



**WHEREAS:** The energy sector has a critical role to play in mitigating climate risk. The sector is rapidly transitioning away from coal, but growing reliance on natural gas creates ongoing risk. Natural gas is a [major contributor](#) to climate change due to methane leaks occurring throughout the supply chain. In 2018, [gas contributed](#) to an increase in power sector emissions, jeopardizing chances of achieving greenhouse gas (GHG) reductions in line with the Paris Agreement’s goal of keeping global warming below 1.5 degrees Celsius.

Disclosure of indirect GHG emissions from a company’s natural gas supply chain is critical for investors to understand the extent of a company’s climate risk. In the utility sector, where use of natural gas for power generation and distribution is increasing, supply chain emissions constitute a material climate impact and transition risk.

Currently, many utilities’ emission reduction strategies rely on natural gas, highlighting emissions savings over coal during combustion, but ignoring supply chain releases from sources like fugitive methane, venting, and flaring. Recent supply chain studies, however, have concluded that supply chain methane losses are at least [60% higher](#) than current Environmental Protection Agency estimates, with gas production in North America likely to have contributed [one-third of total](#) increased emissions globally in recent years. The fossil gas supply chain also [contributes to climate breakdown](#) in other ways—[millions of orphan wells](#) remain unplugged, leaking methane into the atmosphere.

Southern Company’s [climate plan](#) indicates an intent to continue building out expensive natural gas infrastructure. Southern currently discloses downstream emissions from its customers’ use of natural gas, but does not calculate and disclose indirect GHG releases from upstream sources such as the exploration, production, and transport of natural gas.

Given the material, long-term business risks associated with climate change, and the need for Southern to participate successfully in the low-carbon energy transition, investors believe it is essential that the company provide annual public reporting of the company’s GHG emissions across its full value chain, including indirect upstream emissions. While Southern subsidiary Virginia Natural Gas has [acknowledged](#) some responsibility for those emissions by piloting the purchase of gas from “select, low fugitive emissions wells,” investors lack data to assess the relative impact of such action in relation to its continued build out of, and reliance on, natural gas infrastructure.



**BE IT RESOLVED:** In order that investors can better understand and measure the material, long-term climate risks associated with our company’s GHG emissions, shareholders request that Southern provide annual public reporting of the indirect upstream GHG emissions from its supply chain. The reporting should be prepared at reasonable cost and omit proprietary information.