



WHEREAS: Energy utilities play a critical role in achieving the Paris Agreement’s goal of limiting global warming to 1.5 degrees Celsius, requiring net zero greenhouse gas (GHG) emissions by 2050. Utilities provide energy to some of the most GHG-intensive economic sectors. By reducing their own GHG emissions utilities can enable decarbonization across industries.

Natural gas, a fossil fuel, produces [40 percent of the nation’s power](#). Burning natural gas for heat in buildings accounts for approximately [11 percent of national GHG emissions](#).

Currently, many utilities’ climate strategies rely on natural gas instead of coal due to its lower combustion emissions. Such strategies, however, often ignore Scope 3 emissions from upstream leakage, venting, and flaring in the production of natural gas and downstream emissions from customers’ combustion of natural gas.

Southern Company’s net zero target includes only its Scope 1 operational emissions; it fails to include Southern’s most significant Scope 3 emissions, including upstream production emissions and downstream customer use emissions. In 2020, [Southern’s downstream customer use emissions](#) accounted for approximately 29 percent of its total disclosed emissions. Southern currently does not disclose upstream production emissions, but publicly available data indicates they are likely significant, adding between [16-65 percent to natural gas combustion](#) carbon dioxide emissions. If purchased electricity, another Scope 3 category, is included, the amount of emissions not covered in Southern’s current target increases to approximately 33 percent, without accounting for upstream methane emissions. Further, research has found that the Environmental Protection Agency’s inventory for natural gas, on which many utilities’ methane calculations rely, potentially underestimates supply chain [methane emissions by 60 percent](#).

By failing to acknowledge a major portion of the GHG emissions associated with its business, Southern cannot be considered to be on a path to achieving net zero emissions. Its failure to account for substantial Scope 3 emissions creates the potential for reputational risk associated with greenwashing. This flawed methodology also prevents investors from accurately comparing Southern’s company risk and climate contributions against other utilities’.

The [CA100+ Benchmark](#), which is supported by \$60 trillion in assets, clearly states that companies’ net zero targets should “cover[] the most relevant scope 3 GHG emissions.” The [Science-Based Targets initiative \(SBTi\)](#) similarly states that if companies sell natural gas, those emissions must be included in its targets.



Peer utilities are starting to appropriately account for their Scope 3 emissions. [PSEG](#) has committed to set a net zero target through the SBTi. [Sempra](#) has set net zero targets that cover full Scope 3 value chain emissions. [Xcel's net zero target](#) covers customer emissions.

BE IT RESOLVED: Shareholders request that Southern revise its net zero by 2050 target, and any relevant interim targets, to integrate Scope 3, upstream and downstream, value chain emissions consistent with guidelines such as the CA100+ and SBTi, or publish an explanation of why the Company does not view inclusion of those emissions as appropriate.