

Moving to Racial Equity





Introduction

We find ourselves at a critical moment in history when very necessary and important discussions about racism and racial injustice are taking place. The killings of George Floyd, Breonna Taylor, Ahmaud Arbery, Rayshard Brooks and many other Black Americans awakened a growing recognition of the cumulative and compounded effects of systemic racial barriers and bias across institutions and society.

At Southern Company, we are confronting these issues head-on. We have created the following framework to guide all our businesses as we engage in this process and to ensure a continued and coordinated focus on this work. This framework confirms our collective commitment to racial equity, which is a process of preventing racial disparities where they exist and ensuring fair access, opportunities and outcomes for everyone. It is the intentional and continual practice of evaluating and instituting policies, practices, systems and structures that prioritize measurable change in the lives of people of color.

We are committed to be a role model among companies forging change. Southern Company is transitioning toward a more holistic goal of diversity, equity and inclusion to ensure all groups, and especially historically underrepresented and marginalized groups, are well represented, included and fairly treated within all levels of the organization and that everyone feels welcomed, valued and respected.

Striving for equity will be an ongoing journey. We accept that there is much work to be done and that great opportunities remain. Our resolve is built on the knowledge that each of us, in this place and at this time, is being called to stand up for racial justice.

Commitments

TALENT

Southern Company is committed to an equitable and inclusive workplace that mirrors the diverse communities we serve. Our commitment over the next five years is to increase and improve outreach, recruitment, hiring and retention of diverse groups at all levels of the workforce; ensure equity in leadership development programs; and seek diverse candidate slates for management roles. Across our company, each subsidiary and function will establish lawful and measurable goals in these areas to achieve by 2025.

A deliberate approach to employee development

We will be deliberate about the development of our Black and other underrepresented employees, ensuring we provide equitable opportunities to thrive and gain organizational exposure to advance. We will review current programs and pilot new approaches

to mentorship and development that support this commitment and ensure equitable inclusion in ongoing opportunities.

Inclusive recruiting strategies

We will employ strategies to prevent bias in the candidate resume review process and ensure diverse slates prior to selection. We will not stop our equity journey when our workforce reflects market availability. We will take measures to build a more diverse and inclusive industry and qualified talent pool through deeper partnerships with HBCUs, training programs and more targeted scholarships for underrepresented groups in our needed areas of expertise.

Deeper and more actionable examination of areas for improvement

We will proactively track, analyze and benchmark key metrics (representation, promotion opportunities, pay equity, turnover, net opportunities, satisfaction, etc.) to understand our opportunities for improvement across the full talent journey for each underrepresented group of employees. We commit to act on these learnings and communicate them with transparency.



Inclusion must start in each employee's individual work environment and is the responsibility of all employees.



CULTURE

Southern Company commits to promote an actively anti-racist culture and to 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.

Continuous listening and learning

We will continue to organize active listening sessions to better understand the experience of our Black and underrepresented employees. We will proactively seek feedback through our traditional surveys and include focus groups, one-on-one conversations, town halls and online listening. We will capture this feedback and openly share how we have leveraged it to refine our commitments and actions.

Building our racial equity and inclusion muscles

Inclusion must start in each employee's individual work environment and is the responsibility of all employees. Therefore, we will engage all employees in our journey to racial equity through open dialogues, training and education. We expect all our employees to commit to continued personal education on equity and inclusion. We will create annual DEI training options for leaders and employees. Inclusive leader training, including unconscious bias training, will be delivered for all new supervisors.

Identifying barriers to equity

An equitable culture is one where all employees feel empowered to be themselves, raise concerns and innovate without fear of failure. We will work to prevent barriers that may undermine a sense of empowerment for our underrepresented employees. We also will review and evolve our internal business practices and policies to ensure advancement of our social justice goals.

Employee resources and networks

Formal networks of colleagues with shared experiences and challenges can promote belonging, improve retention and support development. We will increase our support for employee-led groups for underrepresented talent and work to make the resources afforded by them available to all employees. We also will actively lift the voices of these networks and create platforms for allyship within and across groups.



COMMUNITY

Southern Company and its Charitable Foundations are committing \$200 million over five years to advance racial equity and social justice in our communities.

Racial equity and social justice beliefs

We will be vocal and clear, internally and externally, about our racial equity beliefs and we will align our volunteer, giving and community investment strategies to three key pillars we have prioritized for impact: **education, criminal justice reform, and economic empowerment.**

Supporting organizations that move the needle

To maximize our impact and influence, we will look for opportunities across our companies and foundations to pool our collective giving and become more actively involved in non-profit organizations through increased volunteering and board leadership:

- \$100 million will go to promote educational equality through direct community investments, scholarships for underrepresented groups and investment in HBCUs. We also will commit to providing 5,000 employee mentors within the communities we serve.
- \$50 million will be dedicated to criminal justice reform organizations working to lower criminalization rates, support transition and re-entry into society, create prearrest diversion options and reduce racial profiling.

\$50M
to criminal
justice
reform

\$50M
to economic
empowerment



\$100M
to advance
educational
equality

- \$50 million will support economic empowerment through grants and impact investments. We will invest in communities to build social and economic opportunity for Black-owned businesses and individuals and to create a just transition as we seek a net-zero carbon future.

More coordination and optimization for impact

We will be more intentional in tracking the impacts of the organizations to which we give, so that we are supporting groups doing the most, and actively reallocating funds to maximize impact.

Across all giving, to drive philanthropic equality, we will require all nonprofits to provide demographics data on who is served by their efforts.

To inform our community investment strategy we will conduct pipeline analysis and market research to identify Black-owned business needs, resources, partners, and sectors ripe for new business development.

POLITICAL ENGAGEMENT

Southern Company will advocate for racial equity through our political engagement, policy positions and ongoing public dialogues.

Political engagement informed by Our Values

Our Values of Unquestionable Trust and Total Commitment ensure that honesty, respect, fairness and integrity drive our behavior and that we fully embrace, respect and value diversity – both internally and externally. These principles will inform our political engagement.

Advocacy on racial equity policies

We will leverage our political influence to advocate for policies that address systemic racism across our three social justice pillars: education, criminal justice reform and economic empowerment.

Consistent process, values-informed results

We will make political and policy decisions using a consistent process that incorporate Our Values.

Proactive engagement with policymakers and influencers

We will advocate for racial equity with policymakers and influencers, using our brand and platforms to lead positive change.

SUPPLIERS

Southern Company has a goal of increasing our MBE spend to 20% and total Diverse spend to 30% by 2025 and is committed to developing and doing business with more Black-owned businesses in our industry and communities.

Increase business with diverse and Black-owned businesses

We will increase our total spend with Diverse and MBE suppliers and place greater focus on doing business with diverse and Black-owned businesses, both as prime suppliers and sub-contractors. This includes increasing the inclusion rate in our bid processes, working with prime suppliers to identify opportunities for sub-contracting and actively developing sub-contractors into prime suppliers.

Mentor and develop diverse and Black-owned businesses

From early-stage support in how to run a business and developing a business plan, debt and equity investments through our EIP (Energy Impact Partners) diversity fund and actively holding matchmaking sessions to form greater partnerships, we can play a bigger role in increasing the number of diverse and Black-owned businesses with whom we do business.

Drive racial equality in our majority-owned supplier base

Our majority-owned suppliers will be held to the same racial equity standards that we are actively promoting within our own company. We will expect them to serve us with diverse teams, we will ask about their own commitments to racial equity and help them advance their own thinking so that we are advancing these causes in all aspects of our business.

Ensure our processes enable diverse and Black-owned businesses to work with us

We will continue to ensure our policies and requirements for suppliers and vendors (e.g., payment terms, insurance requirements, financial requirements) do not contribute to systemic racism or alienate diverse and Black-owned businesses in any way.





Holding Ourselves Accountable

EXPECTATIONS

All employees across the Southern Company system are expected to embrace these overarching racial equity ambitions and commit to continuous personal education on the topic, engage in open dialogue with teammates and hold each other accountable for our success. Furthermore, leaders are expected to create environments within their teams that are inclusive, equitable and extend trust.

To reinforce this work, we will track progress towards our ambitions with a clear set of metrics and benchmarks. Each member of the Southern Company Management Council will regularly report on these metrics to the CEO and officer compensation will be tied to these efforts.

COMMUNICATION

We have established a communication framework that firmly positions our racial equity and social justice efforts central to Our Values, including the production of a transformation report that provides an overview of the actions we've taken to support racial equity and inclusion within our company and in the communities we serve.

EXTERNAL AUDIT

We have engaged PwC to conduct an external audit of this initiative to strengthen Southern Company's implementation plans and capabilities. The assessment will look to uncover any high priority systemic issues and evaluate the identified metrics and KPIs as proxies for sustaining the desired behaviors and practices consistent with an inclusive company culture.

SUPPORTING WORK

To supplement the existing efforts underway and offer further areas of opportunity, Southern Company pledges to:

- Review Our Values to ensure they align with our racial equity and social justice beliefs.
- Evaluate additional diagnostics needed to identify and further define key levers for improvement.
- Further define the initiatives, their implementation and accountability mechanisms.
- Develop and integrate an employee feedback loop to continuously evolve our racial equity journey.

Our Values

For more than a century, Southern Company has been building the future of energy. We deliver the energy resources and solutions our customers and communities need to drive growth and prosperity.

How we do our work is just as important as what we do. Our uncompromising values are key to our sustained success. They guide our behavior and ensure we put the needs of those we serve at the center of all we do.

At Southern Company, Our Values will guide us to make every decision, every day, in the right way.

Safety First

We believe the safety of our employees and customers is paramount. We will perform and maintain every job, every day, safely.

Unquestionable Trust

Honesty, respect, fairness and integrity drive our behavior. We keep our promises, and ethical behavior is our standard.

Superior Performance

We are dedicated to superior performance throughout our business. We will continue our strong focus on innovative solutions, improving how we run our business and our commitment to environmental stewardship.

Total Commitment

We are committed to the success of our employees, our customers, our shareholders and our communities. We fully embrace, respect, and value our differences and diversity.