

## Overview of Southern Company Policies and Practices for Political Engagement

Southern Company and its subsidiaries devote substantial attention and resources to interaction with government officials as public policy is debated and laws and regulations are developed. Before Congress, state legislatures, local governments, and federal and state regulatory agencies, the Company and its subsidiaries have built a reputation for being trusted sources of helpful information and effective advocates for the interests of their customers, stockholders, and other stakeholders.

Southern Company believes it has a responsibility to its stakeholders to participate in the political process. The results of elections and their impacts on public policy can have a profound effect on the Company, its subsidiaries, and its stakeholders. Accordingly, Southern Company and its subsidiaries also, where appropriate, make expenditures in connection with elections for public office and in connection with non-candidate state and local ballot initiatives such as referendums and constitutional amendments. Southern Company and its subsidiaries lobby at the federal and state level through registered lobbyists and/or trade groups, associations, or coalitions. Political expenditures and lobbying activities by Southern Company and its subsidiaries are done without regard for the private preferences of the companies' executives or any other employees.

### **Corporate Governance Processes**

Southern Company and its subsidiaries have put in place decision-making and oversight processes for these governmental relations activities and political expenditures so that any such activities and expenditures are legally permissible and conducted in accordance with applicable laws and regulations. These processes also help to ensure that the activities and expenditures of Southern Company and its subsidiaries are consistent with their commitment to act with integrity in their activities and are supportive of, and consistent with, their business strategy, goals, and priorities.

Both management and the Southern Company Board of Directors play important roles in these governance processes, including Board oversight of the companies' political expenditures and lobbying activities.

### **Expenditures of Corporate Funds in Connection with Campaigns for Public Office**

Southern Company and its subsidiaries comply with laws governing the making of political contributions or expenditures, including independent expenditures, when using corporate funds in connection with elections for public office. As a general rule, federal law prohibits corporate contributions directly to federal candidates and national political parties. Corporate contributions in connection with state and local elections are permitted in certain states under applicable state laws.

In certain circumstances, where permitted by law, Southern Company and its subsidiaries are authorized under internal policies to use corporate funds to make contributions to candidates, political party organizations, and to 527 organizations that make contributions to candidates or political parties.<sup>1</sup> The companies are also authorized to use corporate funds to make independent expenditures or contribute to organizations making independent expenditures.

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<sup>1</sup> For purposes of this document, 527 organizations are "political organizations" subject to Section 527 of the Internal Revenue Code of 1986, as amended. These organizations are established primarily for the purpose of influencing the outcome of elections of candidates for public office.

Any use of corporate funds by Southern Company or its subsidiaries to make political contributions or independent expenditures (as defined by applicable law) in connection with elections for public office must be approved in advance by the senior External Affairs Officer of the company making the disbursement.

Any corporate political contributions or independent expenditures made by Southern Company or its subsidiaries in connection with elections for public office, as well as any payments made by such company to other organizations that are designated for their use in making political contributions or independent expenditures, will be reviewed at least annually with the Nominating, Governance, and Corporate Responsibility Committee of the Southern Company Board of Directors, a committee comprised solely of independent directors. The Committee will also periodically review the Company's policies on political engagement. Southern Company will disclose on its website any corporate political contributions or independent expenditures made by Southern Company in connection with elections for public office, as well as any payments made to other organizations that are designated for their use in making political contributions or independent expenditures.

### **Political Action Committees**

Employees in the Southern Company system voluntarily fund political action committees (PACs) that make contributions in connection with federal elections.<sup>2</sup> These PACs are registered with the Federal Election Commission (FEC) and their activities are regulated by the FEC under the Federal Election Campaign Act of 1971, as amended. Detailed information on the PACs' contributions to candidates' campaign organizations and other political committees is disclosed in the PACs' reports to the FEC which are filed on a regular basis and are made available for public review on the FEC's website at [www.fec.gov](http://www.fec.gov).

Alabama Power, Georgia Power, Mississippi Power, and Southern Company Gas also sponsor separate state PACs that make contributions in connection with elections in their home states. Detailed information on these PACs' state contributions is disclosed in the PACs' regular state campaign finance agency filings that are available for public review on the state agencies' websites. Disclosure reports filed by the Alabama Power Company Employees State Political Action Committee are available on the Alabama Secretary of State's website at [www.sos.state.al.us](http://www.sos.state.al.us). Reports filed by the Georgia Power Company State Employee PAC are available on the Georgia Government Transparency and Campaign Finance Commission's website at [www.ethics.ga.gov](http://www.ethics.ga.gov). Reports filed by the Mississippi Power State PAC are available on the Mississippi Secretary of State's website at [www.sos.ms.gov](http://www.sos.ms.gov). Southern Company Gas sponsors state PACs in Illinois and Virginia. Information can be found at [Contribution Information Search By All Contributions \(il.gov\)](http://www.contributioninformationsearch.il.gov) and [Contribution Information Search By All Contributions \(il.gov\)](http://www.contributioninformationsearch.virginia.gov) and [State Board of Elections - Campaign Finance Reporting \(virginia.gov\)](http://www.stateboardofelections.org), respectively.

### **Non-Candidate Ballot Initiatives**

State and local referendums, constitutional amendments, and other non-candidate ballot initiatives can significantly impact Southern Company subsidiaries and their operations, and engagement can thus be important. The legal permissibility of corporate expenditures in support of, or in opposition to, such initiatives is a matter of state law. Any use of corporate funds to make contributions to ballot initiative campaign committees must be in accordance with applicable law and approved in advance by the senior External Affairs Officer of Southern Company or the subsidiary involved. Any such corporate contributions by Southern Company or its subsidiaries will be reviewed annually with the Nominating, Governance and Corporate Responsibility Committee of the Southern Company Board of Directors.

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<sup>2</sup> The six PACs making federal contributions are Southern Company Employees PAC; Alabama Power Company Employees Federal Political Action Committee; Georgia Power Company Federal PAC; Mississippi Power Company Federal PAC; Southern Company Gas PAC, Inc.; and Southern Nuclear Operating Company Inc. PAC.

## **Lobbying**

The Company and its subsidiaries have engaged registered lobbyists, both federal and state, to support legislative and regulatory activities.

These lobbyists are carefully selected following a due diligence review. Lobbyists performing work at a federal level on behalf of Southern Company are engaged with the approval of Southern Company's senior External Affairs Officer and Southern Company's Chief Compliance Officer. Lobbyists performing work at a state level on behalf of a Southern Company subsidiary are engaged with the approval of the subsidiary's senior External Affairs Officer and the subsidiary's Chief Compliance Officer. Contracts with lobbyists and other governmental affairs consultants must include provisions specifically designed to require compliance with applicable legal requirements and restrictions as well as company policies and procedures.

Management provides regular updates on lobbyists and lobbying activities to the Chief Executive Officer of the subsidiary or subsidiaries involved, to the Southern Company Management Council and to the Nominating, Governance, and Corporate Responsibility Committee of the Southern Company Board of Directors. The Committee also periodically reviews the Company's lobbying policies to ensure efficacy.

The Company, its subsidiaries, and their lobbyists are required to file lobbying reports with Congress and with state ethics agencies disclosing information about their lobbying activities. The Congressional reports—which include information on the issues lobbied, the agencies contacted, and the expenditures made—are available for public review on the websites of the U.S. House at [www.house.gov](http://www.house.gov) and the U.S. Senate at [www.senate.gov](http://www.senate.gov). State reports are made available for review by the state ethics agencies.

## **Trade Associations, Groups, and Coalitions**

Through memberships in trade associations, groups, and coalitions, Southern Company and its subsidiaries receive valuable input on issues important to their businesses. The trade associations, groups, and coalitions that Southern Company and its subsidiaries join represent a broad array of professional interests and conduct a wide variety of activities that support those interests. One of the many activities trade associations, groups, and coalitions participate in is lobbying.

Southern Company and its subsidiaries work with trade associations, groups, and coalitions in a variety of ways across numerous issues and practices. Some of these groups also engage in lobbying and advocacy efforts, and from time to time our companies participate in those activities. Depending on their mission and organization, these trade associations, groups, and coalitions also can be subject to lobbyist registration and disclosure reporting obligations.

Southern Company evaluates its participation in trade associations, groups, and coalitions that are active on climate issues. When we join and on a regular ongoing basis, Southern Company weighs the costs and benefits of continued membership and examines each group's policy alignment with the Company's business objectives. For example, Southern Company regularly assesses whether each group's position on climate change is consistent with the Company's goal to achieve net zero greenhouse gas emissions by 2050. From time to time, as a result of its evaluation, Southern Company determines not to renew its membership in a group.

Any payments of \$50,000 or more made by Southern Company or its subsidiaries to trade associations, groups, and coalitions engaged in lobbying are reviewed at least annually by the Nominating, Governance, and Corporate Responsibility Committee of the Southern Company Board of Directors. Southern Company will disclose on its website the trade associations, groups, and coalitions engaged in federal lobbying to which it and certain of its subsidiaries make yearly payments of \$50,000 or more.

## **Legal Compliance**

Southern Company and its subsidiaries undertake extensive activities on an ongoing basis to ensure that their employees and consultants abide by the many federal, state, and local laws that are applicable to their governmental relations activities and political expenditures. These legal requirements and restrictions relate primarily to lobbyist registration and reporting and to expenditures made in connection with governmental relations activities or expenditures made in connection with elections for public office and in connection with non-candidate state and local ballot initiatives such as referendums and constitutional amendments.

The applicable rules are the subject of numerous policies and procedures, guidance documents, contractual provisions, and employee training sessions. See, for example, Southern Company's Code of Ethics at [www.southerncompany.com/about/governance/values-and-ethics.html](http://www.southerncompany.com/about/governance/values-and-ethics.html).

Governmental relations compliance is a major focus of Southern Company's general ethics and compliance program. Representatives from the Company's major subsidiaries and business units have been appointed to a Governmental Relations Compliance Team that is devoted to the development, assessment, and documentation of government relations compliance activities.

On an annual basis, government relations compliance risks are assessed (with consideration of options for mitigating the risks) as part of Southern Company's risk analysis process.

### **Internal Auditing**

The Southern Company Internal Auditing organization periodically reviews governmental relations activities to assess their compliance with applicable laws, regulations, and Company policies and procedures.

Internal Auditing's findings are reported to the applicable subsidiary board and to the Audit Committee of the Southern Company Board of Directors.

### **Employees Personal Political Activities**

As stated in the Southern Company Code of Ethics, we value and encourage citizenship. Employees have the opportunity, as individuals, to support political candidates and engage in political activities of their own free choice, using their personal resources and subject to any applicable legal restrictions.

Moreover, as mentioned above, employees' personal political activities are not dictated or influenced by the private preferences of our companies' executives.

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