



WHEREAS: The Intergovernmental Panel on Climate Change reports that immediate and significant emissions reductions are required to stave off the worst consequences of climate change.¹ Energy utilities play a critical role in the net zero transition, as electricity generation accounts for 25% of U.S. greenhouse gas emissions and natural gas used for space heating, hot water, and cooking accounts for more than 10%.²

A cornerstone of the International Energy Agency's 2023 Net Zero Scenario is that advanced economies must achieve net zero emissions from power generation by 2035.³ To reach this target, power utilities must mitigate emissions from their entire value chain, including emissions associated with upstream production of gas, downstream burning of gas by customers, and purchased power from the grid.

In alignment with the global Net Zero Paris goal, the Climate Action 100+ Net Zero Benchmark and The Science Based Targets initiative include that companies set net zero and interim emission reduction targets inclusive of all relevant Scope 3 emissions.⁴

Constellation Energy Corporation remains substantially unaligned with global Net Zero goals and investor expectations. While it has set interim and net zero emission reduction targets for its Scope 1 and 2 operational emissions, this leaves at least 90% of its value chain emissions unaddressed.⁵ The actual percentage may be higher, considering Constellation has not disclosed emissions from capital goods or upstream emissions from fuels used for generation.⁶

By contrast, peer utilities are accounting for value chain emissions in their reduction targets. NRG has committed to set a net zero target through the Science Based Targets initiative, requiring inclusion of Scope 3 emissions.⁷ Sempra, Duke, and Dominion set net

¹ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf, p.20

² <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>; <https://rmi.org/now-is-the-time-to-go-all-in-on-heat-pumps/>

³ https://iea.blob.core.windows.net/assets/13dab083-08c3-4dfd-a887-42a3ebe533bc/NetZeroRoadmap_AGlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf, p.63; <https://www.iea.org/energy-system/buildings>

⁴ <https://www.climateaction100.org/wp-content/uploads/2023/10/CA100-Benchmark-2.0-Disclosure-Framework-Methodology-Confidential-October-2023.pdf>, p.5; <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard.pdf>, p.31

⁵ <https://www.constellationenergy.com/content/dam/constellationenergy/pdfs/Constellation-2023-ESG-Data-Index-Factsheet.pdf>, p.5-6

⁶ http://www.constellationenergy.com/content/dam/constellationenergy/pdfs/CEG_CDP_Climate_Change_Questionnaire_2023_Submitted_web.pdf, p.85-86

⁷ <https://sciencebasedtargets.org/companies-taking-action/case-studies/nrg>



zero targets covering their full Scope 3 value chain emissions, and Xcel and CMS have expanded their net zero targets to include customer use of natural gas.

Failing to set targets that address the full range of its greenhouse gas emissions exposes our company to increasing physical, regulatory, and market risks. By setting 1.5°C-aligned targets inclusive of its entire value chain, Constellation can solidify its climate leadership, mitigate its climate-related risks, and capitalize on the value-creating opportunity of the net zero economy.

BE IT RESOLVED: Shareholders request Constellation adopt interim and long-term reduction targets across its full range of value chain emissions in alignment with the Paris Agreement's 1.5°C goal requiring Net Zero emissions by 2050.

SUPPORTING STATEMENT: Proponents suggest, at management discretion, the Company:

- Provide a timeline for setting 1.5°C-aligned 2050 and interim targets;
- Provide an enterprise-wide climate transition plan to achieve net zero emissions for its full value chain emissions; and
- Annually report progress towards meeting value chain emission reduction targets.