinsey has also reported that diverse organizations outperform industry peers on profitability—and also improves employee retention, which saves companies steep costs associated with replacing workers. McKinsey & Company, *Diversity Wins: How Inclusion Matters* 32 (May 2020), <https://www.mckinsey.com/~media/mckinsey/featured%20insights/diversity%20and%20inclusion/diversity%20wins%20how%20inclusion%20matters/diversity-wins-how-inclusion-matters-vf.pdf>; Shane McFeely and Ben Wigert, *This Fixable Problem Costs U.S. Businesses \$1 Trillion*, Gallup Workplace (Mar. 13, 2019), <https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>.



Southern Company and its operating companies support ERGs by providing funding and executive support. Each operating company provides a consistent budget to all ERGs within that operating company. Each ERG also has an assigned executive sponsor to provide support from management and increase the visibility of the group.

Southern Company tracks the number of employee-led DE&I focused groups and chapters and the percentage of employees who participate in these groups and includes this data in quarterly reports to the Management Council. In addition, some operating companies, such as Georgia Power and Southern Company Gas, conduct annual ERG member surveys to collect feedback on the ERG member experiences and needs, including about the types of events that most interest ERG members, factors that limit ERG involvement, areas for improvement for ERGs, and feedback that is shared with operating company Management Councils.

a) ERG Initiatives

Southern Company and its operating companies have implemented numerous events and initiatives to support ERGs and promote employee participation in these groups, some of which are highlighted below. These efforts have proven successful. In 2022, over 1,000 new members joined employee-led resource groups, and in 2023, about one in five Southern Company employees (19.5 percent) participated in at least one DE&I-focused group.⁸¹ Between 2022 and 2024, employee-led DE&I groups experienced a 45 percent increase in membership.⁸² Southern Company has made progress toward increasing ERG participation so that it reflects the demographics of the workforce, though in 2023, 30.6 percent of Southern Company's

workforce consisted of people of color, which is greater than the almost 20 percent of employees who participated in an ERG. Southern Company employees with whom the assessment team spoke attributed the growth in ERG participation in part to MTE.

(1) Efforts to Increase Visibility of ERGs

Several of Southern Company's operating companies, including Southern Company Services, Georgia Power, and Southern Company Gas offer sessions on ERGs for new employees. Georgia Power also regularly hosts ERG showcases, called "ERG expos," where employees meet with representatives from ERGs to learn how to get involved in the groups, and asks that all new hires attend an event hosted by one of the Company's ERGs.

Southern Company also promotes contact between ERGs and executives across the Company. For example, at Georgia Power, ERG leaders report to the Georgia Power Management Council twice a year on ERG initiatives and impact.

(2) ERG Leadership Development Programs

Southern Company sponsors leadership development programs for ERG members. For example, Georgia Power ERG leaders participate in a year-long leadership development program consisting of six one-hour sessions on topics including communication, relationships and networking, development of others, innovation, business execution, and DE&I. Similarly, since 2020, ERG chapters in Alabama affiliated with various operating companies have hosted an ERG career development summit which includes sessions on leadership development, career skills, and networking. In addition, each year, Georgia Power and Southern Company Gas co-host the two-day EnERGize Summit, during which ERG leaders from across operating companies meet with Management Council leaders, participate in trainings about budgeting, event planning, and leadership, and learn about the Company's progress toward each MTE commitment.

(3) ERG Community Service Projects

ERGs participate in and host community service projects that further Southern Company's commitments to the community. For example, in 2018, Georgia Power launched the ERG Legacy Projects Program, which gives ERGs the opportunity to request funds from the company of up to \$10,000 per year for volunteer projects with nonprofit organizations and local public schools. In 2023, Georgia Power Foundation provided \$260,000 in funding to 30 projects across 24 nonprofits and schools and ERG members volunteered 4,790 hours on these projects, which included building an outdoor learning area and nature trails for children, assembling adaptive bikes for children with mobility limitations, restoring an historic Black cemetery, and assembling shelves and stocking a food pantry. Similarly, at Southern Company Gas, ERGs host events, including over 250 events in 2023, that promote the Company's MTE commitments, such as literacy events with local elementary schools and Boys & Girls Clubs, donation drives for the Salvation Army, and resume writing and job resource fairs. In addition, ERGs across Southern Company participate in numerous other community service events.

b) HBCU Alumni Network

As described above in Section V, a hallmark of Southern Company's MTE efforts is increased support to and recruitment at HBCUs, which are a significant source of Black talent in the geographic regions where the Company operates. To support and facilitate camaraderie between new hires from HBCUs and the roughly 520 HBCU alumni who work at the Company,

Southern Company launched in 2021 the HBCU Alumni Network. The network supports Southern Company's recruiting and retention efforts by sending members to visit and host events at HBCUs and pairing newly hired HBCU graduates with experienced employees from their alma mater to provide advice. The network also works to promote awareness among employees across Southern Company of HBCUs' impact and consider HBCUs for opportunities.

* * * * *

As part of Covington's assessment, the assessment team met with leaders of Southern Company's employee-led DE&I focused groups, including ERGs, to discuss their perspectives on MTE and how Southern Company could better support these groups. Key observations offered include:

- Southern Company's MTE efforts are commendable and important to fostering a culture of inclusion at the Company. Opportunities exist for the Company to seek increased and more formalized input from ERGs on MTE commitments and efforts.
- Southern Company leadership is strongly supportive of employee-led DE&I focused groups. In addition, executive sponsors provide important senior-level leadership to these groups and promote visibility of and participation in them. At mid-manager levels, there is sometimes inconsistent support for the importance of these groups depending on the operating company. It would be helpful for leadership to encourage greater participation in these groups and related events throughout the entire employee population including allies, in order to more evenly distribute employee-led DE&I focused groups-related work among employees and prevent burnout.
- Participation in employee-led DE&I focused groups is voluntary and it is sometimes difficult for leaders to balance their volunteer responsibilities with their paid jobs, which could be alleviated by greater recognition from managers and leadership of employee-led DE&I focused groups contributions.
- Employee-led DE&I focused groups could play an important role in informing Southern Company's strategy for increasing the recruitment and retention of underrepresented employees, but Southern Company does not, on a formal, systemwide basis, include these groups when developing this strategy.
- To help increase employee retention, employee-led DE&I focused groups could play a greater role in supporting new employees. For example, Southern Company should continue to host employee-led DE&I focused groups orientation sessions to provide new employees with visibility into these groups and could notify the groups of new hires so that the groups can proactively contact new employees to provide resources.

* * * * *

Southern Company's progress toward its work environment commitments has earned the Company recognition from several external organizations, as shown below.

Forbes

Forbes: 2024 America's Best Large Employers for Diversity; 2024 Best Employers for Women; 2023 America's Best-In-State Employers (No. 1 in Alabama, No. 5 in Georgia)

FAIR360

Fair360: 2024 Top 25 Company for Diversity (fourth consecutive year); 2023 Number 1 Top Company for Black Executives; 2023 Number 5 Top Company for Supplier Diversity; 2023 Number 3 Top Company for Veterans

FORTUNE

Fortune Magazine:
2024 World's Most Admired Companies



Seramount:
2023 Best Companies for Multicultural Women



Human Rights Campaign:
Scored 100% on the Corporate Equality Index Score (7th consecutive year)



Disability Equality Index:
2024 Best Places to Work for Disability Inclusion



Newsweek:
2023 America's Greatest Workplaces



GI Jobs Magazine:
2023 Top 100 Military-Friendly Employer

Recommendations for Work Environment

In order to further enhance Southern Company's longstanding efforts to foster an inclusive work environment, Southern Company should consider the following recommendations:

- To encourage leadership to understand the needs of all underrepresented employees, consider opportunities to increase executive outreach to additional underrepresented groups, such as by facilitating executive forums between Southern Company Management Council members and employee-led DE&I focused groups. These outreach channels could provide opportunities for underrepresented employees to share with senior leadership the most important issues facing those employee populations, and leadership could use this feedback to inform MTE efforts.
- Continue including in Voice of the Employee surveys optional demographic questions about veteran or disability status, religious affiliation, and identification as LGBTQ+ to assess employee experience by these classifications in addition to racial and ethnic minority status, and the intersections of those identities.
- Build on the Company's existing processes that empower all employees to raise concerns by: (i) tracking, across all operating companies, demographic data, including gender, race, and ethnicity, of complainants, subjects, outcomes, substantiation rates, and disciplinary decisions to determine if the Company treats parties equitably based on race, ethnicity, and gender; and (ii) taking further steps to prevent any potential adverse employment consequences for those who raise concerns.
- Consider additional efforts to increase support for and grow participation in employee-led groups for underrepresented talent by encouraging greater support at the mid-manager level for employee-led DE&I focused groups and more formally involving these groups in the Company's MTE efforts.

VII. Pillar 3: Supplier Inclusion

The third pillar of Southern Company’s MTE framework is supplier inclusion, an effort to promote opportunities in the Company’s supply chain for companies owned by women, by veterans, or by racial or ethnic minorities (collectively “diverse suppliers”)—demographics that have been underrepresented historically in Southern’s supply chain—to compete for the Company’s business.⁸³ Though supplier inclusion was formalized as part of the MTE framework in 2020, Southern Company has maintained longstanding support for diverse suppliers for decades. For example, Georgia Power—Southern Company’s largest operating company—has operated a supplier inclusion program since 1978, making it one of the first utility companies in the nation to have a formal supplier diversity program. Southern Company has also operated an internal mentoring and development program for these suppliers since 1997, and a Premier Development Program since 2011, both of which are designed to foster a diverse supplier base. In addition, since 2002, the Company has considered annual total diverse spend in the organization’s annual incentive program, and has operated a centralized supplier inclusion program situated within the Supply Chain Management team since 2018, which coordinates supplier inclusion efforts across operating companies. This supplier inclusion program is supported by a team of 18 employees, including those who support procurement across the enterprise and focus on supplier inclusion strategy, metrics, and reporting. The supplier inclusion team is involved in competitive bid contracts across Southern Company and its operating companies.

Southern Company includes minority-owned business enterprises (“MBEs”), women-owned business enterprises (“WBEs”), and veteran-owned business enterprises (“VBEs”) in its supplier inclusion program and counts spend with those businesses in measuring progress toward its diverse spend goal, as described further below. Until recently, Southern Company did not collect data disaggregated by race and ethnicity on its spending with MBEs, though the supplier inclusion team has started to collect this data for new suppliers. The Company does not currently include disabled-, disadvantaged-, and LGBTQ-owned suppliers toward its MTE diverse spend goal, though it tracks spending with suppliers in these categories.

Southern Company views its commitment to supplier inclusion as an important means to promote opportunities for minority-owned businesses in the communities Southern Company serves.⁸⁴ The Company views increasing the diversity of its suppliers as a way to further the Company’s commitments to promoting economic growth in those communities.^{xiv}

^{xiv} Research supports this view. For example, a 2023 National Minority Supplier Development Council report concluded that increasing spending with minority-owned suppliers contributes to a ripple effect throughout the entire supply chain that fosters employment opportunities and income for employees, generates additional revenue for lower-tier suppliers, and increases spending in communities where employees live and work. National Minority Supplier Development Council, *2023 Minority Business Economic Impact Report* at 8 (2023), <https://nmsdc.org/wp-content/uploads/2024/06/2023-Minority-Businesses-Economic-Impact-Report-FINAL.pdf>. Similarly, a 2022 McKinsey study concluded that doubling spending with minority- and women- owned business enterprises (“MWBs”) can generate an additional \$280 billion in income and four million jobs for women and minority populations. Milan Prilepok et al., *Expand Diversity Among Your Suppliers—And Add Value To Your Organization*, McKinsey & Company (May 17, 2022), <https://www.mckinsey.com/capabilities/operations/our-insights/expand-diversity-among-your-suppliers-and-add-value-to-your-organization>.

A. Southern Company’s Supplier Inclusion Commitments

In furtherance of its longstanding efforts to increase supplier inclusion, as part of MTE, Southern Company has made five commitments and has made significant progress toward each of these commitments, as depicted below:⁸⁵



Pillar 3: Supplier Inclusion

Commitment	Status
<p>Increase total diverse spend to 30 percent by 2025.</p>	<p>On Track – Increased diverse spend from 26 percent in 2021 to 29.1 percent in 2023.</p>
<p>Place greater focus on doing business with diverse and Black-owned businesses, both as prime suppliers and subcontractors, through increasing the inclusion rate in Southern Company’s bid processes, working with prime suppliers to identify opportunities for subcontracting, and developing subcontractors into prime suppliers.</p>	<p>On Track – Launched several initiatives to increase business with and visibility of diverse suppliers, including a standardized intake process, an internal database of potential suppliers’ capabilities, and matchmaking programs.</p>
<p>Increase the number of diverse and Black-owned businesses with whom the Company does business through early-stage support in running a business and developing business plans, debt and equity investments through the Energy Impact Partners diversity fund, and holding matchmaking sessions between prime and sub-contractors.</p>	<p>On Track – Continued several existing mentorship and development programs and launched new mentorship, development, and matchmaking programs and partnerships as a result of MTE.</p>
<p>Hold majority-owned suppliers to the same equity standards as Southern Company promotes within the Company, by expecting them to provide their services to Southern Company with diverse teams, asking about commitments to racial equity, and helping them advance their own thinking on racial equity issues.</p>	<p>On Track – Hosted executive forums to share equity-related values with suppliers, included language about promoting equal opportunity in the Supplier Code of Conduct, and implemented expectations for suppliers to serve Southern Company with diverse teams.</p>

Ensure policies and requirements for suppliers and vendors, including payment terms, insurance requirements, and financial requirements, do not contribute to systemic racism or alienate diverse and Black-owned businesses.

Progressing – Implemented an informal process for providing flexible payment terms and access to equipment for diverse suppliers where necessary.

B. Efforts Undertaken Toward Supplier Inclusion Commitments

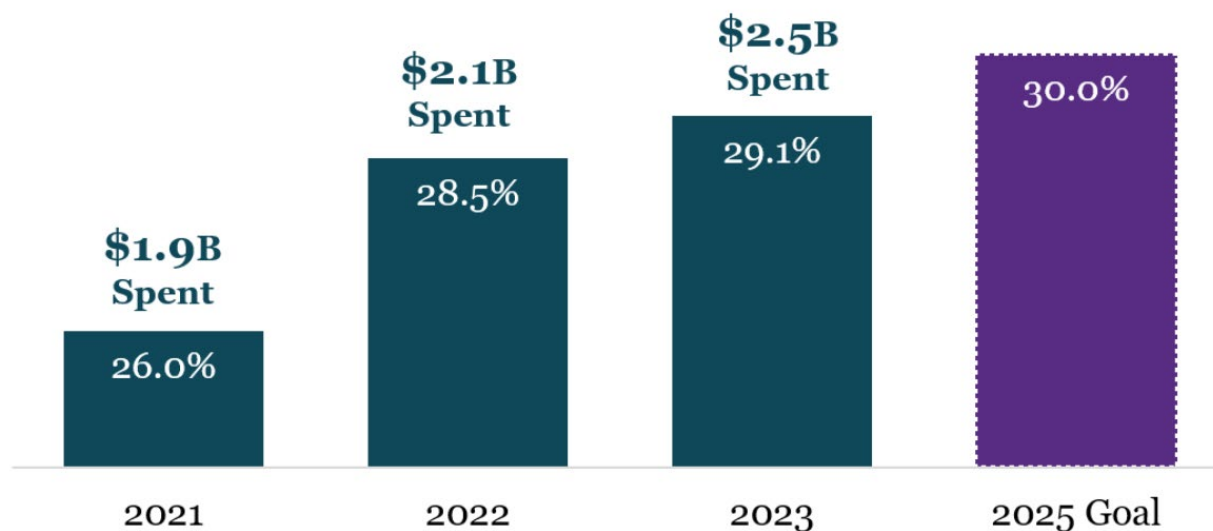
1. Increasing Total Diverse Spend

Southern Company's first commitment as part of the supplier inclusion MTE pillar is to increase total diverse spend to 30 percent by 2025.⁸⁶ This goal substantially exceeds the average percentage of procurement spending most companies allocate to diverse suppliers. Supplier.io, a provider of supplier diversity data, has reported that the average diverse spend across all industries in 2023 was 3.6 percent, with the top 20 percent of companies dedicating 9.1 percent of procurement spending to diverse suppliers on average. Southern Company's 30 percent goal—and current 29.1 percent spending with diverse suppliers—places the Company's diverse spend over three times greater than the average for companies with the largest contributions to diverse suppliers.⁸⁷ As referenced above, research shows that this increased spending with diverse suppliers also increases employment opportunities, revenue, and spending in local communities where the Company operates,⁸⁸ thereby promoting Southern Company's commitment to act as a "citizen wherever we serve."⁸⁹ Supplier.io reported in 2023 that on average, each dollar spent with small and diverse suppliers added \$1.80 to the local economy.⁹⁰

In developing the 30 percent diverse supplier spend goal, Southern Company analyzed its historic diverse spend data, projected future spending, and set the MTE goal higher than the organization's projected spend on diverse suppliers for the next five years. The total procurement spend figure Southern Company uses to calculate the organization's progress toward its 30 percent diverse spend goal excludes three categories of spending: (i) federal acquisition regulation exclusions, such as depreciation and employee benefits; (ii) industry exclusions, primarily fuel; and (iii) Management Council-approved exclusions for certain large projects. Supplier Inclusion goal setting, including methodology and exclusion, is determined using a similar governance process as other operational goals.

As depicted below, Southern Company is on track to reach or exceed its 30 percent diverse spend goal by 2025. Over the last three years, Southern Company has increased its diverse supplier spend from 26 percent in 2021 to 29.1 percent in 2023.⁹¹

Progress Toward 30% Diverse Spend Goal



Of the Company’s total \$8.7 billion procurement spending in 2023, \$1.05 billion went to MBEs, with about \$822.5 million spent on Tier I suppliers (Southern Company’s direct suppliers) and \$230.84 million on Tier II suppliers (suppliers to Southern Company’s direct suppliers). In 2023, Southern Company also spent \$1.3 billion with WBEs, with about \$1.1 billion spent on Tier I suppliers and \$209 million on Tier II suppliers, and spent \$178 million with VBEs, with \$117 million spent on Tier I suppliers and \$61 million on Tier II suppliers.

To foster accountability in reaching its 30 percent spend goal by 2025, Southern Company committed to conduct a “detailed spend analysis” for each business unit “to identify opportunities and gaps through 2025”⁹² and to track diverse supplier spend and supplier development in the Company’s reporting.⁹³ Southern Company has made progress toward each of these commitments. First, starting in 2021, Southern Company began conducting detailed spend analyses for each of the Company’s business units to identify spending opportunities and gaps.⁹⁴ Each month, the supplier inclusion team generates a report, provided to the Supply Chain Management Team and business unit partners, which details each operating company’s progress toward its total diverse supplier spend goals and includes a breakdown of the amount each business unit spent with diverse suppliers. This report also highlights key year-over-year diverse supplier spend observations and lists the top suppliers for each operating company in order to identify opportunities for qualified diverse suppliers to bid for contracts. Second, the team also includes a strategy reporting team that tracks supplier inclusion metrics, including the: (i) total diverse supplier spend for both Tier I and Tier II suppliers, including as a percentage of total eligible procurement spend; (ii) total number of diverse suppliers; (iii) total spend on diverse-owned businesses; (iv) number of new diverse suppliers; and (v) total spend on MBEs, WBEs, VBEs, and disabled-, disadvantaged-, and LGBTQ-owned suppliers. In addition to undertaking efforts in furtherance of its MTE commitments, Southern Company also engages a third party to conduct an economic impact analysis every other year, which measures

the impacts of the Company’s purchases from small and diverse businesses over the preceding two years. In 2022, Southern Company reported that its spend with small, minority-, women-, and veteran-owned businesses in 2020 and 2021 led to over \$10 billion in contributions to the U.S. economy, sustained more than 67,000 jobs, and supported over \$3 billion in incomes for employees.

Supplier Inclusion Economic Impact, 2020–2021



2. Placing Greater Focus on Doing Business with Diverse Suppliers

Southern Company also committed to “plac[ing] greater focus on doing business with diverse and Black-owned businesses, both as prime suppliers and sub-contractors.” This commitment includes “increasing the inclusion rate” in the Company’s bid processes, “working with prime suppliers to identify opportunities for sub-contracting,” and “actively developing sub-contractors into prime suppliers.”⁹⁵

Southern Company has taken several steps in furtherance of this commitment. For instance, as a result of MTE, Southern Company standardized the supplier intake process across all operating companies, and through this process designates regular time for meetings with potential new diverse suppliers. During these intake meetings, supplier inclusion team members share information about Southern Company with potential suppliers, and after the meetings, the team highlights potential diverse suppliers by providing information about the suppliers’ capabilities to relevant business unit leaders across the Company. As a result of this intake process, Southern Company onboarded 57 new diverse suppliers in 2023.

To increase the Company’s bid inclusion rate, the supplier inclusion team aims to increase visibility of potential diverse suppliers by collaborating with internal business units to identify opportunities for diverse businesses such as through: (i) monthly business unit meetings that highlight potential diverse supplier capabilities; and (ii) supplier inclusion strategy teams that meet quarterly to discuss each business unit’s supplier needs and review diverse suppliers that possess the capabilities required to meet those business needs.

Southern Company maintains tools, including Supplier.io and a diverse supplier CRM system, to systematically track and manage the inventory of diverse suppliers and their respective capabilities. Further, as described below, Southern Company launched in June 2024 a new program called “Building the Pipeline,” which provides free, virtual courses about Southern Company, including its bid procurement process, accessible to all potential or existing suppliers.⁹⁶

Southern Company has also taken steps to increase subcontracting opportunities for diverse suppliers.⁹⁷ For example, Southern Company encourages prime suppliers on large projects to use qualified MBE, WBE, and VBE subcontractors where available. Pursuant to federal regulations applicable to federal contractors like Southern Company,⁹⁸ the Company includes language in its contracting documents requesting that suppliers awarded bids for projects over \$750,000 spend 20 percent of the awarded value with subcontractors that are at least 51 percent owned, controlled, and operated by “women, African Americans, Asian-Pacific Americans, Sub-continent Asian Americans, Hispanic Americans, Native Americans, LGBT, disabled individuals and veterans.” Additionally, as described in further detail below, the Company hosts formal and informal matchmaking and introductory meetings between prime contracting partners and potential subcontractors to promote opportunities for diverse subcontractors on Southern Company projects.

3. Developing and Supporting Diverse Suppliers

As part of MTE, Southern Company further committed to developing and supporting diverse suppliers.⁹⁹ To do this, Southern Company maintains numerous mentorship and development programs for suppliers, including programs and initiatives designed to help suppliers understand the Company’s business processes; matchmaking sessions to form partnerships between business units and potential contracting partners; and investments through the Energy Impact Partners diversity fund.

a) Mentorship and Development Programs

Many of Southern Company’s efforts to increase the diversity of its pool of qualified suppliers through mentorship and development programs predate MTE. For example, since 1997, operating companies have operated internal mentoring and development programs to foster a diverse supplier base. Through these programs, current or high potential prospective suppliers receive one-on-one mentoring by employees and participate in business development training. On average, 35 companies participate every two years. Southern Company has also operated the Premier Development Program since 2011, which delivers content on business development to small, local suppliers identified as having a high potential for contracting with Southern Company. Georgia Power and Alabama Power collect some data, such as on the impact that the operating company internal mentoring programs have had on suppliers’ businesses, including, for example, data on the number of businesses that expanded locations or the size of their workforces after participating in the programs; Southern Company does not collect other data such as on the participants’ contracts with Southern Company and growth over time after completing mentorship and development programs.

As a result of MTE, Southern Company launched the Supplier Diversity Business Development Program in 2021, which pairs mentors from across Southern Company with minority business owners in an 18-month program designed to equip business owners with the tools and networks to do business with Southern Company.¹⁰⁰ In 2022, this program connected 31 business owners with more than 50 mentors across operating companies.¹⁰¹ The supplier inclusion team works with business units to identify suppliers for the program that are likely to support the needs of the business units and thereby increase the prospect that program participants will be selected as suppliers for Southern Company. Southern Company has seen success in developing suppliers through this program. For example, minority-owned RBG Electrical participated in the program in 2021 and as a result, expanded its business with Southern Company, completed 34 projects for the Company, secured a five-year contract with Southern Company’s lighting division, and doubled its revenue since its first contract with Southern Company in 2019.¹⁰²

In June 2024, Southern Company launched a new supplier development program called Building the Pipeline, which will offer a three-tiered set of programs for suppliers curated based on the supplier's business maturity. The first tier is targeted to suppliers in the "learning stage" and consists of virtual classes for suppliers seeking opportunities in the energy industry, available to any supplier interested in doing business with Southern Company.^{xv} Virtual courses include on-demand webinars, updated quarterly, which will include content on the basics of doing business with Southern Company including safety guidelines, the bid procurement process, and the needs of different business units, as well as virtual courses taught by senior leaders, subject matter experts from different business units, and external partners such as the Minority Business Development Agency and Energy Impact Partners.¹⁰³ The second tier of programming, which is in the process of being launched, is for suppliers in the "growth stage," and will pair existing diverse suppliers with internal Southern Company mentors from business units with which the suppliers hope to expand their business. Southern Company will select participating suppliers based on supplier revenue, infrastructure, number of employees, necessary equipment, and desire to grow. Finally, through the third tier of programming, called "Scaling Energy Entrepreneurs," which is also in the process of being launched, the supplier inclusion team will select three to five existing high potential, local diverse suppliers to participate in programming focused on increasing the suppliers' contracting opportunities with Southern Company and scaling the suppliers' businesses to provide services to the energy industry as a whole.

In addition to the programs described above, Southern Company seeks to increase the Company's pool of qualified diverse suppliers by participating in the following programs:

- *Business Roundtable Series.* Through partnerships with organizations including the Women's Entrepreneurial Opportunity Project, the Georgia Minority Supplier Development Council, and the Greater Women's Business Council, Southern Company participates in quarterly roundtable sessions for approximately 30 business owners on topics including business development, contracting, strategic planning, and technology.
- *Mentor Protégé Connection.* Through a partnership with the Georgia Minority Supplier Development Council, Southern Company serves as a corporate mentor to one small business a year with demonstrated community involvement to help that business develop a variety of deliverables to become more sustainable and competitive in its industry.
- *Generation Trades.* Southern Company's Supply Chain Management Team partnered with Lowe's Generation Trades program to pilot a program in a Title I middle school in Atlanta to introduce students to skilled trades in electricity, mechanics, and landscaping. In 2022, 30 volunteers participated in Generation Trades events at three middle schools in Atlanta. Southern Company is considering expanding the program to schools in Virginia, Tennessee, and Alabama.
- *Cybersecurity Program.* In 2021, the Supply Chain Management Team partnered with Innovative Systems Group, a small-, minority-, veteran-owned company, to develop a cybersecurity risk management training program for five small businesses.¹⁰⁴

^{xv} The virtual courses available through the Building the Pipeline Program are available on Southern Company's website at <https://www.southerncompany.com/about/suppliers/supplier-development-program.html>.

- *External Partnerships.* Southern Company partners with about 70 supplier diversity advocacy organizations and local chambers—such as Black Chambers of Commerce, the Edison Electric Institute (“EEI”), Hispanic Chambers of Commerce, the National Minority Supplier Development Council, and the National Veteran-Owned Business Association—that provide support to local small and diverse businesses through business development, access to capital, and assistance developing financial statements and other business documents. Southern Company also attends conferences hosted by these organizations to network with potential suppliers.

b) Matchmaking Sessions

To further promote opportunities for diverse suppliers, Southern Company participates in formal matchmaking sessions to pair potential suppliers with contracting opportunities. For example, Southern Company participates in the Energizing Powerful Connections Program, which brings together diverse suppliers with representatives from prime suppliers and regional utilities. In October 2022, Southern Company representatives attended the Energizing Powerful Connections conference and networked with 13 high-potential diverse suppliers. Southern Company also participates in matchmaking programs through EEI, which cultivate opportunities for diverse suppliers to work in the electric power industry, and through other regional advocacy organizations such as the Women’s Business Enterprise National Council.¹⁰⁵ Additionally, the supplier inclusion team hosted a summit at Alabama Power for suppliers who completed a project with Southern Company, with the goal of matching those suppliers with other utilities in the area for further procurement opportunities.

After identifying a lack of diverse suppliers that had the necessary capabilities to perform the Company’s multimillion-dollar ash pond remediation work, Southern Company piloted in 2021 the Economic Impact Advocacy Program, a 12-month program that paired prime suppliers working on ash pond remediation projects with diverse businesses. Through this program, prime suppliers served as mentors to teach diverse suppliers how to perform ash pond work and provided subcontracting opportunities to the diverse suppliers. In addition, Southern Company offered participants sessions on business strategy, procurement, branding, marketing, technology, sales and pricing, and leadership. The program significantly increased the Company’s spend with diverse suppliers on ash pond work, a large category of the Company’s operations that previously did not include a significant presence of diverse suppliers.

The supplier inclusion team also facilitates informal matchmaking opportunities between diverse suppliers and contractors. For example, after suppliers completed a large fiber project for Alabama Power in 2024, the supplier inclusion team helped match the suppliers with prime suppliers and regional utilities so that the diverse suppliers could leverage their existing infrastructure to provide fiber work to the state of Alabama. The supplier inclusion team also worked with Pierce Powerline, a Black- and woman-owned Tier II supplier based in Michigan, to expand Pierce Powerline’s business into Georgia by introducing the company to the local union, pairing Pierce Powerline with members of Southern Company’s power delivery team, and providing the company with opportunities to perform work for Southern Company. Pierce Powerline’s revenue grew from about \$2 million to about \$12 million from its work with Southern Company alone, and in 2022, Pierce Powerline expanded from three powerline crews to 23 total crews. Southern Company also worked with Milhouse Forestry, which formerly only provided engineering services, to expand its business into vegetation management by pairing Milhouse Forestry with Southern Company managers and directors in forestry management. In 2021, Southern Company’s partnership with Milhouse created over 100 new jobs.

c) Energy Impact Partners Diversity Fund

As part of MTE, Southern Company committed to making debt and equity investments in diverse suppliers through investing in Energy Impact Partners (“EIP”),¹⁰⁶ an investment fund focused on the transition to a net-zero carbon economy. Southern Company, EIP’s founding utility partner,¹⁰⁷ is a strategic investor with EIP’s Elevate Future Fund, which aims to increase supplier inclusion in the transition toward cleaner energy by investing capital in early-stage companies—especially in regions often neglected by conventional venture capital sources— that serve utilities. The Elevate Future Fund also aims to increase supplier inclusion within utilities partners, including Southern Company, by providing capital and support to promising suppliers seeking resources to scale their operations.

4. Holding Majority-Owned Suppliers to Racial Equity Standards

Southern Company committed as part of MTE to holding majority-owned suppliers “to the same racial equity standards” that the Company promotes within the Company.¹⁰⁸ Southern Company also expects its suppliers to provide services to the Company with teams that reflect the communities Southern Company serves, to “ask about their own commitments to racial equity,” and to “help them advance their own thinking” on racial equity issues.¹⁰⁹

Southern Company requires all new and renewed suppliers to comply with a Supplier Code of Conduct, which states in part that “Southern Company serves diverse communities throughout the country, and we work with suppliers and partners who reflect that diversity,” and “[s]uppliers are expected to treat people with dignity and respect, encourage diversity and diverse opinions, promote equal opportunity for all and help create an inclusive and ethical culture.”¹¹⁰ During the bidding process, Southern Company asks potential suppliers whether they are a local supplier, defined as being located in close proximity to where the supplier will perform the work. As described above, on large-scale projects, Southern Company asks that prime suppliers use diverse and local subcontractors and encourages suppliers awarded bids for projects over \$750,000 to spend 20 percent of the awarded value on diverse subcontractors, in compliance with federal regulations. Finally, the Company expects prime contracting partners to identify and mentor small, local, and diverse subcontractors in an effort to grow strong industry partners.

Since the announcement of MTE, Southern Company has hosted executive forums with approximately 100 of the Company’s top suppliers, which feature discussions on Southern Company’s Supplier Code of Conduct and values, including inclusion and shared accountability for uplifting the communities in which Southern Company operates. For example, in August 2022, Southern Company hosted an executive forum which included a session on MTE from President and CEO Chris Womack.

5. Ensuring Equitable Policies and Requirements

Southern Company’s final supplier inclusion MTE commitment is to ensure that policies and requirements for suppliers and vendors, including payment terms, insurance requirements, and financial requirements, do not “contribute to systemic racism or alienate diverse and Black-owned businesses in any way.”¹¹¹ Consistent with this commitment, Southern Company’s contracts manual states that “[t]he Company is committed to pursuing equitable spending practices and to establishing mutually beneficial business relationships with minority and small and diverse business concerns.” Rather than implementing a systemwide financing option for small and diverse suppliers, Southern Company works directly with diverse suppliers on an as-

needed basis to develop flexible payment terms and provide access to equipment when necessary.

In 2022, Southern Company engaged Luster National, a minority-owned business, to perform an equity gap analysis within certain business units to verify that Southern Company's processes do not impede diverse businesses from contracting with the Company. Luster National made recommendations on Southern Company's supplier diversity values and goals, organizational structure and governance, technical projects and solutions, data systems and internal communications, organizational relationships, and metrics. Southern Company has made progress toward implementing these recommendations. For example, Luster National recommended that Southern Company develop a centralized database of qualified diverse businesses that could serve as suppliers, which the Company has done. Luster National also recommended that Southern Company develop a standardized process for diverse businesses to engage with the Company, which the team implemented through its standardized intake process described above.

* * * * *

Southern Company's progress toward its 30 percent diverse supplier spend goal and other supplier inclusion MTE commitments have earned the Company's supplier inclusion team recognition by several external organizations. In 2021 and 2023, Fair360 ranked Southern Company a top five company for supplier diversity. In 2022, EEI awarded Southern Company's Supplier Inclusion team the 2022 Business Diversity Excellence Award, which recognizes "stellar contributions in diverse supplier inclusion, development, growth, partnership, and economic impact" for Southern Company's efforts including "active CEO and executive-level involvement," "embed[ing] supplier diversity strategy teams across the enterprise," mentorship and training for diverse suppliers, and the MTE framework.¹¹²

* * * * *

The assessment team met individually with a range of Southern Company's suppliers representing MBEs, WBEs, and VBEs. Feedback from the suppliers coalesced around four primary themes:

- Suppliers commended the Company's efforts to help them scale their businesses and expand services provided to Southern Company. One supplier, for instance, highlighted how Southern Company identified a gap in qualified diverse suppliers for a specific service and encouraged the supplier to step in. As a result, within three years, the supplier grew its operations in that area from zero to 150 employees to meet Southern Company's needs. Similarly, another supplier shared that Southern Company encouraged it to offer a new, high-demand service, which now accounts for about 15 percent of the supplier's annual revenue.
- Suppliers highlighted Southern Company's efforts to develop and support diverse suppliers through initiatives such as mentorship programs, the Supplier Diversity Business Development Program, the Business Roundtable series, partnerships with Southern Company's employee-led DE&I focused groups for local community events, and networking events. One supplier characterized Southern Company's programming in this area as "phenomenal." Several suppliers noted that Southern Company invests more time and resources in developing diverse suppliers compared to other utility

companies. Some also expressed interest in having more in-person networking events to strengthen connections among Southern Company’s suppliers.

- Southern Company could enhance alignment between employees across regions and operating companies and its supplier inclusion team to better achieve the Company’s supplier inclusion goals. Suppliers noted that in certain areas where Southern Company operates, opportunities for diverse suppliers are more limited. The Company could strengthen its efforts to emphasize to procurement decisionmakers that small, diverse businesses are capable of meeting the Company’s needs and should be given full consideration.
- Southern Company could enhance its communication about its Moving to Equity initiatives, particularly its efforts to promote supplier inclusion and the positive impact this work has on local communities.

Recommendations for Supplier Inclusion

As discussed above, Southern Company is on track to meet or surpass its goal to increase its spending on diverse suppliers to 30 percent by 2025 and has made significant progress toward each of the supplier inclusion MTE commitments. In order to further enhance Southern Company’s already robust supplier inclusion efforts, Southern Company should consider the following recommendations:

- To further expand the impact of the supplier inclusion program, once Southern Company meets its 30 percent diverse spend goal in 2025, consider growing the overall diverse spend by including in the Company’s definition of diverse supplier spend—and therefore its supplier inclusion goals and efforts—additional categories of underrepresented suppliers such as disadvantaged-, disabled-, and LGBTQ-owned businesses as well as businesses that are aligned with Southern Company’s value of “Intentional Inclusion” and the five MTE pillars.
- To promote equitable opportunities in Southern Company’s supplier program, continue efforts to collect and analyze disaggregated racial and ethnic demographic data on the Company’s suppliers. This will allow Southern Company to identify whether any specific racial or ethnic group is underrepresented in the Company’s supplier inclusion program, including mentorship and development programs, and take corresponding steps to expand the pipeline of qualified suppliers from those groups.
- Explore opportunities to implement programs similar to the Economic Impact Advocacy Program to other categories of large-scale projects where Southern Company has identified a lack of qualified, diverse suppliers with the necessary capabilities to perform the project. This will enable diverse suppliers to be paired with prime suppliers for training and subcontracting opportunities that will allow them to access large contracts that historically have not been available to these suppliers.

VIII. Pillar 4: Civic Engagement

The fourth pillar of Southern Company’s MTE framework is Civic Engagement.^{xvi} In 2020, Southern Company committed to “advocat[ing] for racial equity through our political engagement, policy positions and ongoing public dialogues.”¹¹³ In 2023, Southern Company reframed its description of this commitment as “leveraging our influence to address inequity, making civic decisions with a consistent process that aligns with Our Values.”¹¹⁴ Southern Company also made additional commitments as part of this pillar and has made progress toward some of those commitments, as depicted below.

Southern Company’s Legislative Affairs and Regulatory Affairs teams, with the support of operating companies, are responsible for implementing many of the Company’s Civic Engagement commitments, though, unlike other pillars which have several designated team members tasked with coordinating MTE efforts within the relevant Company functions, the Legislative Affairs and Regulatory Affairs teams designate one team member with coordinating Civic Engagement MTE efforts. The Legislative Affairs and Regulatory Affairs teams are situated within the Company’s External Affairs function, which is led by a President of External Affairs.¹¹⁵ These centralized teams are based in Washington, D.C. and focus on political and policy engagement at the federal level. Operating companies also maintain external affairs functions led by external affairs officers, and primarily focus on state-level political and policy engagement, some of which support the Company’s Civic Engagement commitments. On an annual basis, the Audit Committee of the Board of Directors receives reports on government relations activities of Southern Company and its operating companies.

A. Southern Company’s Civic Engagement Commitments

 Pillar 4: Civic Engagement	
Commitment	Status
<p>Guided by our core values, we actively engage with policymakers and make decisions that foster positive change.¹¹⁶</p>	<p>On Track – Southern Company’s national political strategy, which explicitly incorporates Our Values, guides the Company’s political engagement decisions. Southern Company also uses Quorum, a political affairs software platform, to align the Company’s political contributions with Southern Company’s values.</p>

^{xvi} Southern Company originally named this pillar “Political Engagement” but changed the name to “Civic Engagement” in the 2022 MTE report.

<p>We will make political and policy decisions using a consistent process that incorporates Our Values.¹¹⁷</p>	<p>Progressing – Southern Company’s national political strategy explicitly incorporates Our Values into its political engagement decision-making, though the Company does not utilize a consistent process to execute that strategy. Similarly, Southern Company has not implemented a consistent process that incorporates Our Values into policy advocacy decision-making.</p>
<p>We will advocate for racial equity with policymakers and influencers, using our brand and platforms to lead positive change.¹¹⁸</p>	<p>Progressing – Southern Company has leveraged existing relationships to advocate for equity-related issues. The Company has opportunities to further expand its existing partnerships and to build new ones.</p>
<p>We will persist in cultivating cross-party alliances, fostering a forum for bipartisan discussions on policy matters aligned with Our Values.</p>	<p>On Track – Southern Company participates in bipartisan coalitions, including the Bipartisan Policy Center and the Business Roundtable. Southern Company also co-founded the Bipartisan Policy Center’s Business Alliance for Effective Democracy.</p>
<p>We will leverage our political influence to advocate for policies that address systemic racism across our four social justice pillars: education equity, economic empowerment, criminal justice equity, and energy empowerment.¹¹⁹</p>	<p>Progressing – Because of MTE, Southern Company has advocated for a number of policies that seek to address racism and other inequities, though coordination with other functions within the Company, such as the Community Investment and Social Justice team, could be enhanced and equity-focused advocacy efforts could be formalized.</p>
<p>We will work to find ways to integrate our Moving to Equity commitments with the application of federal grants and appropriation of funding,¹²⁰ including through the Inflation Reduction Act and the Infrastructure Investment and Jobs Act, to improve our service delivery and enrich our communities.¹²¹</p>	<p>On Track – Southern Company has made progress in its efforts to integrate equity and social justice considerations in applications for federal funding, as part of the Justice40 Initiative; Southern Company has had funding approved for eight grants under that program.</p>

B. Efforts Taken Toward Civic Engagement Commitments

1. Political Engagement Informed by Our Values

To inform the Company's political engagement efforts using Our Values, Southern Company maintains an internal national political strategy, partners with Quorum—a software platform that provides tools to public affairs professionals—to incorporate values-based data analytics into the Company's political engagement decisions, and makes political contributions to groups advancing equity.

Southern Company also maintains an “Overview of Policies and Practices for Political Engagement,” a public document that outlines Southern Company's decision-making and oversight processes that ensure governmental relations activities and political expenditures are legally permissible and conducted in accordance with applicable laws and regulations.^{xvii} The document also notes that these processes help ensure that the activities and expenditures of Southern Company and its operating companies are consistent with the Company's commitment to “act with integrity in [its] activities” and support the Company's “business strategy, goals, and priorities.”¹²² This includes the Company's political contributions made through its and its operating companies' six Political Action Committees (“PACs”) which include: the Southern Company Employees PAC; the Alabama Power Federal Employees PAC; the Georgia Power Federal PAC; the Mississippi Power Federal PAC; the Southern Company Gas PAC, Inc.; and the Southern Nuclear Operating Company Inc. PAC.¹²³

Southern Company's national political strategy, initially developed approximately two decades ago and updated every two years in advance of an election cycle, guides the Company's decision-making on which federal candidates to support with political contributions. As part of this strategy, Southern Company generally contributes to members—both Democratic and Republican—of the congressional delegations within the Company's service footprint, except in instances when a member's values do not align with the Company's. Southern Company also identifies members outside of its service footprint who the Company views as future leaders and advocates for positions consistent with Our Values and the Company's policy goals, which primarily include advancing clean, safe, reliable, and affordable energy solutions that benefit the Company's customers. In addition, Southern Company supports candidates and members who demonstrate a commitment to bipartisanship. These criteria are assessed holistically; no single criterion is necessarily disqualifying.

As described above, Southern Company's political engagement strategy is supplemented by the Company's partnership with Quorum, which enhances Southern Company's ability to incorporate Our Values into political engagement decisions and each PAC's board's recommendations. Quorum is a tool which allows Southern Company to conduct searches, including social media searches, on candidates and members to whom Southern Company is considering making political contributions, to review whether candidate or members' positions align with the Company's values. Quorum consolidates and provides up-to-date access to news articles, press releases, and other information on candidates or members, using pre-selected

^{xvii} That document is publicly available at Southern Company, *Overview of Southern Company Policies and Practices for Political Engagement* (Apr. 2022), https://s27.q4cdn.com/273397814/files/doc_downloads/esg/2022/Overview-of-SO-Policies-and-Practices-for-Political-Engagement.pdf.

search terms. Some of Southern Company's operating company PACs also independently engage with Quorum to perform similar searches.

The Legislative Affairs team provides recommendations to the Southern Company Employees PAC Board (the "PAC Board") regarding candidates who align with the Company's values, subscribe to a pro-business philosophy, and support the Company's goal of providing clean, safe, reliable, and affordable energy to customers. Because the PAC Board is an independent organization, it considers these recommendations but independently decides to administer political contributions. The PAC Board is comprised of elected Southern Company employees, each of whom serves a three-year term. Before a national election cycle, the Legislative Affairs team provides information to the PAC Board about their recommended candidates and a support rationale, including noting any leadership positions they hold, any congressional committees they sit on, and their positions on energy-related issues. Although the Legislative Affairs team aims to consider candidates' positions on equity-related issues when making recommendations to the PAC Board, it does not do so in a formalized manner.

Southern Company also makes political contributions to groups advancing equity, including the Congressional Black Caucus ("CBC") Institute and the CBC Political Education & Leadership Institute; the Human Rights Campaign; and the NAACP and various local affiliates, among others.¹²⁴

2. Consistent Process Informed By Our Values

While Our Values help inform the Company's civic engagement activities, the Company does not currently employ a standardized process to reach political engagement or policy advocacy decisions. For example, Southern Company's Overview of Policies and Practices for Political Engagement does not contain a specific set of values-based guidelines to confirm that the political contributions and PAC Board recommendation processes are consistent and informed by Our Values. In addition, Southern Company's national political strategy does not specifically govern the activities of the operating companies, though the strategy governs the activities at the Legislative Affairs team level. Senior management sets policy priorities for the Company's Legislative Affairs team to execute. As a result, the Company does not maintain a set of processes or guidelines to guide its policy advocacy decision-making process and the Legislative Affairs team discusses issues on a case-by-case basis.

3. Proactive Engagement with Policymakers and Influencers

Southern Company actively engages with groups advocating for racial equity. For example, Southern Company has been a longtime partner of the Congressional Asian Pacific American Caucus, the CBC and the CBC Foundation, the Congressional Hispanic Caucus, the Faith & Politics Institute, and the National Center for Civil and Human Rights, and regularly participates in events and programs with each of these organizations including, for example: (i) hosting an "Evening of Excellence" celebration each year in conjunction with the CBC's Annual Legislative Conference; and (ii) supporting the Faith & Politics Institute's Congressman John Lewis Scholars, Fellows and Rising Corporate Leaders Program, through which students connect with representatives from federal, state, and local governments, and businesses and nonprofits engaged in social impact work. Southern Company also engages with groups aiming to reduce global energy emissions, such as the ClearPath Difference. These relationships have been established over decades of partnership, and Southern Company relies on these partnerships when identifying opportunities for policy advocacy. According to a Company

representative with whom the assessment team spoke, Southern Company has not formed new relationships with racial equity advocacy groups since the inception of MTE.

Southern Company also participates in policy forums designed to advance equity-related issues. For example, Southern Company partnered with Black Enterprise to host a leadership summit focused on the importance of inclusive innovation.¹²⁵ Southern Company also participated in a White House roundtable on cybersecurity in the Black community,¹²⁶ and advocated for racial equity and social justice in the clean energy transition at the Conference of Parties, an annual meeting of governments to address climate change.¹²⁷

4. Cultivating Cross-Party Alliances

Southern Company participates in several cross-party alliances to advance its policy goals, including the Bipartisan Policy Center and the Business Roundtable. For example, Southern Company has supported efforts to develop bipartisan police reform legislation through the Business Roundtable's Special Committee for Racial Equity and Justice.¹²⁸ Southern Company also co-founded the Bipartisan Policy Center's Business Alliance for Effective Democracy with companies including Delta, Citigroup, and Prudential Financial to advance bipartisan solutions to voting access and election integrity.¹²⁹

5. Advocacy for Equity-Related Policies

In furtherance of the Company's MTE social justice policy priorities, the Legislative Affairs team has undertaken bipartisan efforts to advocate for policies advancing education equity, economic empowerment, criminal justice equity, and energy empowerment. For example, Southern Company has:

- Supported efforts by Senators Cory Booker (D-NJ) and Tim Scott (R-SC) to develop bipartisan police reform legislation.¹³⁰
- Promoted, through the Bipartisan Policy Center's Business Alliance for Effective Democracy described above, policy priorities that advance easier access to voter registration, early voting, accurate voter rolls, verifiable ballots, the safety and integrity of election officials, and sufficient funding for election administration.¹³¹
- Helped secure \$20 million in the United States House of Representatives to preserve civil rights legacy, reconnect neighborhoods, build equitable infrastructure, and invest in HBCUs.¹³²
- Advocated for low-income energy assistance, including through the Low-Income Home Energy Assistance Program and weatherization efforts.¹³³
- Supported the COVID-19 Hate Crimes Act to address anti-Asian American/Pacific Islander violence,¹³⁴ and urged the Georgia legislature to pass a comprehensive hate crimes bill.¹³⁵
- Advocated for Mississippi legislators to change the state flag which contained Confederate battle flag imagery.¹³⁶

To inform these efforts, the Legislative Affairs team formally and informally coordinates with their External Affairs counterparts at each operating company on a regular basis to share

ideas on how to advance equity through policy advocacy, though the team does not coordinate with the other Southern Company MTE pillar teams, including the Community Investment and Social Justice pillar team, on a consistent or regular basis. According to Legislative Affairs employees with whom the assessment team spoke, Southern Company’s announcement and implementation of MTE encouraged the Legislative Affairs function to advance new policy priorities that the Company had not previously championed, including police reform, education reform, and voting rights. According to one Southern Company leader with whom the assessment team spoke, much of this work involves joining existing efforts, rather than proactively leading on these issues.

6. Utilizing Federal Grants and Funding

Southern Company integrates equity-related considerations in its applications for federal grants and utilization of federal funding, including through the Justice40 Initiative. Southern Company also has leveraged federal dollars for weatherization efforts and technology access for individuals from historically underrepresented communities and retrofitting HBCUs.

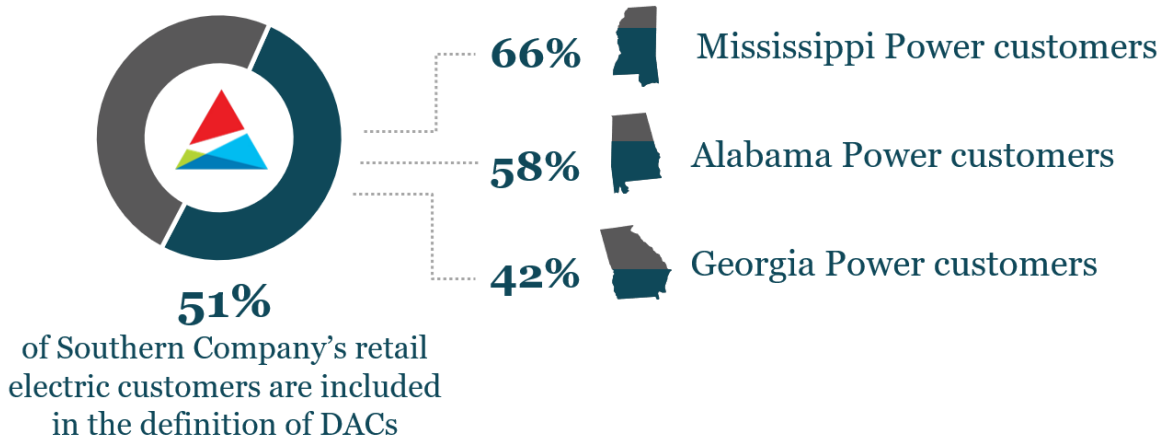
a) Justice40 Initiative

In January 2021, President Biden issued an executive order that established the Justice40 Initiative, which directs 40 percent of the overall benefits of certain federal investments—including investments in clean energy and energy efficiency; clean transit; affordable and sustainable housing; training and workforce development; the remediation and reduction of legacy pollution; and the development of clean water infrastructure—to disadvantaged communities (“DACs”).¹³⁷

Federal agencies make grants to Justice40 Initiative covered programs that are funded through the Inflation Reduction Act (“IRA”), the Infrastructure Investment and Jobs Act (“IIJA”), and other laws.¹³⁸ As part of these funding opportunities, the United States Department of Energy (“DOE”) requires that prospective grant recipients submit Community Benefits Plans that holistically incorporate four policy priorities, including: (i) engaging communities and labor; (ii) investing in America’s workforce; (iii) advancing diversity, equity, inclusion, and accessibility; and (iv) implementing the Justice40 Initiative.¹³⁹ All Justice40 covered program recipients are required to engage with community stakeholders to ensure that they are meaningfully involved in determining program benefits.¹⁴⁰ Covered programs are also required to report data on the benefits directed to disadvantaged communities.¹⁴¹

Southern Company regularly applies for funding for Justice40 Initiative covered programs that benefit local DACs within the Company’s service footprint. A significant percentage of Southern Company’s customers are included in the definition of DACs, as depicted below.^{xviii}

^{xviii} This number excludes Southern Company Gas customers.



To access federal funding that would benefit its customers, Southern Company has submitted 40 applications for funding and has received approval for eight projects, totaling approximately \$60 million in prime and sub-prime awards. For example, Alabama Power will support DOE's "Renew America's Schools" project to reduce energy and water consumption, minimize associated costs, and provide air quality improvements across seven schools in the Jefferson County School District. In another example, Georgia Power has applied to use IIJA funding to invest in the manufacture, procurement, and installment of modernized turbines for four generating units at the Tugalo Dam that will increase the efficiency of the hydroelectric facilities, which are located in a rural county in northeastern Georgia.

Although decisions regarding which grants to pursue are ultimately made separately by each of the operating companies, operating company representatives meet on a monthly basis to discuss various grant opportunities and coordinate with other functions across the Company, such as Research & Development. A Community Benefits team partners with various internal stakeholders to draft a Community Benefits Plan that is included in the submission of grant applications. The assessment team heard from Southern Company employees that the Community Benefits team would benefit from additional resources to keep up with the pace of submitting grant applications for which the Company is qualified to receive funding.

b) Technology Access and Weatherization

In addition to seeking funding for Justice40 covered programs, Southern Company also collaborates with external stakeholders to leverage federal dollars for technology access and weatherization. This includes the Company's efforts to convene government agencies, philanthropic organizations, technology providers, Community Development Financial Institutions, and others to advance this work. For example, in May 2022, Southern Company participated in a forum during which then-CEO Tom Fanning discussed the clean energy transition and its impact on low-income customers, highlighting the link between poorly insulated housing, energy burdens, and discriminatory practices in banking and government programs, and discussing solutions to alleviate these issues.¹⁴²

c) Retrofitting HBCUs

Southern Company has also partnered with the Alliance to Save Energy to use IRA funds to retrofit HBCUs to improve their infrastructure. According to a May 2024 report released by the White House National Science and Technology Council, historic underfunding of HBCUs has led many of these institutions to defer maintenance to laboratories, classrooms, and other buildings.¹⁴³ The United Negro College Fund reported that, as of 2022, at least 20 HBCUs had over \$100 million in combined deferred maintenance costs.¹⁴⁴ Updated infrastructure, including laboratory spaces, research equipment, and reliable broadband, can help HBCUs to attract more talent and compete for federally funded research opportunities.¹⁴⁵ Southern Company and the Alliance to Save Energy's retrofitting project is designed to update some of this infrastructure and launched in summer 2024 with a pilot at Spelman College.

Recommendations for Civic Engagement

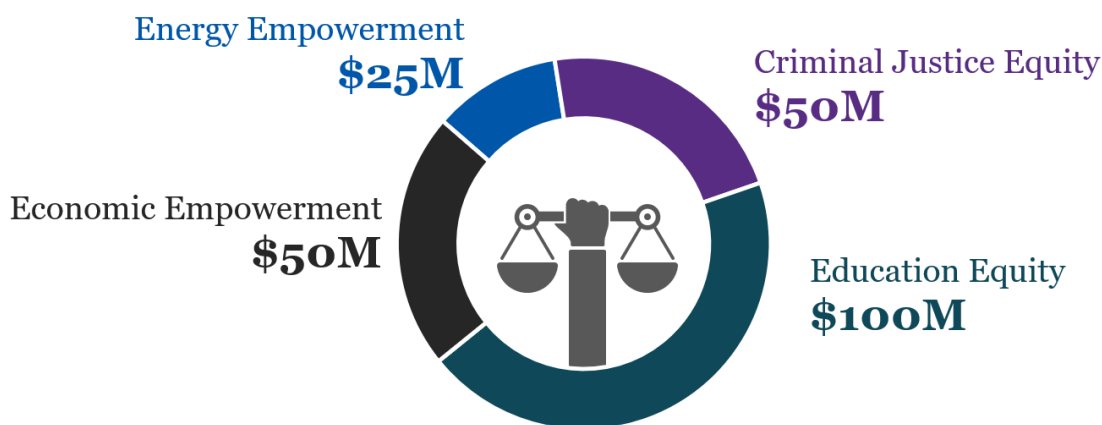
To strengthen the Company's efforts to leverage its influence to address inequities and make civic decisions with a consistent process that aligns with Our Values, Southern Company should consider the following recommendations:

- Consider allocating responsibility to an expanded team within Legislative Affairs for implementing the Company's Civic Engagement commitments and coordinating related efforts, including the actions proposed below and efforts made at the operating company level.
- To assist the Legislative Affairs team in determining policy priorities that align with Our Values and the Company's MTE commitments, consider developing written guidelines, including policies promoting education equity, economic empowerment, criminal justice equity, and energy empowerment. In addition, consider expanding efforts to advocate for and lead on policies—such as energy efficiency and weatherization initiatives—that reduce the housing energy costs of the Company's customers. These efforts could be informed by deeper engagement, coordination, and collaboration between the Legislative Affairs team and the other MTE pillar teams, particularly the Community Investment and Social Justice pillar team.
- To promote consistent political engagement decision-making informed by Our Values, encourage the Legislative Affairs team and operating companies to formally incorporate Southern Company's national political strategy and insights from Quorum into engagement decisions.
- To further strengthen the Company's efforts to integrate equity-related considerations into its grant applications for federal funding through the Justice40 Initiative, establish a Company-wide framework to coordinate efforts to submit grant proposals and maximize impact.
- Maintain the Company's long-standing relationships with the Congressional Black Caucus, the Congressional Hispanic Caucus, and the Congressional Asian Pacific American Caucus, and continue exploring opportunities to build new relationships with federal, state, and local diverse political groups that represent, for example, the Black, Hispanic, Asian American/Pacific Islander, and American Indian/Alaska Native populations. Developing new relationships with these groups can provide Southern Company with diverse perspectives on the Company's efforts to advocate for policies that address inequities and identify new opportunities for policy advocacy.

IX. Pillar 5: Community Investment and Social Justice

The fifth and final pillar of Southern Company’s MTE framework is Community Investment and Social Justice (“CI&SJ”). Southern Company has long understood the Company’s role as a “citizen wherever we serve,” meaning that the Company and its employees are “inextricably woven into the communities we are privileged to serve.”¹⁴⁶ Given the Company’s dedication to local communities, Southern Company committed as part of the CI&SJ pillar to invest \$225 million between 2020 and 2025 in local organizations and efforts that advance equity and social justice. Within the \$225 million total pledge, Southern Company committed to making investments across four focus areas: education equity, economic empowerment, criminal justice equity, and energy empowerment, as depicted below.¹⁴⁷

\$225M Committed Through 2025 To Advance Racial Equity and Social Justice



Southern Company makes contributions through the Southern Company Foundation and its operating companies’ respective foundations. The foundations, each of which operate independently, make contributions within the four MTE focus areas and in other areas—including education, health and human services, civic and community activities, and environmental endeavors and the arts, among others. Since 2021, investments in the four MTE focus areas represent approximately 63 percent of Southern Company’s total giving. Southern Company’s CI&SJ pillar team, which includes representatives from the operating company foundations, and meets regularly, coordinates MTE giving across the Company. The team provides each operating company foundation with flexible targets each year to allocate funds across the focus areas. Each operating company foundation also maintains flexibility to tailor their giving to organizations and initiatives that support their local communities. The CI&SJ pillar team further educates each operating company foundation about the MTE investment focus areas by providing definitions for each, though the team does not maintain a written document that provides clear criteria for grants covered by each focus area. Instead, each operating company determines which of their investments are covered by one of the four focus areas, and as a result, some of the grants that are attributed to the overall MTE spend goals are broadly aligned to one of the four focus areas.

A. Southern Company’s Community Investment and Social Justice Commitments

Before 2020, Southern Company’s community investment and philanthropy efforts were focused largely on education equity and economic empowerment and were generally decentralized across the Company with each operating company foundation setting its own priorities. According to foundation leaders with whom the assessment team spoke, the 2020 MTE framework helped provide more intention, focus, and coordination to those existing efforts. In addition to this enhanced focus, and in furtherance of the Company’s historical commitment to investing in the communities that the Company serves, Southern Company made several CI&SJ commitments as part of MTE. Southern Company has made progress toward most of these commitments—and has already met some commitments ahead of 2025—as depicted below.



Pillar 5: Community Investment and Social Justice

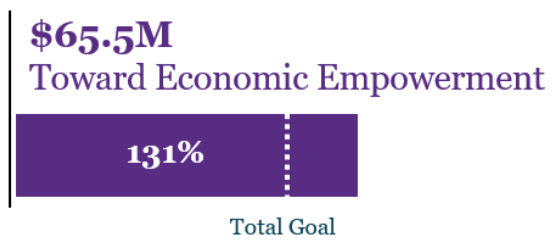
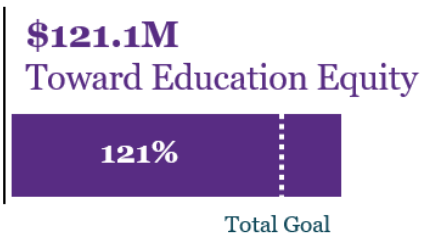
Commitment	Status ^{xix}
Invest \$100 million in education equity by 2025.	Complete – Southern Company and its subsidiaries have invested \$121.1 million toward education equity, representing approximately 121 percent of the total goal.
Invest \$50 million in economic empowerment by 2025.	Complete – Southern Company and its subsidiaries have invested \$65.5 million toward economic empowerment, representing approximately 131 percent of the total goal.
Invest \$50 million in criminal justice equity by 2025.	Progressing – Southern Company and its subsidiaries have invested \$27.3 million toward criminal justice equity, representing approximately 55 percent of the total goal.

^{xix} Figures as of September 30, 2024.

<p>Invest \$25 million in energy empowerment by 2025.</p>	<p>On Track – Southern Company and its subsidiaries have invested \$22.1 million toward energy empowerment, representing approximately 89 percent of the total goal.</p>
<p>More intentionally track the impacts of investments by requiring nonprofits to provide demographics data on who is served by their efforts.</p>	<p>Progressing – Southern Company and its subsidiaries request and track some metrics from their nonprofit partners measuring the impact of their investments, but not on a consistent basis.</p>
<p>Conduct pipeline analysis and market research to identify Black-owned business needs, resources, partners, and sectors ripe for new business development.</p>	<p>On Track – Alabama Power Foundation funded a research project designed to explore the status of Black-owned businesses in Alabama, identify specific challenges faced by those businesses, and develop interventions to help them succeed. The project is on track to be completed in 2025.</p>
<p>Provide 5,000 mentors in the communities that Southern Company and its subsidiaries serve.</p>	<p>On Hold – Southern Company does not have a consistent definition of mentorship or uniform system to track engagement across subsidiaries. The Company tracks and measures employee volunteerism as described in the commitment below.</p>
<p>Enhance the metrics used to evaluate employees' contributions to their communities.</p>	<p>Progressing – Southern Company receives some metrics to evaluate employee contributions to their communities through volunteer work and service on Boards of Directors for nonprofit organizations, but does not have a uniform system to request and track these metrics.</p>

B. Efforts Undertaken Toward Southern Company’s Community Investment & Social Justice Commitments

As of September 2024, Southern Company and its operating companies have invested 105 percent of the \$225 million commitment and are progressing toward, are on track, or have already met the targets for each focus area.



Giving within each focus area varies across operating companies, tailored to the geographic footprint and unique needs of the communities that each operating company serves. For example, in 2023, Alabama Power allocated the largest portion of its total MTE dollars toward education equity initiatives, while Georgia Power and Mississippi Power allocated the largest portions of their total MTE dollars toward economic empowerment. According to a leader with whom the assessment team spoke, the focus on education equity addresses a need in Alabama and serves as a “point of pride for [the Foundation] to be a friend to teachers and the local school system.” Georgia Power’s economic empowerment numbers were particularly high in 2023 due to a large investment in affordable housing; the company’s goal is to balance its donations across the four focus areas over the five-year period.

Presently, Southern Company and its subsidiaries collect data tracking impact and other metrics from some of their largest grant recipients, but not for all recipients. For example, Georgia Power Foundation collects data on the impact of its \$500,000 donation to the Atlanta Neighborhood Development Partnership (“ANDP”), and has found that the investment generated nearly \$10 million toward affordable housing, as the investment was matched on a 1-to-19 ratio by various federal funds and tax credits. With Georgia Power’s support, ANDP has developed, or is developing, 381 affordable single-family homes for homeownership and rental. Of ANDP’s homebuyers, 52 percent earn 80 percent area median income or less, 81 percent are Black or Hispanic, and 93 percent are still in their homes after five years and have built over \$135,000 on average in home equity.



Since 2020, Southern Company and its subsidiaries have invested in thousands of education equity, economic empowerment, criminal justice equity, and energy empowerment initiatives and organizations. The assessment team reviewed several of these initiatives from each MTE focus area, which are described below.

1. Education Equity

As part of MTE, Southern Company committed \$100 million by 2025 to promote education equity through continued investments in HBCUs, direct community investments, and scholarships for underrepresented groups of students.¹⁴⁸ This includes early childhood education, with a focus on language acquisition and quality childcare; K-12, with a focus on third grade reading, eighth grade math, after school and summer programs, and STEAM^{xx} fields; cultivating quality educators and workforce development exposure and skills; and higher education, with a focus on HBCUs, Minority Serving Institutions (“MSIs”), and technical colleges, and within those institutions, a focus on scholarships, academic success, graduation, and career development.

a) Technical Colleges

In addition to supporting formerly incarcerated individuals through the tree clearance and trimming training program at Ingram State Technical College (described below), Southern Company and its subsidiary foundations invest in various other training programs at technical colleges. For example, Alabama Power supports lineworker training programs, which teach individuals the fundamental principles of electricity, math, and science needed to work on power lines. In 2021, 84 students—54 percent of whom are from underrepresented backgrounds—graduated from these programs at Bishop State, Jefferson State, and Lawson State Community Colleges in Alabama.¹⁴⁹ That same year, Atlanta Gas Light, which is part of Southern Company Gas and is the largest natural gas distributor in the Southeast, invested \$150,000 in the Technical College System of Georgia to provide equipment and facility upgrades

^{xx} STEAM stands for science, technology, engineering, arts, and mathematics.

for HVAC and pipefitting programs, as well as to address the need for gap-funding for students with an inability to pay tuition.¹⁵⁰ An external stakeholder spoke highly of Southern Company's work at technical colleges, and recommended that the Company could further maximize impact by also supporting training programs located more centrally in each city as lack of access to transportation can make it more difficult for some individuals to participate.

b) INROADS Scholarships

The Southern Company Foundation committed \$10 million in grants over multiple years to fund a collaboration among INROADS, Inc., one of the nation's largest nonprofit developers of underrepresented talent, the United Negro College Fund, and the Thurgood Marshall College Fund.¹⁵¹ The grant provides HBCU campuses with endowments aimed to help HBCUs establish or grow programs in STEM, urban planning, architecture, and sustainability; and HBCU students with scholarships and internships focused on job training for careers in business and community leadership.¹⁵²

c) PROPEL Center

In 2020, Southern Company became a founding partner, along with Apple, of the PROPEL Center, an innovation and technology learning hub for students and faculty at HBCUs.¹⁵³ Southern Company became a founding partner of the PROPEL Center to help to close the digital divide and promote economic advancement. A body of research supports the Company's view that the lack of access to digital services creates barriers to educational advancement and career progression, including in particular for Black Americans.¹⁵⁴ Although Black Americans comprise approximately 13 percent of all workers, they make up only 7.4 percent of technology workers, the median pay for which is more than twice that for all occupations and increasing quickly.¹⁵⁵ Investing in organizations that provide digital-literacy training for youth of color can help to close the digital divide.¹⁵⁶ To date, Southern Company has invested \$25 million in the PROPEL Center.

PROPEL has a physical campus at the Atlanta University Center, but it serves the entire HBCU community virtually. More than 75 percent of HBCUs have become involved in the Center. Initially designed by a nonprofit organization, Ed Farm, the PROPEL Center provides courses, workshops, seminars, and training programs; internship, networking, and mentoring opportunities; a faculty training program; and more.¹⁵⁷ The PROPEL Center's curriculum focuses on work-based learning and leadership, entrepreneurship, and social impact, and includes artificial intelligence and machine learning, app development, and podcasting. The PROPEL Center also organizes internship opportunities for students at private sector companies and nonprofit organizations, with an increasing focus on health equity and medical and healthcare-related professions. In May 2024, Southern Company partnered with the PROPEL Center to launch its HBCU Cybersecurity Consortium, which connects 32 HBCUs, industry, and government to enhance students' cybersecurity skills and cultivate a future workforce of diverse cybersecurity professionals through a resource center, professional development opportunities, and a learning accelerator.

In addition to providing philanthropic funding, Southern Company supports the PROPEL Center by providing access to a network of individuals across Southern Company who assist the PROPEL Center by: showcasing the partnership with the PROPEL Center on panels and during conferences that Southern Company participates in; providing grants to the PROPEL Center through Southern Company's Research & Development team; helping to develop the PROPEL Center's curriculum; and collaborating as a thought leader as the PROPEL Center

contemplates ways to expand its programming in areas such as data science, energy, and artificial intelligence.

2. Economic Empowerment

In an effort to help bridge the racial wealth gap,^{xxi} Southern Company committed \$50 million by 2025 to support economic empowerment through grants and impact investments, with a focus on investments in communities to build social and economic opportunity for Black- and Hispanic-owned businesses and individuals.¹⁵⁸ This includes a focus on entrepreneurship, workforce development/job training, financial literacy, community revitalization and infrastructure, and affordable housing, among others.

a) Birmingham Promise

Prosper Birmingham is a nonprofit organization focused on job creation, preparation, and access for local high school and college students, with a particular focus on the Black community and women.¹⁵⁹ Alabama Power led the launch of Prosper Birmingham, alongside Regions Bank and Altec.¹⁶⁰ Birmingham Promise, a partnership with the City of Birmingham, connects students from Birmingham schools with workforce experience and post-secondary opportunities to enhance their economic mobility, including up to four years of tuition assistance to attend any public in-state institution and coaches to help students succeed in college.¹⁶¹ Since 2020, the program has provided over \$9 million in tuition assistance and other support to almost 1,300 Birmingham graduates, more than 90 percent of whom are Black.¹⁶² Birmingham Promise also sets up high school students with internships and college graduates with paid apprenticeships.¹⁶³ To date, 282 Birmingham high school students have participated in the internship program, gaining work experience with over 80 local employers in industries such as financial services, health care, retail and hospitality, and communications.¹⁶⁴ One student in the program wrote over 30 articles as part of a high school internship at AL.com, Alabama's largest news site, and was asked to return as an intern when he started college. As Forbes has reported, this program is “an example of a comprehensive effort designed to help students achieve educational and work success after graduating from high school” and is “emerging as a model for how cities can create a successful free-college program for local students.”¹⁶⁵

Alabama Power has invested a total of \$4 million in Prosper Birmingham since 2021, with \$2.5 million focused specifically on Birmingham Promise. In addition to financial support, an Alabama Power leader currently serves on Birmingham Promise's Board of Directors. Alabama Power also provides organizational support—including assistance with human

^{xxi} The racial wealth gap in the United States, particularly the Black-white racial wealth gap, is well documented and has widened over time. In 1983, the average wealth of white families was about \$320,000 higher than the average wealth of Black families and Hispanic families, but by 2022, white families' average wealth was about \$1 million—and six times—higher than the average wealth of Black families. Urban Institute, *Nine Charts about Wealth Inequality in America* (Apr. 25, 2024), <https://apps.urban.org/features/wealth-inequality-charts/>. In 1980, approximately 69 percent of white families owned a home, compared with 52.5 percent of Asian families, 45.5 percent of Black families, and 44.1 percent of Hispanic families. *Id.* By 2022, 73.1 percent of white families owned a home, compared with 60.2 percent of Asian families, 51.1 percent of Hispanic families, and 44.3 percent of Black families. *Id.*

resources—to Birmingham Promise. Finally, Alabama Power offers paid internships to high school students participating in the program.

b) Live HealthSmart Alabama

The University of Alabama at Birmingham’s Live HealthSmart program is dedicated to removing barriers for Alabamians to make healthy lifestyle choices.¹⁶⁶ Alabama ranks among the lowest in the United States for key health indicators,^{xxii} and as of 2021, seven out of 10 of people in Alabama were living with a chronic disease.¹⁶⁷ Live HealthSmart’s goal is to reduce obesity, high blood pressure, diabetes, and high cholesterol in the state.¹⁶⁸ Live HealthSmart’s initiatives include installing infrastructure for healthier living, establishing a Mobile Market for better access to fresh foods, and launching a Mobile Wellness Initiative for accessible healthcare screenings and vaccinations. The program has benefitted more than 23,000 residents in nine Birmingham communities since 2019.

Alabama Power is assisting Live HealthSmart in improving the infrastructure—including sidewalks, parks, streetlamps, and bus shelters—in Birmingham neighborhoods in order to encourage physical activity by repairing or installing lighting in 10 communities. In addition, in 2023, Alabama Power Foundation invested \$500,000 to expand the program to additional counties throughout the state, particularly rural and predominantly Black communities in Dallas, Montgomery, and Marengo counties.¹⁶⁹

3. Criminal Justice Equity

Southern Company committed \$50 million by 2025 to criminal justice equity organizations working to lower criminalization rates, support transition and re-entry into society, encourage prearrest diversion options, and reduce racial profiling.¹⁷⁰ Initiatives funded include youth and juvenile programs focused on prevention; prearrest diversion and community intervention programs (e.g., mental health court, drug court, veterans courts); job training, counseling, and other wrap-around services focused on re-entry into society and the workforce;

^{xxii} Research suggests that poor health is one major barrier to economic success, and its effects are compounded by racial health disparities. See <https://www.who.int/europe/activities/assessing-the-economic-consequences-of-health-inequities>. On average, racial and ethnic minority groups experience worse health outcomes and higher rates of mortality and morbidity than their white counterparts. Agency for Healthcare Research and Quality, *National Healthcare Quality and Disparities Report at 2* (2022), <https://www.ahrq.gov/sites/default/files/wysiwyg/research/findings/nhqdr/2022qdr.pdf> (describing persistent racial disparities in health outcomes); Lotoya Hill *et al.*, “Key Data on Health and Health Care by Race and Ethnicity,” KAISER FAMILY FOUND. (Mar. 15, 2023), <https://www.kff.org/racial-equity-and-health-policy/report/key-data-on-health-and-health-care-by-race-and-ethnicity/>.

Social, economic, and environmental factors, which include education, food security, housing, transportation, racism, and air and water quality—also known as social determinants of health—influence health outcomes and disproportionately burden members of racial and ethnic minority groups. World Health Organization, *Social Determinants of Health*, https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1; Nambi Ndugga & Samantha Artiga, “Disparities in Health and Health Care: 5 Key Questions and Answers,” KAISER FAMILY FOUND. (Apr. 21, 2023), <https://www.kff.org/racial-equity-and-health-policy/issue-brief/disparities-in-health-and-health-care-5-key-question-and-answers/>; “Equitably Addressing Social Determinants of Health and Chronic Diseases,” Ctrs. for Disease Control & Prevention, <https://www.cdc.gov/health-equity-chronic-disease/social-determinants-of-health-and-chronic-disease.html>; *Addressing Disparities in Medication Access and Adherence*, PhRMA (May 2022), <https://phrma.org/en/Equity/Addressing-Disparities-in-Medication-Access-and-Adherence>.

and education and training for first responders (e.g., good policing practices, racial sensitivity/awareness), among other programs.

a) School Justice Initiative

Georgia Power Foundation’s \$300,000 investment since 2021 to Georgia Appleseed’s School Justice Initiative aims to reduce students’ involvement with the juvenile justice system by working with schools, families, government agencies, and other partners across the state.¹⁷¹ Key projects include developing resources for families, educators, caseworkers, and others to advocate for children in school through their Keeping Kids in Class toolkit; expanding access to school-based behavioral health programs; and providing legal representation for children in foster care through the FAIR Project.¹⁷² In recognition of Southern Company’s partnership, Georgia Appleseed awarded its 2024 Corporate award to Georgia Power Foundation.¹⁷³ In addition to Southern Company’s financial investment, representatives from Southern Company have volunteered with the organization, serving on the Georgia Appleseed Board of Directors since its founding in 2005. Southern Company board members are critical to the organization’s efforts to advance racial justice. Southern Company and Georgia Power have helped Georgia Appleseed move forward with large initiatives around race and school justice by making these investments in the community.

b) Ingram State Technical College

Alabama Power supports individuals reentering society after completing a sentence in the criminal justice system by helping them gain career skills through certification programs—in fields including barbering, carpentry, HVAC, and plumbing—at Ingram State Technical College.¹⁷⁴ Ingram State Technical College works with more than 300 incarcerated individuals at six sites across the state.¹⁷⁵ In 2023, Alabama Power invested almost \$150,000 to implement a series of intensive eight-week training programs teaching tree clearance and trimming skills and to assist those completing a program to identify and secure employment.

4. Energy Empowerment

Southern Company committed \$25 million by 2025 to energy empowerment efforts to include energy equity, a Just Transition, and environmental justice, as defined below.¹⁷⁶

- **Energy equity** focuses on advancing further energy access and affordability, providing energy assistance to customers in times of need, and enhancing resiliency, energy efficiency, and weatherization efforts.¹⁷⁷
- **Just Transition** focuses on the impact to Southern Company’s workforce, communities, and customers as it transitions to more clean energy sources, such as clean transportation and the adoption of renewable energy sources, including prioritizing job training and retraining opportunities for its workforce.¹⁷⁸
- **Environmental justice** focuses on fostering community connections and raising awareness for responsible environmental stewardship.¹⁷⁹

a) Energy Equity

States within Southern Company’s footprint, including Alabama, Mississippi, and Georgia, are among the states with the highest levels of poverty in the United States and at rates that are significantly higher than the national average.¹⁸⁰ As a result, energy bills for many of

the customers within Southern Company’s service territories are a significant portion of many households’ total expenses. This relationship between income and energy bills is defined as energy burden—the percentage of a household’s median annual income that is used to pay for electricity and gas bills.¹⁸¹

Households with a “high energy burden” pay more than six percent of their income on energy bills, while those with a “severe energy burden” pay more than 10 percent.¹⁸² This burden is disproportionately high for Black, Hispanic, and Native American families.¹⁸³ For example, as compared to white households, the national median energy burden is 43 percent higher for Black households, 20 percent higher for Hispanic households, and 45 percent higher for Native American households.¹⁸⁴ A higher energy burden leads to “higher income stress, more adverse health outcomes, [and] a greater risk of displacement.”¹⁸⁵ Due to high rates of poverty driving higher energy burdens, people of color disproportionately experience less stable energy supplies, less access to renewable energy resources and energy efficiency technologies, and generally are less likely to reap the “economic and health benefits of the clean energy economy” in comparison to their white counterparts.¹⁸⁶

(1) Energy Assistance Programs

In an effort to advance energy equity, particularly for their customers, Alabama Power, Mississippi Power, Georgia Power, and Southern Company Gas provide energy bill assistance to the elderly, handicapped, medically disabled, and others in need who are having difficulty paying their utilities service bills.¹⁸⁷ Through these programs, including Project SHARE and others, Southern Company and its subsidiaries have collected and contributed over \$108 million and assisted 1.2 million household and individual customers in paying their energy bills and provided other emergency services.

Mississippi Power’s Project SHARE is run in partnership with the United Way of Mississippi and Catholic Social Services.¹⁸⁸ Since 2002, Mississippi Power’s Project SHARE has contributed more than \$2.6 million collected through customer donations and Mississippi Power investments, benefiting almost 14,000 households. Mississippi Power’s partnership with the organization and community at large aims to keep the company’s customers connected to power. Georgia Power’s Project SHARE, which is run together with the Salvation Army, functions similarly, and also provides services such as housing, food, and medical care.¹⁸⁹ Since 1985, Georgia Power and its customers have contributed more than \$81 million to Project SHARE, helping more than one million individuals throughout Georgia.¹⁹⁰

Alabama Power’s Project SHARE, which partners with the Salvation Army, provides utility assistance to customers in need from 59 counties across Alabama. Alabama Power, through its Alabama Business Charitable Trust, has also provided nearly \$21.5 million in energy assistance, weatherization readiness, and rental assistance to approximately 165,000 households over the last 25 years.¹⁹¹ Similarly, in 2022, Southern Company Gas formally launched its Shield of Caring Program in partnership with the Salvation Army, which provides energy bill assistance and other essentials, such as emergency disaster services, housing and rental assistance, warm winter clothing, and food. Shield of Caring awarded \$3.28 million in grants supporting nearly 14,600 households with bill payment assistance since 2022.

(2) Smart Neighborhood™

Southern Company and its operating company Nicor Gas—the largest natural gas provider in Illinois—introduced their Smart Neighborhood™ initiative in 2022, a partnership with two Habitat for Humanity chapters to develop Smart Neighborhood™ communities

dedicated to providing affordable, energy efficient, high-technology, net zero greenhouse gas emissions housing options in the Chicago metropolitan area.¹⁹² The two planned communities, which are scheduled to be completed in 2026 and 2027, will have a total of 30 single-family homes equipped with a combination of renewable, electric, and natural gas technologies.¹⁹³ In order to confirm that the location of the neighborhoods aligned with Nicor Gas’s goal of investing in communities with significant populations of color and advancing Black homeownership, Nicor Gas requested that Habitat for Humanity submit Census data with its proposed selections. Families applying to live in the Smart Neighborhood™ communities must demonstrate a need for housing and an ability to repay. Once settled, Habitat for Humanity will collect data from the homes to verify that they reduce energy burdens for families. Nicor Gas has directly invested over \$2.5 million in the Smart Neighborhood™ project since 2022^{xxiii} and has also assisted Habitat for Humanity with other aspects of the initiative, such as marketing. Alabama Power and Georgia Power have also constructed Smart Neighborhoods in their geographic footprints.¹⁹⁴

b) Just Transition

Southern Company has a company-wide goal to reach net zero greenhouse gas emissions by 2050.^{xxiv} Southern Company published a Just Transition report in 2022 that provides principles describing how it engages with its workforce, communities, and customers as the Company transitions to a clean energy future.¹⁹⁵ These principles aim to foster strong governance, effective stakeholder engagement and transparent communication, employee support and coordination with labor unions, ongoing community and environmental commitments, and continued safety, reliability, resiliency, and affordability. Within the scope of MTE, Southern Company’s Just Transition work focuses on job training and economic support for communities as it seeks to decarbonize and ultimately reach net zero.¹⁹⁶

c) Environmental Justice¹⁹⁷

As noted above, Southern Company’s environmental justice work focuses on fostering community connections and raising awareness for responsible environmental stewardship, including through philanthropic donations, grants, and volunteering efforts that engage with local communities to promote natural resources and land conversation, biodiversity, and more.¹⁹⁸ For example, as part of the Company’s environmental stewardship efforts through the Renew Our Rivers initiative, 131,500 volunteers—including both Southern Company employees and members of the community—have removed 8,351 tons of trash from waterways across the Southeast since 2000.¹⁹⁹ In December 2023, Southern Company published an environmental justice summary^{xxv} regarding its three largest power generating facilities.²⁰⁰

d) Stakeholder Forums

For the past 13 years, Southern Company has convened an annual Environmental Stakeholder Forum that includes presentations delivered by key Southern Company personnel and roundtable discussions with stakeholder participants. Southern Company invited members of the assessment team to observe this year’s forum, which occurred over two days in

^{xxiii} The cost of this investment is not passed on to customers.

^{xxiv} A review of Southern Company’s efforts to decarbonize is out of the assessment’s scope, as it is not part of the MTE framework.

^{xxv} A review of Southern Company’s operations as they relate to environmental justice is out of the assessment’s scope, as it is not part of the MTE framework.

Washington, D.C. This year’s forum included representatives from more than a dozen investment and environmental stakeholders and more than 30 Southern Company personnel including senior executives such as the CEO and other members of the Management Council. Southern Company personnel presented on a variety of topics including the Company’s transition to net zero, MTE, and innovations to advance the clean energy transition, among others, and provided participants with opportunities throughout to provide feedback on Southern Company’s related efforts and initiatives. Following the forum, the assessment team met with several forum participants who sought to provide additional feedback. Stakeholders at the forum and in meetings with the assessment team commended Southern Company for its open engagement and full-faith efforts to carry out the Company’s MTE commitments. Stakeholders specifically applauded Southern Company’s efforts to weatherize and improve the energy efficiency of homes, and requested to be included in those conversations, efforts, and investments moving forward. Additional feedback from the stakeholders coalesced around three primary themes:

- Southern Company should further integrate equity considerations into the Company’s business practices, including by addressing adverse and inequitable impacts of the Company’s own operations. These efforts should be folded into the “social justice” aspect of Southern Company’s Community Investment and Social Justice pillar in addition to the Company’s existing philanthropic efforts.
- The existence of the forum and the length of time—13 years—the forum has been held demonstrate the Company’s sustained and genuine commitment to engaging with stakeholders and the Company’s receptiveness to stakeholder feedback. Participants praised Southern Company for holding this forum with one participant noting that the level of engagement by Southern Company with stakeholders is unique in the industry.
- Through Southern Company’s Civic Engagement pillar, discussed in Section VIII, the Company could undertake additional advocacy efforts to engage with policymakers and regulators on ways to improve energy efficiency and weatherization of homes including advocating for increased funding and changes to building codes.

In addition, in June 2024, Covington organized a roundtable discussion in Atlanta, Georgia with community and civil rights leaders representing a cross-section of 17 local civic organizations including grant recipients, diverse supplier organizations, environmental groups, and other racial equity and civil rights stakeholders across Southern Company’s range of operations. The objectives for this roundtable were to obtain participants’ perspectives regarding Southern Company’s MTE framework and discuss potential suggestions for additional steps Southern Company might take to advance MTE within its workforce and in the communities the Company serves. Southern Company’s CEO, Chris Womack, opened the roundtable, and Southern Company representatives presented on the Talent, Work Environment, Supplier Inclusion, Civic Engagement, and Community Investment and Social Justice MTE pillars. Following this presentation, former Attorney General Eric Holder facilitated a listening session in which participants offered feedback on the strengths of Southern Company’s racial equity efforts, as well as areas of opportunity.

The organizational representatives generally applauded Southern Company’s MTE commitments and the Company’s efforts to accomplish them, as well as the Company’s willingness to engage and listen to critical feedback. Participants commended Southern

Company for its strong community ties and the ways in which the Company serves as a partner to its grant recipients, citing volunteer leadership on nonprofit boards and work in local schools in particular. With respect to Southern Company’s supplier inclusion efforts, stakeholders complimented Southern Company’s achievement of spending 29 percent of its overall supplier budget on diverse suppliers. Additional key themes that emerged for Southern Company to consider include:

- Sustain and grow the Company’s MTE commitments after 2025.
- Seek opportunities to highlight the Company’s accomplishments under MTE so that the Company’s impacts can reach a broader audience.
- Report on the demographics of the Company’s workforce in more granularity, including racial and ethnic demographics for various employee levels at the Company beyond senior management.
- Enhance efforts to highlight its significant and longstanding work with technical colleges. Participants identified these colleges as sources of potential talent in addressing workforce gaps that may emerge in the course of the clean energy movement.
- Continue to work to reduce the energy burden of its customers by, for example, assisting communities in implementing the recommendations from energy audits, as well as to consider the impacts of its operations on the communities it serves.

C. Market Research on Black-Owned Business Needs

In 2020, Alabama Power Foundation funded a 3–5-year research project to explore the status of Black-owned businesses in Alabama, with the goal of identifying specific challenges and developing interventions to help Black-owned businesses succeed. In partnership with the University of Alabama Culverhouse College of Business, Babson College, and Stillman College, this study will identify barriers—including business ownership and causes of business failure, among others—encountered by urban and rural Black-owned businesses and how those barriers differ from those encountered by other businesses.²⁰¹ Research indicates that nearly 80 percent of Black-owned businesses fail within the first two years of forming and that Alabama trails other Southern states, including Georgia and Tennessee, in the number of Black-owned businesses.²⁰² Through this study, researchers aim to identify strategies, programs, and tools that can be leveraged by Alabama leaders to close the success rate gap between Black-owned and other businesses in the state.²⁰³ Some researchers estimate that if Black-owned businesses in Alabama grew to the same size as white-owned businesses in the state, it would add approximately 273,000 new jobs and \$2 billion annually to Alabama’s Gross Domestic Product.²⁰⁴

D. Volunteering

As mentioned above, as part of MTE, Southern Company committed to providing 5,000 mentors within the communities the Company serves²⁰⁵ and “enhancing the metrics used to evaluate [] employees’ contributions to their communities.”²⁰⁶ Southern Company initially undertook efforts to track employee volunteering but faced challenges in doing so. Similarly, Southern Company worked on designing a formal mentoring program for its employees to volunteer with community organizations but faced similar barriers to implementation. Though formal measuring and monitoring of these efforts remain incomplete at a companywide level,

employees and retirees of Southern Company and its subsidiaries dedicate over 150,000 hours annually to volunteering in their communities, which includes approximately 50,000 hours dedicated to volunteer projects that align with CI&SJ focus areas.²⁰⁷ In addition to volunteering, many Southern Company employees serve in leadership roles and on Boards of Directors for local organizations.

Recommendations for Community Investment and Social Justice

To sustain and further amplify the impact of Southern Company’s significant investments in the community and further embed equity and justice related efforts into the Company’s operations, Southern Company should consider the following recommendations:

- Consider sustaining or increasing the Company’s MTE commitment to invest \$225 million past 2025. As part of this renewed commitment, Southern Company could evaluate the impact of its giving within each focus area and prioritize investments in areas that have the highest demonstrated impact and/or that are most relevant to the Company’s operations, such as energy empowerment.
- Evaluate broadening the considerations that inform Southern Company’s commitment to providing clean, safe, reliable, and affordable energy to contemplate gathering additional perspectives on the potential impacts of future projects through enhanced community engagement, public participation, and stakeholder engagement.
- Develop a refreshed set of definitions and guidelines for grants encompassed within the four investment focus areas in order to promote consistency in the evaluation and awarding of grants that achieve the objectives of each focus area.
- Regularly collect data and other metrics—such as the number of jobs created, businesses started, or scholarships provided as a result of the Company’s investments—as feasible, from grant recipients on the impact of the Company’s investments and the demographic populations impacted by those investments. Southern Company could use this data to reprioritize investments as needed to focus on those that have the highest demonstrated impact and reach any potentially underfunded populations.

Appendix

March 14, 2022

Ms. Megan Sweeney
Chair, SEIU Master Trust
Service Employees International Union
1800 Massachusetts Avenue NW
Suite 301
Washington, D.C. 20036-1202

RE: Withdrawal of Shareholder Proposal on Racial Equity Audit

Dear Ms. Sweeney,

Thank you for the time that the Service Employees International Union team has taken to engage with our team on the racial equity audit shareholder proposal (the Proposal) submitted by the SEIU Master Trust (SEIU) for inclusion in the 2022 proxy statement of The Southern Company (Southern Company or the Company).

Southern Company shares SEIU's interest in proactively preventing and, where present, addressing issues of systemic racism and racial equity within the Company's workforce and the communities we serve. We value the dialogue between SEIU and Southern Company and are pleased that our discussions have resulted in a constructive path forward.

As discussed with SEIU, Southern Company is prepared to announce in the coming weeks that it will undertake a racial equity audit, consistent with the points below:

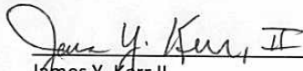
- **Scope.** The focus of the audit will be to objectively assess Southern Company's implementation of initiatives to support racial equity and inclusivity within the Company's workforce and the communities that the Company serves, as set forth in Southern Company's Moving to Equity commitment framework. The audit will exclude any matters relating to pending or threatened litigation.
- **Performance.** The audit will be conducted by a third party with relevant experience conducting similar assessments involving issues related to racial equity. The audit will commence no later than March 1, 2023, and will be completed by December 31, 2023.
- **Reporting.** A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, will be released publicly on Southern Company's website no later than December 31, 2023.
- **Engagement.** Southern Company will engage with a range of the Company's key stakeholders during the audit, including employees involved in the Company's Moving to Equity effort, and other employees involved in managing or implementing the efforts above, as well as select civic organizations, to understand the views of stakeholders from the communities we serve relevant to the audit.
- **Continued Cooperation.** The parties agree that any public statements made by the Proponent about this withdrawal agreement and the actions the Company agrees to undertake will be made jointly or with the prior approval of the Company. The parties further agree to continue good-faith dialogue through the date that the report on the audit is released publicly on the Company's website.

Southern Company will agree to the above conditioned on the withdrawal of SEIU's Proposal and the agreement that SEIU will not refile the Proposal in Southern Company's proxy statement in 2022 or any other similar proposal for the 2023 annual meeting.

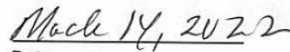
If SEIU agrees with the proposal as described above, please execute the acknowledgement and agreement below.

We value greatly your long-term investment in Southern Company and the constructive relationship that we have established.

SOUTHERN COMPANY:



James Y. Kerr II
V.P., Chief Legal Officer and Chief Compliance Officer



Date

SEIU MASTER TRUST:



Megan Sweeney
Chair

3-17-2022

Date

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¹⁹⁵ See Southern Company, *2022 Just Transition Report: Engaging with Transparency*, at 3 (2022), <https://www.southerncompany.com/content/dam/southerncompany/sustainability/pdfs/Just-Transition-Report.pdf>.

¹⁹⁶ Southern Company, *2022 Just Transition Report: Engaging with Transparency*, at 3 (2022), <https://www.southerncompany.com/content/dam/southerncompany/sustainability/pdfs/Just-Transition-Report.pdf>.

¹⁹⁷ Southern Company’s definition of environmental justice is used in the context of MTE. This definition differs from that used by the Environmental Protection Agency and the Department of Energy, which define environmental justice as the “just treatment and meaningful involvement of all people, regardless of income, race, color, national origin, Tribal affiliation, or disability” so that people are (a) “fully protected from disproportionate and adverse human health and environmental effects (including risks) and hazards, including those related to climate change, the cumulative impacts of environmental and other burdens, and the legacy of racism or other structural or systemic barriers;” and (b) “have equitable access to a healthy, sustainable, and resilient environment in which to live, play, work, learn, grow, worship, and engage in cultural and subsistence practices.” EPA, *Environmental Justice*, <https://www.epa.gov/environmentaljustice>; U.S. Department of Energy, *Environmental Justice*, <https://www.energy.gov/lm/environmental-justice>. Although there is no universally accepted definition of environmental justice, it typically expresses the ideal that environmental benefits and burdens should be equally distributed throughout society, with all portions of the population bearing a proportionate

share of environmental pollution and health risks as well as access to environmental resources.”
Environmental Justice: Legal Theory and Practice 16 (Barry E. Hill, ed., 4th ed. 2018).

¹⁹⁸ 2023 MTE Report at 16; Southern Company, *Environmental Stewardship*,
<https://www.southerncompany.com/our-community/environmental-stewardship.html>.

¹⁹⁹ Southern Company, *Environmental Stewardship*, <https://www.southerncompany.com/our-community/environmental-stewardship.html>.

²⁰⁰ Southern Company, *Environmental Justice Summary for Southern Company’s Largest Power
Generating Facilities* (Dec. 2023),
<https://www.southerncompany.com/content/dam/southerncompany/sustainability/pdfs/esg-environmental-justice-summary.pdf>.

²⁰¹ Alabama News Center, *Researchers to study the state of Black-owned businesses in Alabama* (Oct. 6, 2021), <https://alabamanewscenter.com/2021/10/06/researchers-to-study-the-state-of-black-owned-businesses-in-alabama/>.

²⁰² *Id.*

²⁰³ *Id.*

²⁰⁴ *Id.*

²⁰⁵ 2021 MTE Report at 14.

²⁰⁶ 2023 MTE Report at 17.

²⁰⁷ Southern Company, *Elevate Our Communities*,
<https://www.southerncompany.com/sustainability/our-communities.html>; Southern Company,
Outreach and Engagement – How We Do It, <https://www.southerncompany.com/our-community/outreach-and-engagement.html>.