

2016  
CORPORATE  
RESPONSIBILITY  
REPORT

SUSTAINABILITY THROUGH INNOVATION



## Southern Company Environmental Information

### **ON THE WEB**

Southern Company publishes and periodically updates a number of detailed reports on environmental activities, which frame the issues and outline our actions to address them.

To access these reports, go to [southerncompany.com](https://www.southerncompany.com) and click on “**Environmental Reports**” under the “**What We’re Doing**” tab. Items include:

- Corporate Responsibility Report
- Coal Combustion Residuals Report
- Water Action Report
- Carbon Disclosure Report

## A MESSAGE FROM THE CHAIRMAN, PRESIDENT & CEO



Most companies come and go in a matter of years. They serve a need, then fizzle when the need no longer exists. Companies that last, on the other hand, commit to the community, embrace technology and transform themselves to meet customers' needs.

Southern Company is a lasting company.

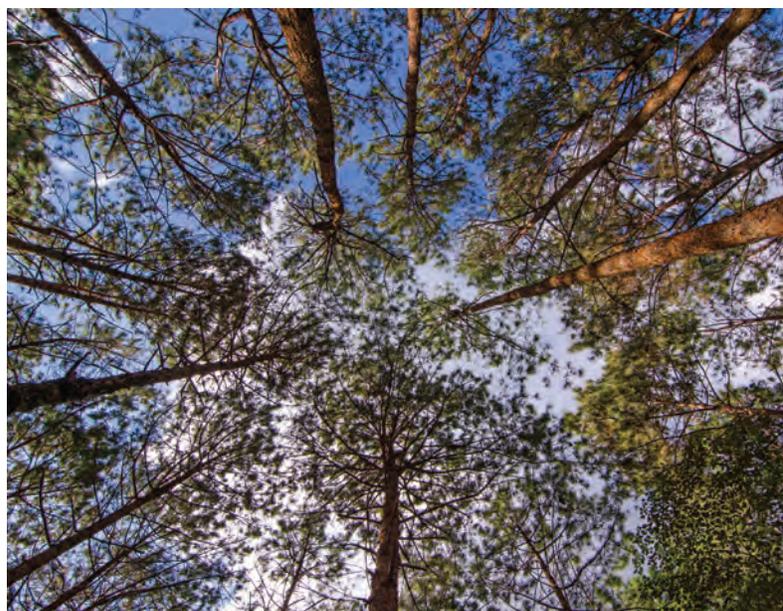
On January 5, 2016, we celebrated our 104th anniversary. I attribute the company's long-term success and positive impact on the community to our culture of sustainable innovation. Efforts that exemplify sustainability through innovation touch every aspect of Southern Company's business. That's how we have stayed relevant for more than a century.

A prime example is our industry leadership when it comes to **energy innovation**. In order to provide clean, safe, reliable and affordable power to millions of customers, we must continue to build and maintain power plants. These plants are long-life assets, some of which we strive to operate for many decades. Technological advances and population growth often spur us to identify innovative ways to generate energy and reduce emissions. This can be seen in Georgia Power's construction of two new nuclear units near Waynesboro, Georgia. These new nuclear units – which represent cutting-edge engineering and layer upon layer of redundant safety systems – will be among the first in the United States in more than 30 years.

Southern Company is the only electric utility dedicated to developing the full portfolio of resources for America's energy future. We are implementing new

technology designed to turn lignite coal into gas, which Mississippi Power will use at a new plant currently under construction in Kemper County, Mississippi, to provide cleaner electricity. And we're partnering with the U.S. Department of Energy to research the capture and storage of carbon dioxide to help keep coal a viable fuel option into the future.

A century ago, the southeastern U.S. was primarily agrarian and the population was sparse. Southern Company founder James Mitchell understood that electricity could attract manufacturing businesses. Today, we continue to be part of the team that has encouraged companies such as Kia, Airbus and Mercedes to come to the region. We're also proud of our dividend record. Dating back to 1948, Southern Company has continuously paid a quarterly dividend to its shareholders. In 2016, Southern Company raised the dividend on its common stock for the 15th straight year.



Another example of our sustainability efforts is the company's **committed governance**. Due to the regulated nature of our business, governance permeates everything we do. Southern Company has a management

council, board of directors, code of ethics and policies and procedures in place to ensure we are doing what is required. Our employees do what is right thanks to a cultural norm that we call *SouthernStyle*. Some see the tenets of *SouthernStyle* – unquestionable trust, superior performance, total commitment – simply as our core values. But they are so much more. I like to define actions as WHATs or HOWs. If following the rules is WHAT we do, then *SouthernStyle* is HOW we do it. And there is an expectation at Southern Company that all HOWs are done through collaborative leadership that keeps the goal in mind while preserving integrity and respect for all involved.

Most of the Southern Company system’s 27,000 employees reside in Alabama, Florida, Georgia or Mississippi. We live, work, play and volunteer with our customers. Because we are part of the community and our long-life assets avail us to being a permanent fixture in the communities we serve, **social responsibility** has become an important part of who we are. Our employees and retirees freely give more than 200,000 hours annually to improve the communities we serve. The Southern Company system and its employees are involved because these communities are our homes. The stronger we make them, the better off we will be individually, as a company and as a community.

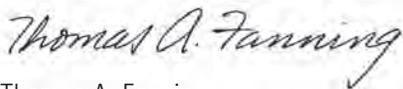
Our corporate responsibility program is dynamic; we are continually making adjustments as changes in technology, population and the regulatory environment occur. I believe we need a national energy policy that:

- enables continuous innovation in how electric utilities provide energy for our customers;
- maintains the availability of a diverse fuel mix;
- enables companies like Southern Company to continue to be successful; and
- helps save consumers money, generates jobs and reduces environmental impacts.

Throughout this brochure, you will read about our corporate responsibility efforts. We hope this gives you a sense of how sustainability through innovation benefits the customers and communities we are privileged to serve. If you are interested in more comprehensive information about our corporate responsibility efforts, please see our online Corporate Responsibility Report at <http://www.southerncompany.com/corporate-responsibility>.

Thank you for your interest in Southern Company.

Yours truly,

  
Thomas A. Fanning



## INNOVATION IN ENERGY

*The Southern Company system continually strives to reduce the environmental impact of its operations, help customers to use energy more wisely and promote diverse fuel options. Employees apply innovative technology and thinking while solving everyday problems and inventing new ways to make, deliver and reduce the environmental impact of the energy upon which our customers rely.*

A **diverse portfolio of available energy resources** consisting of carbon-free nuclear, 21st century coal, natural gas, renewables and energy efficiency is expected to meet growing customer demand and maintain reliability for generations to come.



We are **leading the nuclear renaissance** in the United States by constructing two new nuclear units at Georgia Power, representing a total investment of more than \$10 billion and will add more than 2,200 megawatts of emission-free capacity to the state of Georgia. The new units, which are expected to have a 60-year life, will help meet the significant demand increase expected by 2030 in the Southeast. Nuclear energy produces no greenhouse gas emissions, has unmatched reliability and can relieve cost uncertainty caused by coal and natural gas prices.

The **Kemper County energy facility** under construction at Mississippi Power is designed to capture at least 65 percent of carbon dioxide emissions,



which is expected to be sold as a useful product in oil recovery. This technology has other environmental benefits, including reduced nitrogen oxide, sulfur dioxide and mercury emissions.

**Smart grid investments**, including over 4 million smart meters that have already been installed throughout our system, will continue to serve as a communication connection with customers and enable them to save money by shifting electricity use to off-peak hours or trimming how much power they're using. Smart meters also reduce company vehicle use and the corresponding emissions.

We have helped customers **reduce energy usage and save money**. Since 2000, energy-efficiency programs have helped the Southern Company system reduce peak demand by more than 4,500 megawatts and avoid over 2.7 billion kilowatt-hours of energy use. That's enough electricity to power the cities of Savannah, Georgia, Birmingham, Alabama and Montgomery, Alabama for a year.

The Southern Company system leads the nation in **non-road electric transportation technology** through a multitude of total-electric non-road transportation and charging technologies. Non-road electric transportation is put to use at airports, seaports, rail yards, mines and distribution centers. Electric material-handling equipment is being used in almost every industry to move cargo, stock, pallets and other materials.



We're **reducing carbon emissions** by increasing the use of less carbon-intensive energy, including nuclear, hydro and renewables like biomass and solar. Southern Company's subsidiaries may self-build renewable generation and/or enter into power purchase agreements for energy and environmental attributes from generating facilities fueled by renewable resources. The companies retain the right to use the energy delivered as renewable energy for customers and retire the environmental attributes, as well as the right to sell the energy and the environmental attributes, separately or bundled together, to third parties at their sole discretion.



With Georgia Power's construction of new units 3 and 4 at Plant Vogtle, we are among the first utilities in 30 years to build new nuclear. In addition, through our subsidiary Southern Power, we operate one of the nation's largest

wood biomass plants in Texas. In fact, since January 2012, the Southern Company system has announced or completed over 4,000 megawatts of renewable energy generating capacity, in addition to an existing 3,100 megawatts of renewable, hydro-based generation. The system's renewable energy portfolio now includes 55 solar projects in seven states, including Georgia Power's development of the nation's largest voluntary solar initiative. A key component of this growth in renewable generation is our collaboration with military customers to help them fulfill their renewable requirements. Over 300 megawatts of solar generating capacity has been announced or installed on military bases in Alabama, Florida, Georgia and Mississippi.

In addition to solar projects, we are also growing wind assets. With the recent start-up of the 299-megawatt Kay Wind and the 151-megawatt Grant Wind facilities in Oklahoma, the system now boasts more than 1,280 megawatts of wind-based energy.

The system's 32 hydro facilities in Alabama and Georgia continue to provide clean, renewable energy. In 2015, the system generated more electricity from natural gas than coal, representing a continuing shift from our historical fuel mix.

Our **carbon capture research** includes our landmark start-to-finish post-combustion carbon capture demonstration

at Plant Barry in Bucks, Alabama The captured carbon from Plant Barry will be stored back into the earth in a saline geologic formation. Another clean coal technology developed by Southern Company is Transport Integrated Gasification, or TRIG™, which uses air rather than pure oxygen – and lower-grade lignite coal – to more affordably gasify coal. TRIG™ and other technologies tested in research programs at the National Carbon Capture Center we manage in Wilsonville, Alabama, are aimed at making carbon dioxide capture and geological storage more effective and cost-efficient.

We are the industry leader in water conservation technology. The company’s Water Research Center at Plant Bowen in northwest Georgia enables companies worldwide to test technologies to improve water efficiency. In 2015, we withdrew approximately 3.8 billion gallons per day from surface waters, an 18 percent reduction from 2014 -- primarily due to the retirement of units with once-through condenser cooling. Over the past five years, approximately 94 percent of the water withdrawn has been immediately returned to the source, where it is available for downstream use. The company continues to evaluate technologies to further improve water management efficiency.



We **manage land resources and biodiversity** for the benefit of customers, communities and the environment. The Southern Company system has opened more than 120,000 acres of land leased for public use through



hunting leases or operated by state agencies as Wildlife Management Areas.

In managing lakes, shorelines and natural areas, the Southern Company system balances generation, environmental and economic factors. Southern Company manages three major conservation programs in partnership with the National Fish and Wildlife Foundation to protect and restore wildlife and habitats in the Southeast.

**Reduce, reuse, recycle** is the company’s philosophy on waste. The Southern Company system operates an aggressive program that recycles paper, cardboard, plastic, wood, electronic waste and metal. On average, almost 50 percent of the system’s coal combustion residuals (CCRs) were recycled in 2015, including over 1.43 million tons of ash and 850,000 tons of gypsum. Ash is used primarily in concrete and cement, and gypsum is used as an agricultural soil amendment and in building products.

Making **our own operations sustainable** is a focus area. One of the ways we are showing that we “walk the walk” is by obtaining LEED (Leadership in Energy and Environmental Design) certification for buildings we manage, including the Georgia Power corporate headquarters, Gulf Power distribution operations center and Alabama Power power delivery training building in Calera, Alabama, which was the first GOLD LEED building certified in Alabama.



## ECONOMIC STEWARDSHIP

*The Southern Company system's core commitment is to provide clean, safe, reliable and affordable electricity to customers. Additionally, we serve the interests of our shareholders and communities through economic stewardship efforts.*

**Long-term investor growth** has been shown by Southern Company common stock outperforming the Standard & Poor's 500 Index over the long term, producing an average annual total return of 8.1 percent over the 10-year period, 11.2 percent over the 20-year period and 13.0 percent over the 30-year period ending December 31, 2015.

Southern Company investors have received **consistent quarterly dividend payments**. In the first quarter 2016, the company marked 68 years of dividend payments, dating back to 1948. Southern Company recently raised the dividend on its common stock, marking the 15th straight year that it has done so.

Economic development efforts have brought **an average of 34,000 new jobs and \$24 billion in capital investment each year** to the southeastern United States. Each of Southern Company's traditional operating companies – Alabama Power, Georgia Power, Gulf Power and Mississippi Power – has an economic development program that works to bring companies and jobs to the



## SouthernStyle

*The actions of our people are our company, and our people exhibit these behaviors and model these values... SouthernStyle.*

**Unquestionable Trust**

**Superior Performance**

**Total Commitment**

region. Southern Company is also proud of the fact that our two largest construction projects – two new nuclear units under construction at Georgia Power and a lignite-fueled generating facility under construction at Mississippi Power – have generated thousands of jobs.

- Construction of two new nuclear units near Waynesboro, Georgia, is employing more than 5,000 people during construction and is expected to create 800 permanent jobs when the plant begins operating. The project represents a more than \$10 billion investment in Georgia.
- The lignite-fueled generating facility being built in Kemper County, Mississippi, has created more than 3,500 new construction jobs and involved nearly 400 Mississippi companies. When put into operation, the facility is expected to require approximately 300 permanent employees.

Through 2015, the Southern Company system has invested approximately \$11.4 billion to put environmental control technologies to work for customers, and plans to spend an additional \$1.8 billion over the next three years to comply with environmental regulations. These controls have reduced emissions of nitrogen oxide, sulfur dioxide and mercury.

**Competitive electric prices** are a business imperative. Our prices have been below the national average for the past quarter century.

A **diverse supplier base** maximizes the value of the Southern Company system's supply chain. We purchase from more than 3,000 small and diverse businesses annually and have spent \$4 billion with them over the past five years.

## COMMITTED GOVERNANCE

*The Southern Company system's comprehensive governance program sets the highest standards for its employees, officers and directors. The system works to meet all disclosure requirements and to serve as a model of transparency for all corporations.*

SouthernStyle is the company's model for **corporate and professional values**. Employees are expected to exhibit the three tenets of SouthernStyle – unquestionable trust, superior performance and total commitment – in every interaction, every day.



A **fully integrated ethics and compliance framework** includes the Southern Company compliance officer reporting structure, which involves subsidiary compliance officers, the ethics and compliance council and compliance



governance teams. Also defined in the framework are the various reporting and investigative programs designed to ensure potential issues are effectively brought to management's attention. Additionally, each employee assumes responsibility for ethics and compliance through ongoing training and an annual compliance questionnaire.

Southern Company's **code of ethics sets clear expectations** for employees. The Corporate Concerns program provides employees with a confidential reporting line and objective evaluation of any potential breach of the code of ethics that is reported.

Southern Company's management council includes operating company presidents and other key executives who serve to **identify and incorporate emerging issues**, including those related to economic, environmental and social aspects, into company policy. Through formal and informal gatherings, management council members regularly seek opportunities to communicate with employees at all levels.

**Southern Company's CEO and 14 independent directors**, with diverse skills and experience, comprise the company's board of directors. Board members

serve on the audit, compensation and management succession, finance, governance and nuclear/operations committees, providing review and oversight of these functional areas.

**Stakeholder engagement** involves interfacing with a diverse and widening group of stakeholders with interests in reliable and affordable energy, shareholder value, economic growth, community support, the environment and more. Southern Company is using feedback from stakeholders to improve the way we report information to the public.

**For public view** on the company website are all Southern Company Security and Exchange Commission filings, including all Forms 10-K and 10-Q and SEC filings by directors and officers, at <http://www.southerncompany.com/secfilings>. Southern Company also annually reports its political spending and provides a list of trade associations and coalitions engaged in lobbying-related activities that received payments of \$50,000 or more. This information, together with overviews of the policies and practices for political spending and lobbying-related activities, can be found at <http://www.southerncompany.com/politicalcontributions>.

## SOCIAL RESPONSIBILITY

*An early company leader coined the phrase “A citizen wherever we serve.” The Southern Company system invests in people and the community and honors our commitment to citizenship. The company and its employees have learned that the more you serve and help the communities that you serve, the stronger they – and you – become.*

**Every job. Every day. Safely.** This tagline stresses what the company’s Target Zero safety program aims to achieve: zero accidents. Safety, for the public and employees, is Southern Company’s priority. Safety goals are in every employee’s performance goals and the company has a policy to begin every meeting with a safety message. During 2015, 99.35 percent of system employees worked injury free. Since introducing Target Zero in 2005, the Southern Company system has reduced the rate of employee injuries by 68 percent.



health, human services, education, arts and culture, local community initiatives and the environment. Our foundation and corporate giving programs contributed more than \$45 million to nonprofit organizations in 2015. Additionally, employees contributed more than 200,000 volunteer hours.

Renew Our Rivers is a **volunteer program to clean waterways** in the Southeast. Renew Our Rivers has grown from a single river cleanup event to a nationally recognized campaign that includes river systems in Alabama, Georgia, Mississippi and the Florida Panhandle. Since the program began in 2000, system employees have helped remove more than 14.2 million pounds of trash from lakes and rivers. Renew Our Rivers has been recognized with numerous prestigious awards.

Throughout its history, the Southern Company system has developed and sustained a **highly skilled and stable workforce** that fuels its superior performance in reliability, customer satisfaction and shareholder return. Across the system, our average employee age is 45, with an average tenure of 16 years. Turnover averaged about 5.4 percent in 2015 in an industry that ranks low in employee turnover.



The charitable foundations at Southern Company’s operating companies and departments within the company provide **grants and donations to nonprofit organizations**. Foundation giving is focused on



System employees bring a strong sense of commitment to their work. Results of our most recent employee engagement survey show that 90 percent of the workforce has a **high level of engagement**. Our overall scores are above utility and general industry benchmarks.

In addition to offering competitive compensation and benefits programs that both attract new employees and retain employees, the Southern Company system provides its employees **opportunities to learn,**

**grow and advance in their careers.** In 2015, we completed 426 employee transfers between our subsidiaries, providing new opportunities for employees to expand their knowledge of our industry and business operations. We promoted 225 employees to first-time supervisory roles.

This **focus on valuing and developing employees** is reinforced through performance management efforts for all employees by leveraging diversity in every aspect of the business and by cultivating an innovative culture throughout the company.

Our system is **readying itself for workforce transitions** brought on by a large segment of the employee population becoming eligible for retirement. In addition to general recruitment efforts, the company has joined forces with high schools, technical schools and colleges to recruit and prepare students to pursue careers in power generation, power delivery and nuclear energy. The company's military partnerships and recruitment efforts continued to have a significant impact on its hiring over the last few years. In 2015, 13 percent of new hires were veterans, National Guard or reservists.



# SOUTHERN COMPANY RECOGNITION

## INDUSTRY

- 2010-2016 **World's Most Admired Electric & Gas Utilities** – *Fortune* magazine
  - One of only two companies in the top three for each of the past seven years
- 2015 **John D. Dingell Award** – for constructive partnership with labor
- 2015 **Top U.S. Utility for Investor Relations** – *IR* magazine
- 2015 **Top Five Spots in Customer Value Benchmark survey**
- 2015 **Top Utilities in Economic Development** (Alabama Power, Georgia Power, Mississippi Power) – *Site Selection* magazine
- 2014 **Operating companies ranked among best in nation for customer service** – J.D. Power and Associates survey
- 2014 **Most Trusted Residential Electric Utility in America** (Alabama Power) – Lifestory Research
- 2014 **National Key Accounts Customer Service Award** – Edison Electric Institute
- 2012-2014 **Top-ranked CEO** among large cap electric utilities by buy-side analysts

## ENVIRONMENTAL

- 2015 **R&D 100 Awards** – *R&D* magazine
  - Gold award for corporate social responsibility for process developed at 25-MW carbon capture project
- 2015 **Electric Power Research Institute Technology Transfer Awards**
  - For work applying R&D to solve critical electric utility industry environmental issues

- 2014 **Investor-Owned Utility of the Year** (Georgia Power) – Solar Electric Power Association
- 2014 **Top 100 Sustainable Energy Companies in the Southeast** – Southeastern Corporate Sustainability rankings
- 2014 **Southeastern Electric Exchange Industry Excellence Chairman's Award**
  - For 25-MW carbon capture demonstration project

## EMPLOYMENT

- 2016 **Top 50 Companies for Diversity** – DiversityInc
- 2016 **Top 10 Companies for Opportunity** – DiversityInc
  - Top-rated company in America
- 2016 **Top 10 Companies for Veterans** – DiversityInc
  - Top-ranked energy company
- 2016 **Best for Vets Employer** – *Military Times EDGE* magazine
  - Seven consecutive years
- 2015 **Top 50 Employers** – *Careers and the disABLED* magazine
- 2015 **40 Best Companies for Diversity** – *BlackEnterprise* magazine
- 2015 **Top 100 Military-Friendly Employer** – *GI Jobs* magazine
  - Top-ranked utility for 8 consecutive years
- 2015 **40 Best Companies for Diversity** – *Black Enterprise* magazine
- 2015 **Most Valuable Employer for Military®** – CivilainJobs.com
  - Six consecutive years

## ABOUT SOUTHERN COMPANY

With 4.5 million customers and approximately 44,000 megawatts of generating capacity, Atlanta-based Southern Company (NYSE: SO) is the premier energy company serving the Southeast through its subsidiaries. A leading U.S. producer of clean, safe, reliable and affordable electricity, Southern Company owns electric utilities in four states, a competitive generation company serving wholesale customers across America and a nationally recognized provider of customized energy solutions, as well as fiber optics and wireless communications. Southern Company brands are known for excellent customer service, high reliability and affordable prices that are below the national average.

### **Cautionary Note Regarding Forward-Looking Statements:**

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 capital expenditures and completion and cost of ongoing construction projects. Southern Company cautions that there are certain factors that could 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 fiscal year ended December 31, 2015, 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, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric utility industry, environmental laws regulating emissions, discharges, and disposal to air, water, and land, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; current and future litigation, regulatory investigations, proceedings, or inquiries, including, without limitation, Internal Revenue Service and state tax audits; the effects, extent and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, variations in demand for electricity, including those relating to weather, the general economy and recovery from the last recession, population and business growth (and declines), the effects of energy conservation and efficiency measures, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies; available sources and costs of fuels; the ability to control costs and avoid cost overruns during the development and construction of facilities; the ability 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; advances in technology; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and other cost recovery mechanisms; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia Public Service Commission ("PSC") approvals and Nuclear Regulatory Commission actions and related legal proceedings involving the commercial parties; actions related to cost recovery for the Kemper

IGCC; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating and constructing nuclear generating facilities; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the expected timing, likelihood, and benefits of completion of the proposed acquisition of AGL Resources Inc.; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or terrorist incidents and the threat of terrorist incidents; interest rate fluctuations and financial market conditions and the results of financing efforts; changes in Southern Company's and any of its subsidiaries' credit ratings; the impacts of any sovereign financial issues; the ability of Southern Company's subsidiaries to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, hurricanes and other storms, droughts, pandemic health events such as influenzas, or other similar occurrences; and the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid or operation of generating resources. Southern Company expressly disclaims any obligation to update any forward-looking information.

