

Just Transition Principles



Southern Company

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Importance of a Just Transition

Southern Company¹ is a leading energy provider, serving 9 million customers through electric operating companies in three states, natural gas distribution companies in four states, a competitive generation company serving wholesale customers across America, a leading distributed energy infrastructure company, a fiber optics network, and telecommunications services.

Southern Company's primary responsibility is to provide our valued customers with clean, safe, reliable and affordable energy. Balancing these priorities to help ensure the long-term sustainability of our businesses for the benefit of customers and communities is complex. The energy industry is currently facing simultaneous opportunities and challenges that compound these complexities: rapidly growing demand, potentially the greatest infrastructure investment cycle in a generation, a desire to decarbonize, a prolonged inflationary environment pressuring customer rates and an evolving regulatory landscape. We believe our people, business strategies, corporate culture and stakeholder engagement efforts position us to meet these opportunities and challenges in a sustainable manner.

We have established a goal of reaching net zero greenhouse gas emissions by 2050. This goal is based on the equity share approach for our owned facilities across the system (Scope 1), which includes our electric and natural gas distribution operations. We expect many of the factors noted above will influence the energy resource mix needed to serve customers of our electric utilities. The following key tenets of Southern Company's energy transition remain consistent given our view of expected demand growth, current and emerging technologies and economic attributes:

- Continued assessment of coal-fired generating assets
- Thoughtful use of natural gas
- Further growth in our portfolio of clean energy resources
- Enhanced demand response, energy efficiency initiatives, and distributed energy resources
- Negative-carbon solutions
- Continued investment in research and development of clean energy technologies

We recognize the energy transition has the potential to impact our employees, contractors and suppliers. Our subsidiaries are longstanding employers in our communities, and we support the local tax base where our assets are located. As a result, we collaborate with internal and external stakeholders as we plan for new generation and related infrastructure, as well as for the conversion or retirement of uneconomic assets.

In this report, we outline five Just Transition Principles to guide us as we navigate these changes:

- Strong governance
- Effective stakeholder engagement and transparent communication
- Employee support and coordination with labor unions
- Ongoing community and environmental commitment
- Continued safety, reliability, resilience and affordability

These principles reflect the International Labor Organization's Just Transition guidelines and the Just Transition Declaration established at COP26.



¹The terms we, us and our all refer to Southern Company. Southern Company is a holding company that conducts its business through its subsidiaries. Accordingly, unless the context otherwise requires, references in this report to Southern Company's operations, such as generating activities, greenhouse gas emissions, demand growth, infrastructure investment and employment practices, refer to those operations conducted through its subsidiaries.

Southern Company's Just Transition Principles



Effective governance

Southern Company's Board of Directors and the Boards of Directors of our operating companies have oversight for our energy transition and the potential impacts to our employees, communities and customers.



Stakeholder engagement and transparent communication

We seek to balance the interests of a wide range of stakeholders and our business commitment to provide customers with clean, safe, reliable and affordable energy. We are working with leaders at all levels of government to advocate for policies that support training, workforce development and job-creation opportunities in our service territories for workers who may be impacted by the energy transition.



Employee support and coordination with labor unions

We are dedicated to providing job opportunities, training and education assistance to enable both our union and non-union employees to progress in their careers. We also work in concert with labor representatives, contractors and suppliers on numerous new and emerging job opportunities and training initiatives.



Community and environmental commitment

We are engaging with state and local authorities to mitigate potential economic impacts of infrastructure decisions through, for example, property tax agreements, economic development, siting and redevelopment. We will follow our Environmental Principles in the transition of plant sites and new infrastructure siting.



Safety, reliability, resilience and affordability

A safe, reliable, resilient and affordable energy system is central not only to our company and mission, but also to the future of energy. As we seek to decarbonize, Southern Company is dedicated to planning for a new energy future that can deliver clean energy while also maintaining safety, reliability, resiliency and affordability.

Effective governance



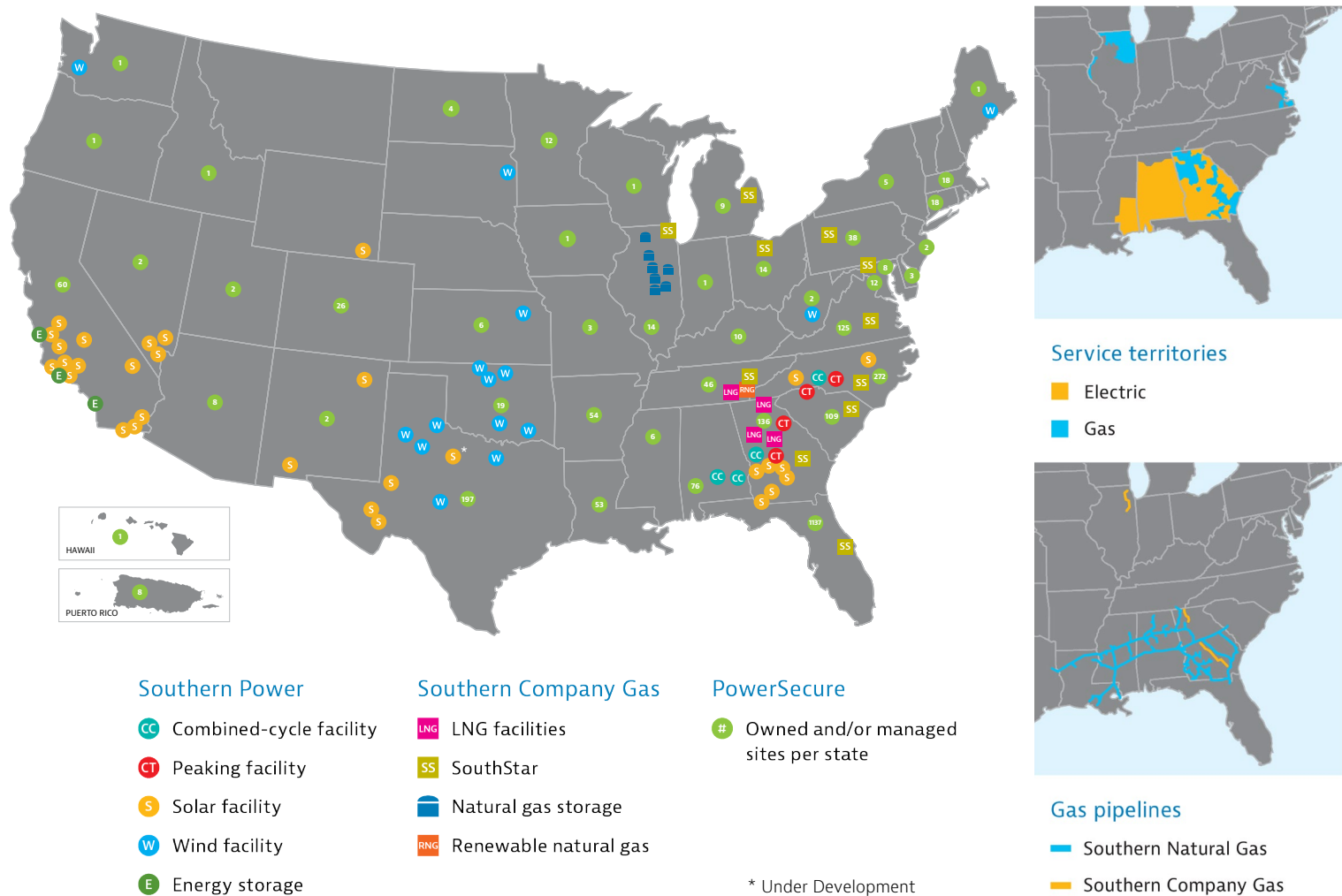
Southern Company's Board of Directors is engaged in overseeing our business strategies and related risks and opportunities, which includes supporting a Just Transition. For example, the Operations, Environmental and Safety Committee has primary oversight of our system planning for new infrastructure to meet expected load growth, strategies to reduce carbon emissions, system reliability and safety.

In addition, each of our operating companies maintains a Board of Directors comprised of the CEO of the operating company and independent leaders who possess knowledge and experience specific to the geographic location of each company.

These subsidiary Board members are keenly aware of state and local issues and priorities and serve an instrumental role in guiding our fleet-transition efforts.

From a management perspective, Southern Company's Executive Vice President and Chief Operating Officer and the Senior Production Officers for each electric operating company hold primary responsibility for implementing our Just Transition Principles. These officers coordinate closely with their executive peers and leaders at our operating companies in areas such as economic development, finance and human resources, along with those in local regions to oversee the implementation of our Just Transition Principles.

Southern Company System Energy Footprint



Stakeholder engagement and transparent communication



Illustrative plant retirement planning steps

As part of our robust system planning process for our electric utilities, we continually evaluate our mix of generation resources and fuel types to help ensure we are providing our customers with clean, safe, reliable and affordable power.

Along with this system planning, illustrative steps related to proposed retirements typically include:

- Notifying regulatory bodies like our Public Service Commissions of our intentions as soon as possible and adhering to appropriate state processes such as those related to Integrated Resource Plan (IRP) filings
- Engaging employees and union leadership to help them understand our plans and prepare
- Holding dialogues with local, county and state leaders to help communities prepare for the future
- Evaluating, in concert with a variety of development partners and stakeholders, potential future uses of former power plant sites in ways that can support economic vibrancy and community well-being

Southern Company and our operating companies are actively engaged with our state and federal regulatory bodies, in support of a constructive policy and regulatory environment.

At the state level, our electric companies are regulated by their respective Public Service Commissions (PSC). The electric companies file integrated resource plans, which make recommendations for new infrastructure investment, and the retirement and conversion of generating units based on detailed, long-term scenario and economic analyses. The plans are a collaboration of our planning, regulatory and compliance teams, with oversight from leadership and the Board of Directors. The PSCs have the responsibility of reviewing and making determinations around these recommendations to ensure the right resources are deployed at the right time. Stakeholder inputs are considered as part of our assessments, and public comments are typically accepted

in the regulatory review process. Through public filings, communications with employees and local community leaders and, where appropriate, state regulators, we typically indicate potential challenges with various generating plants well in advance of making retirement decisions or recommendations to our state commissions.

At the federal level, we engage with such agencies as the Securities and Exchange Commission, the Environmental Protection Agency and the Federal Energy Regulatory Commission during rulemaking through company meetings, industry meetings and formal comment processes. Our advocacy has centered on ensuring an orderly energy transition that prioritizes reliability and affordability for our customers as well as economic decarbonization. Subject matter experts across our company evaluate proposed and issued regulations, including the opportunities and challenges to our mission of providing clean, safe, reliable and affordable energy.

Employee support and coordination with labor unions



Employee support

Talent is our most valuable asset. As we make decisions about our energy infrastructure, we maintain a constant focus on our people. Our goal for affected employees is to provide opportunities that support them in actively managing their careers, whether that involves reassignment to a similar role at another company facility, receiving training to gain new skills or helping them transfer to other parts of the company. While we may not always be able to achieve the same outcome, we take pride in the fact that since 2007 none of the retirements or fuel conversions of our coal-fired generating units has resulted in involuntary employee separations at our plants. It remains our intention to strive for similar outcomes as we continue to transition our generating fleet.

We aim to provide a wide array of opportunities to our workforce to adapt to our transitioning fleet and to benefit from the future of energy. We support continued education for our employees through on-the-job and classroom training as well as tuition reimbursement. Further, we have robust internal and external training programs that enhance both technical skills and professional development. In an average year, Southern Company

employees participate in more than 1 million hours of training (excluding nuclear-specific training), and we provide approximately \$2 million of tuition reimbursement.

We also supplement our workforce development activities through partnerships with organizations like the Edison Electric Institute (EEI), the American Clean Power Association and the American Gas Association, as well as workforce development organizations such as the Center for Energy Workforce Development (CEWD). Southern Company is a founding member of CEWD, a nonprofit consortium of electric, natural gas and nuclear utilities and their associations. More than 120 utilities, organizations and unions are working through this consortium to recruit and retain the best and brightest talent through partnerships with education institutions and government entities. CEWD seeks to equip energy professionals with the resources needed to drive workforce development transformation, including “Uniting industry professionals for leadership around workforce issues associated with new and emerging energy technologies and changing workforce practices.”

Providing employees with resources during our transition

We work to support employees during times of transition, bringing together experts from a range of disciplines to help employees take an active role in managing their careers and future. While the circumstances of each situation are unique, resources to support employees may include:

One-on-one informational meetings to better understand employees’ career goals, interests, skills and potential training needs

Skill-building workshops to provide retraining or upskilling for new technologies, roles and work environments

Internal job fairs to help employees learn about job opportunities in other areas of Southern Company

Tuition reimbursement to provide financial support that helps employees achieve their educational goals

On-site retirement seminars to support employees who are considering retirement

Partnership with the IBEW

Indicative of Southern Company’s long-standing coordination with labor partners, in March 2022 Alabama Power and IBEW System Council U-19 received the Edwin D. Hill award from EEI and IBEW. This distinguished award recognizes efforts to advance state and local initiatives on behalf of EEI’s member electric companies and IBEW members. Under the leadership of former IBEW International President Edwin D. Hill, the IBEW and EEI created the National Labor and Management Public Affairs Committee (National LAMPAC). National LAMPAC strives to foster collaboration and partnership among electric company executives and IBEW leaders to address the nation’s energy challenges and to achieve the common goals of running a well-managed, efficient business with a safe and highly skilled workforce.



Vogtle Nuclear Plant in Waynesboro, Georgia

Coordination with labor unions

Constructive coordination with union leaders is critical to our business. Approximately one-third of Southern Company employees are International Brotherhood of Electric Workers (IBEW) members, and many of our contractors employ labor union members from nearly every craft within the North Americas Building Trades Unions (NABTU). Across the Southern Company system, we utilize an average of 48.3 million work hours annually of craft labor (both internal and external resources), and 61% of those hours are completed by members of organized unions.

Transparent and continuing communication with union leadership and members is an important element of running our business and successfully navigating a Just Transition. Openly engaging with union representatives helps ensure they are involved and clearly informed throughout the process about regulations governing our business, conversion and retirement timetables, what staffing numbers look like as we approach facility closure, and how the company plans to coordinate with unions through decommissioning and beyond.

In addition, as our company looks to transition our generating fleet and diversify our generating resources (some of which occurs through power purchase agreements, or PPAs, with third parties), we expect to consistently leverage organized labor for major projects. For major facilities that are constructed and owned by Southern Company subsidiaries, many requests for proposal (RFPs) include requirements related to union labor. For major RFPs where we do not expect to own the facility but rather contract via PPAs, we also typically ask bidders for information about their planned use of unionized workers.

Community and environmental commitment



Southern Company and our operating companies are at the heart of our communities and have long been strong community leaders and drivers of local economic development as part of our commitment to being a citizen wherever we serve. Our people live, work, play and thrive around the facilities that supply energy to their homes and the homes of their neighbors. We are sensitive to the potential economic impacts of decommissioning or converting long-lived facilities. We also work with local communities as we work to site new energy infrastructure required to meet growing demand.

Economic development

Each retirement and transition in the fleet presents unique opportunities. While some sites continue their useful life by converting to new fuel sources, others take on innovative and sometimes unexpected purposes. As part of our aim to benefit and improve local communities, we hope to attract new business, redevelop or repurpose sites that are no longer part of our fleet. Southern Company teams work closely with state and local agencies as well as private partners to consider a wide array of options for repurposing our sites.

For example, following the retirement of Plant Kraft in Chatham County, Georgia, in 2015, a portion of the property was donated to the Georgia Ports Authority for continued expansion of their facility. The Georgia Ports Authority operates as a vital storage and supply chain facility that is one of the leading economic drivers in the state and the fourth busiest port in the United States.

Tax considerations

Our Just Transition also has included working to help ensure local communities are not adversely impacted by an abrupt change in tax revenue. Within the communities we serve, our plants are often substantial taxpayers. In some cases, the tax base associated with a coal-fired generating facility can represent as much as 25% to 30% of a county's property tax base, especially in rural areas.

Removing that revenue stream could present a hardship for the county and for businesses that our workers support. As our operating companies reach decisions to close plants, they typically work closely with regulators, taxing authorities and local communities to identify financial impacts.

While the counties in which each plant resides could see an impact to annual property and sales taxes when plants are retired, we remain committed to continuing to invest in communities across the states we serve, including the affected counties. Additionally, tax obligations may continue throughout the company's decommissioning efforts and do not stop immediately upon a unit's retirement date.

For example, Alabama Power's Plant Gorgas was retired in 2019 and demolished in 2021. At the time of retirement, the facility had several years remaining in its expected lifespan. We worked with tax assessors to analyze the implications of retiring the facility and determined that Alabama Power's ad valorem tax obligations to Walker County on the retired facility should continue over the remaining years of the plant's original useful lifespan. While we may not always be able to achieve a similar outcome, we endeavor to effectuate a smooth transition for our communities.

Environmental responsibility

Preparing the site of a former generating facility for its next life requires extensive planning and diligence for an environmentally responsible future. Southern Company will follow its [Environmental Principles](#) in the transition of plant sites, including a commitment to environmental remediation, restoration or recycling and reuse, as appropriate. This process includes accounting for building material and equipment removal, determining which assets can be repurposed for future energy production, and developing a plan for materials removal and remediation to help ensure a site is suited for redevelopment. Many materials such as remaining equipment, tools, copper, steel, brass, aluminum and other materials can safely be repurposed and recycled. Materials that no longer have a useful life are sent to landfills for proper disposal. When possible, we work with local and regional partners as another way of supporting local economies and jobs.

Retired Plant Gorgas Site to Become Alabama's First Utility-Scale Battery Storage System

In March of 2025, Alabama Power announced development of the former Plant Gorgas site to become the state's first utility-scale battery energy storage system (BESS).

The new Gorgas Battery Facility will store up to 150 MW of electricity generated by other Alabama Power resources, which is equivalent to the capacity needed to power about 9,000 homes. The lithium iron phosphate batteries that will make up the system will have a 2-hour duration, with the ability to recharge in a little over 2 hours. Construction will begin in 2025, with estimated completion by 2027.

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This facility will help Alabama Power understand how we can best use battery systems on our electric grid so that customers have power when they need it. The project honors Plant Gorgas' legacy, which has played a significant role in powering the state of Alabama since 1917.

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*Jeff Peoples, Chairman, President and CEO
Alabama Power*



BESS Planned for Plant Gorgas Site



Former Plant Gorgas

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The decision to reuse the retired Plant Gorgas site illustrates Alabama Power's focus on sustainable solutions that reinforce its community commitment. Plant Gorgas and Walker County hold a special place in our company's history. The reuse of this site reaffirms our support of the communities we have long served, ensuring sustainable solutions that honor our past while looking to the future.

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*Jill Stork, Vice President of Western Division
Alabama Power*

Safety, reliability, resilience and affordability



Safety is a core value throughout our system. We believe the safety of our employees, customers and communities is paramount. We commit to perform and maintain every job, every day, safely. In the context of Just Transition, safety extends to employees and contractors tasked with decommissioning our plants, as well as working to ensure the safety of the communities surrounding our facilities for the long term.



Former Plant Gadsden in Gadsden, Alabama

Our work to help ensure a Just Transition does not stop at the gates of a plant or the borders of a community. Decarbonization, fleet transition and infrastructure decisions have far-reaching impacts. As our companies make transformative and often capital-intensive decisions, it is imperative that we continue to deliver safe, reliable, resilient and affordable energy to our customers.

We understand that having reliable energy is essential, which is why we are at the forefront of industry-leading innovation and making smart investments to provide reliable and resilient service to our customers. We do this by upgrading and enhancing our infrastructure, protecting electric and natural gas infrastructure from physical and cyberthreats, reducing our GHG emissions, and deploying distributed generation solutions, among other initiatives.



Affordability is also paramount for our customers. Maintaining affordability fosters high customer satisfaction, financial strength and constructive regulatory treatment. Effectively understanding and addressing the financial priorities of our customers, investors and regulators should help facilitate our transition. We deploy a range of energy efficiency programs, education initiatives, customer rate structures and direct assistance programs to help maintain affordability for customers.



Cautionary Note Regarding Forward-Looking Statements

Note: Certain information contained in this report is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning greenhouse gas emission reduction goals, demand growth, infrastructure investment, future plant retirement and replacement decisions, and future employment practices. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 2024, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, as well as changes in application of existing laws and regulations; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects, to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; legal proceedings and regulatory approvals and actions related to past, ongoing, and proposed construction projects, including state Public Service Commission or other applicable state regulatory agency approvals and Federal Energy Regulatory Commission and U.S. Nuclear Regulatory Commission actions; advances in technology, including the pace and extent of development of low- to no-carbon energy and battery energy storage technologies and negative carbon concepts; performance of counterparties under ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations; the ability to successfully operate the electric utilities' generating, transmission, distribution, and battery energy storage facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; and the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices. Southern Company expressly disclaims any obligation to update any forward-looking information.

