



OFFICE OF THE ILLINOIS STATE TREASURER MICHAEL W. FRERICHS

Flagged Vote: Southern Company (NYSE:SO)

Item #6 – Shareholder Proposal on Disclosing Short-, Medium- and Long-Term Operational GHG Targets

Annual Meeting: May 22, 2024

SUMMARY

As the co-lead investor of the Climate Action 100+ Southern Company collaborative engagement, the Office of the Illinois State Treasurer supports the flagging of the 2024 shareholder proposal Number 6 on the Company's proxy relating to disclosure of operational GHG targets aligned with the Paris Agreement at Southern Company.

RATIONALE

Greenhouse Gas Emissions Targets

The Office of the Illinois State Treasurer has engaged Southern Company for many years on the issue of accelerated target setting and views this topic as a material issue for the company. Given Southern Company's commitment last year to begin the process of updating its targets, and the limited progress on this commitment to date, we plan to vote in favor of this proposal.

Decarbonization Strategy

The Office of the Illinois State Treasurer has also called on Southern Company to provide regular updates of the implementation of the net zero plan, which was last updated in 2020¹, especially considering recent regulatory changes, such as the Inflation Reduction Act and the EPA's Greenhouse Gas Standards and Guidelines Rule.² We support the proponent's call for annual reporting until its targets are met, to allow us to better assess progress made and potential transition risks in the form of regulatory changes facing the Company.

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¹ https://www.southerncompany.com/content/dam/southerncompany/pdfs/about/governance/reports/Net-zero-report_PDF1.pdf

² <https://www.epa.gov/stationary-sources-air-pollution/greenhouse-gas-standards-and-guidelines-fossil-fuel-fired-power#rule-summary>

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