

2022 CORPORATE SUSTAINABILITY REPORT

AEP's 2022 Corporate Sustainability Report marks our 16th year reporting on our environmental, social and governance performance. A lot has changed since our first report, however, one thing that remains the same is our commitment to a sustainable energy future. We invite you to explore our latest report and comprehensive [ESG Data Center](#).

Corporate Sustainability Report

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AEP'S DECARBONIZATION STRATEGY

Having a modern, reliable, resilient and secure grid is vital to our clean energy transformation. Investing in the grid enables AEP's decarbonization strategy as we prepare to accommodate new, cleaner grid resources and set to achieve net-zero emissions by 2050.

[Learn more](#)

A MESSAGE FROM THE CHAIRMAN

"When I think about the future of energy, I see a world that is electric. As the economy embraces electrification to decarbonize the climate, our responsibility is to deliver clean, reliable, and affordable electricity that is secure, resilient and equitable. Electricity is the anchor of modern society, and we are essential partners in America's clean energy transition. I am humbled by all that we have accomplished together and excited by the possibilities that lie before us. I invite you to join us on this electrifying journey."

[Read more](#)





Just Transition

Together, with our communities, we are transitioning to a clean energy economy.

[Learn more](#)



Electrification

Investing in smart grid technologies to advance electric transportation.

[Learn more](#)



Diversity, Equity & Inclusion

Advancing equity for our employees, customers and neighbors.

[Learn more](#)



Energy Access & Affordability

At AEP, understanding the needs and preferences of our customers is critical to our ability to deliver safe, clean, reliable and affordable energy. We are working to meet and engage with our customers where they want to connect, while expanding programs and digital capabilities that are inclusive and accessible to all customers.

[Learn more](#)

A MESSAGE FROM THE CHAIRMAN

When I think about the future of energy, I see a world that is electric. As the economy embraces electrification to decarbonize the climate, our responsibility is to deliver clean, reliable and affordable electricity that is secure and resilient. At AEP, we add to that an obligation that the grid of the future provides equitable access for all its users. Our commitment to reach net-zero carbon emissions by 2050 is unwavering. We've already made significant progress and also committed to a just transition for our employees and our communities with a focus on inclusiveness, equity and collaboration. Our vision of powering a brighter, cleaner energy future together reflects the spirit and determination of our workforce to do what's right for our customers, communities, investors and other stakeholders.

The transition to a sustainable, clean energy future has many pathways within industry sectors, across rural and urban areas, and through policy development. Electricity is the anchor of modern society, and we are essential partners in America's clean energy transition.



Nicholas K. Akins, Chairman, President & Chief Executive Officer

PROTECTING THE GRID

Our industry plays a pivotal role in shaping America's future, as it has for more than a century. Protecting and securing the electric power grid from cyber and physical security threats is essential to safeguarding our way of life. A resilient, secure power system is foundational. But we are being tested by geopolitical events as never before. Maintaining grid security and resilience is critical in our clean energy transition. AEP is actively engaged with the U.S. Electricity Subsector Coordinating Council and with other government and private sector partners to address emerging threats and protect the flow of energy.

SAFETY, HEALTH & THE PANDEMIC

At AEP, we are as committed as ever to our Zero Harm journey: Everyone goes home in the same condition as when they came to work. We were pleased that we had no work-related employee or contractor fatalities in 2021. In 2021, our safety performance dipped below 2020 – which was our safest year on record. We are refocusing our efforts through leadership commitment and employee engagement to strengthen our safety culture and reinforce work practices. Our employees embrace the importance of Zero Harm for themselves, their families and their coworkers. I am proud of this commitment to our most important core value.

The pandemic continued to create unexpected and persistent challenges for us, testing us in ways previously unimaginable. COVID-19 is undiscerning in its spread and the consequences hit close to home at AEP. Our AEP family lost co-workers, friends and family members during the pandemic, which was felt deeply across the company.

Through the pandemic, we continued taking all appropriate precautions to keep employees safe and provide them with additional support through our Employee Assistance Program when they needed it. Although we have begun returning to some pre-pandemic activities, we remain vigilant and cautious. The resilience and perseverance of our employees throughout this public health crisis, never wavering from our commitment to serve our customers, is inspiring.

AEP'S SAFETY AND HEALTH GOAL

ACHIEVE ZERO HARM

**Because We Care that
everyone goes home in
the same condition as
when they came to work.**



A DECADE OF TRANSFORMATION

When I became CEO of AEP in 2011, we were in the early stages of our clean energy transition. At the time, less than 5% of our generating portfolio was renewable generation. Today, 20% of our portfolio is now renewables. From 2011 through 2021, we retired or sold more than 13,700 MW of coal-fueled generation. We're working to shift our generation portfolio to more than 50% renewable resources by 2030.

We have taken a thoughtful approach in our transition to a clean energy economy, being mindful of the potential implications this may have on some of our stakeholders. We listened to our stakeholders, worked with regulators, and remained committed to our customers. We've been candid and transparent about the difficulty of the transition and intentional in our decisions. And we never compromised on reliability or security. I want to thank our stakeholders for being on this journey with us. We did not always agree, but they willingly engaged with us, challenged us and collaborated on solutions.

In 2021, we set new carbon reduction goals – net-zero by 2050 with an interim goal of 80% reduction by 2030 (from a 2000 baseline). We have reduced carbon emissions by 70% and are on track to reach our 2030 goal. We also announced a goal to add approximately 16 gigawatts of new renewable energy to our fleet. We completed the 1,484 MW North Central Energy Facilities in March 2022 and are now delivering lower-cost, clean energy to our customers in Oklahoma, Louisiana, and Arkansas. Maverick and Sundance wind farms began commercial operations in 2021 and a third facility, named Traverse, came online in March 2022. The Traverse project is the largest single wind farm built at one time in North America. We have requests for proposals for additional renewable energy and updated resource plans in nearly all of our states to continue to advance our clean energy strategy.

Decarbonizing our generating fleet is only part of our story. We are also taking important, meaningful steps to support electric vehicle growth, expand broadband to unserved rural communities, and lay the groundwork for a just transition as we retire coal units.

AEP is a founding member of the National Electric Highway Coalition. This collaborative will support the deployment of EV fast-charging infrastructure along major travel corridors throughout the United States, enabling EV drivers to travel with confidence. This important network supports public acceptance of the future of mobility – electric.

AEP'S CARBON EMISSION REDUCTION GOALS

NET-ZERO BY 2050

80% reduction by 2030*



*From a 2000 baseline

ADVANCING AEP'S CLEAN ENERGY TRANSFORMATION



ADD CLEAN WIND & SOLAR GENERATION

Proposing to add
~16,000 MW
(2021–2030)



INCREASE RENEWABLE GENERATING PORTFOLIO

Our renewable portfolio
will represent ~50% of our
total capacity by 2030



MODERNIZE THE ENERGY GRID

65% of our capital
allocated to wires
(2022–2026)



REDUCE CARBON EMISSIONS

Achieve net-zero
emissions by 2050



REDUCE COAL CAPACITY

~5,300 MW
planned reduction
(2022–2028)

JUST TRANSITION

For every job lost at a retired coal plant, an average of two to three jobs are also lost in the broader local economy. The economic impact of retiring more than 5,300 MW of additional coal capacity by 2028 could significantly challenge parts of our service area. Our focus on Just Transition is to help ensure we don't leave people behind as we shift to a new energy future. Southwestern Electric Power Company (SWEPCO) and the Pirkey Plant partnered with the Just Transition Fund to organize a community-driven Transition Task Force. With more than two dozen community stakeholders and leaders – including school districts and government and civic organizations – participating, the Task Force developed a high-level action plan that lays the groundwork for life after the plant retires in 2023.

I am also pleased to share that within one year of announcing the plant's retirement, 75% of employees have found new jobs within AEP/SWEPCO or outside of the company or decided to retire when the plant retires. This work will serve as a model for future plant retirements, proving that this socio-economic aspect of decarbonization is strategically important and necessary.

BROADBAND

Our middle-mile broadband expansion strategy will bridge the urban-rural digital divide, bringing broadband infrastructure where it makes sense to do so and leveling the playing field for rural America. We are using the infrastructure that brought electricity deep into rural areas during the last century to bring fiber to rural areas today. Appalachian Power secured legislative support for electric utility participation in rural broadband expansion, developed partnerships with internet service providers (ISPs) and pursued state and federal middle-mile funding opportunities to offset costs. In December 2021, our ISP partner connected to the first customer in Grayson County, Virginia. Projects currently underway in West Virginia and Virginia will make broadband access available to underserved or unserved customers, and broadband

expansion is also moving forward in other states as well.

OUR WORKFORCE, OUR FUTURE

The pandemic brought the most rapid workforce transformation we have seen in some time, supported by digitization, automation and innovation. Today, the new normal is a variety of work models and work environments. Approximately 45% of our workforce is now hybrid or remote. We are encouraging employees to adopt a continuous learning mindset and giving them tools and increased educational support.

We continue to be committed to a culture that values safety, inclusiveness, innovation, ethical behavior and engagement. The pandemic taught us that empathy is also critical. The well-being of our employees was paramount over the past two years. We enhanced our Employee Assistance Program, communicated frequently and provided resources to support employees' mental and financial health needs, as well as their physical and social well-being.

The strength and health of our culture is critical to executing on our strategy. We are immensely proud to have received the Gallup Exceptional Workplace award for the third consecutive year. This prestigious award recognizes our highly engaged culture and our commitment to each other.

We remain deeply committed to increasing the diversity of our workforce, building a talent pipeline that provides clear career advancement for women and underrepresented groups into mid- and executive-level jobs and is increasingly reflective of the communities we serve. We are making progress on this front, but it is a journey that requires ongoing focus.

AEP'S CULTURE GOAL

ENSURE AN ENGAGED, COLLABORATIVE & APPRECIATED WORKFORCE

by measuring our
culture journey through
our annual employee
culture survey

MEETING CUSTOMER & COMMUNITY NEEDS

The relationship we have with our customers continues to evolve on the grid. As more customers electrify their homes and businesses, creating new sources of demand from and on the grid, we are engaging in new ways to manage increased load. The investments we are making in transmission and distribution will support greater connectivity with our customers while focusing on optimization and efficiency of resources that will ensure accessibility and affordability.

Global supply chain issues are creating opportunities to bring manufacturing and jobs back to the U.S. Our service territory is business friendly, has relatively low electricity rates and has the infrastructure needed to support manufacturing and industrial development.

In 2021, AEP facilitated or supported more than 100 projects that will bring more than 37,800 new jobs to our 11-state service territory. These efforts resulted in major investment announcements including Nucor's most advanced, lowest emission sheet mill in West Virginia and Intel's plans to build the world's largest semi-conductor factory in central Ohio.

Supporting our communities also means rolling up our sleeves as volunteers and targeting our philanthropic giving on housing, food, education, public health, the arts and other areas of focus where our support is needed. In 2021, AEP and the AEP Foundation provided \$35.1 million in contributions and grants to nonprofit organizations.

AEP contributed over
\$35.1 MILLION

to support over 1,500
organizations during 2021

RACIAL & SOCIAL JUSTICE

In 2021, the AEP Foundation launched the Delivering on the Dream: Social and Racial Justice grant program. This five-year, \$5 million initiative is designed to fund organizations whose programs are advancing racial and social justice in the communities AEP serves. We have already made more than a dozen grants across our service territory.

We also developed an environmental and social justice policy that took effect January 1, 2022. We developed this policy to ensure an even stronger commitment to proactive stakeholder engagement and ongoing consideration of the environmental and social impacts of our decisions. It gives us an opportunity to demonstrate our commitment to ensuring investment equity as we modernize the power grid and transition to a new era of clean energy.

STRONG GOVERNANCE

The service we provide directly impacts quality of life, economic prosperity, health and well-being, and national security. We take that responsibility to heart. That is why strong governance is essential.

Our management team and Board of Directors are committed to purposeful decision-making, acting ethically and with integrity, providing oversight of our sustainability strategy, managing risks and opportunities, and holding ourselves accountable. We do this to promote the long-term interests of our shareholders, operate in the best interest of our customers and employees, and to be a good corporate citizen.

Our board members bring skills, experience and expertise that are critical to AEP's transformation. We currently have the most diverse board in our history with women representing 33% of the board and minorities 25%. Sara Martinez Tucker was elected Lead Director of the Board early this year, marking the first time a woman has held this role. Her experience on other corporate boards and her executive positions in education, government and the highly regulated telecommunications industry have brought incredibly valuable perspectives to AEP.

Ben Fowke, former chairman and CEO of Xcel Energy, and Lou Von Thaer, chairman and CEO of Battelle, joined the AEP board this year. Both bring valuable experience in energy transformation, energy policy, technology and security.

BOARD COMPOSITION

Average tenure at AEP

6.5 YEARS 

92% INDEPENDENT

11 of 12 Board members are independent

At AEP, our Board is made up of



*Represents data after annual meeting in April 2022

THE FUTURE IS ELECTRIC

After a decade of leading AEP, I am humbled by the journey and all that we have accomplished together. From our safety performance and culture transformation to our clean energy transition and enhanced customer experience, we've consistently delivered value and operational excellence. We also delivered consistent earnings, dividend growth and a strong balance sheet and pioneered new technologies. AEP's spirit of innovation and deep commitment to our customers and communities and to one another are foundational, and our focus on accountability and an open and inclusive environment have supported this success.

The future will continue to disrupt our industry's business model enabling economic transformation on a new scale. For more than a century, our industry has kept the lights on for every American. We are building on this legacy to create a new, cleaner energy future that keeps electricity accessible, affordable, reliable, and secure for everyone.

As we do this, we will continue to invest in innovation, develop our workforce, protect the safety of our employees and the public, operate efficiently and keep costs reasonable. We will continue to be a force for good in our communities. This includes building upon our outreach to marginalized and low wealth communities who may be impacted by our business. Above all, we will do this while delivering on customer expectations around the clock, every day.

I am excited by the possibilities that lie before us. The work we have done thus far sets the stage for a low-carbon, efficient and decentralized electric power system that balances demand, production, customer control, and technology with affordability, security and equitable access. I invite you to join us on this electrifying journey.

Thank you,



Nicholas K. Akins
Chairman, President & Chief Executive Officer
American Electric Power

AEP'S STRATEGY FOR THE FUTURE

Strong financial and operational performance is inextricably linked to robust environmental, social and governance (ESG) practices and strategy. Awareness of how ESG impacts the full value-chain helps to inform business decisions while delivering results. Whether aligning our capital investments with our decarbonization and grid modernization strategy, or our commitment to a strong safety culture and governance practices, AEP's efforts to integrate ESG into the business deliver short- and long-term value for all stakeholders.

STRONG OPERATIONAL PERFORMANCE = FINANCIAL SUCCESS

Our employees serve as critical enablers of long-term growth and success. Their continued commitment to operational efficiency, sustainability, and leveraging innovation and agility to drive down costs not only improves business practices but also enhances the value we bring to our customers and communities. Our company's adoption of a continuous improvement mindset enables creative thinking and collaboration while we work toward meeting our financial and operational targets.

This was reflected in our strong financial performance in 2021. Our continuous improvement efforts, commitment to ESG, and investments in a clean energy future contributed to \$16.8 billion in revenue in 2021 compared with \$14.9 billion in 2020. We also achieved strong 2021 operating earnings of \$4.74 per share, in the upper half of our earnings guidance range. This steady and consistent earnings growth demonstrates our track record of investing capital and optimizing our portfolio to support earnings growth. As a result, we increased our long-term growth rate target to 6% to 7% and raised our operating earnings guidance range to \$4.87 to \$5.07 per share for 2022.

INVESTING IN A CLEAN ENERGY FUTURE

Our financial strength and organic growth opportunities create a flexible capital investment pipeline that will support the transformation of AEP's generation fleet while keeping customer rates affordable. From 2022 through 2026, AEP plans to invest \$38 billion in capital with an emphasis on transmission, distribution and regulated renewable energy with the ability to shift capital as needed. We plan to allocate \$24.8 billion to transmission and distribution to construct a more efficient and reliable grid for customers. During the same period, we plan to invest \$8.2 billion in regulated renewable generation. We eliminated growth capital in our Generation and Marketing segment as we announced our intention to sell some or all of our unregulated renewable assets. This will provide additional capital to invest in our core regulated businesses to support rebuilding and reinforcing the grid and enhancing service for customers.

Our plan to invest 21% of our capital over the next five years in regulated renewable energy will advance us toward our goal of having approximately half of our nameplate capacity come from clean energy by 2030. This plan is in direct alignment with our decarbonization strategy to transition toward a cleaner more modern grid while delivering tailored energy solutions to our customers and is underpinned by our operating company integrated resource plans.

Our continued transformation of our generation fleet and other operations supports our strategy to invest in a clean energy future. AEP's planned retirements of more than 5,300 MW of coal plant generation between now and 2028 strengthens our ability to invest in projects that support our decarbonization strategy and carbon reduction goals. Learn more about our strategy in the [Decarbonization section](#).

AEP'S STRATEGIC VISION

Strategy	Top Priorities
Clean Lead the transformation to a clean energy economy through electrification and zero carbon resources	<ul style="list-style-type: none">Transform all parts of our business to align with AEP emission reduction goalsImprove the reliability and resiliency of the grid to facilitate a clean energy economy for our communities
Customer- & Community-Centric Growth Aggressively expand investments and service offerings	<ul style="list-style-type: none">Advance electrification of the economySupport and build thriving communities through economic development and job growthDiversify our asset base and service offerings
Innovate & Achieve Continue to raise the bar in operational excellence and empower teams to integrate technologies, analytics and risk mitigation tools for the benefit of our customers and communities	<ul style="list-style-type: none">Achieve 6%-7% per year earnings per share growth and maintain at least a BBB Stable/Baa2 Stable credit ratingEmpower our teams to continually innovate solutions in all aspects of our businessBe best in class in cost and operational excellence through our continuous improvement foundation of Achieving Excellence
Affordable Relentless pursuit of affordable energy solutions	<ul style="list-style-type: none">Be an industry leader in cost efficiencyGrow our business while keeping rates at or below regional averageEnsure cost competitiveness with leading technologies
Engage Equip our workforce and improve our	<ul style="list-style-type: none">Achieve Zero HarmBe a great place to work

In an effort to link AEP's financial strategy with our clean energy commitments and social values, we announced a [Sustainable Finance Framework](#) in August 2021. This Framework allows the company and our subsidiaries to issue green, social and sustainability-linked bonds, green loans, or other financial instruments – opening access to new, competitive financing markets. It also links our clean energy strategy with our capital expenditure strategy through direct finance options. In addition to supporting renewable projects, the Framework may also support future energy efficiency and clean transportation efforts, and increase access to essential services and socioeconomic advancements, such as broadband. The Framework is in alignment with the United Nations Sustainable Development Goals and international principles for these types of financing instruments.

Following the launch of the Framework, AEP secured more than \$1.4 billion through two green bond offerings to support the North Central Energy Facilities (NCEF) in Oklahoma. The NCEF wind projects provide 1,484 MW of clean energy to customers of AEP's Public Service Company of Oklahoma (PSO) and Southwestern Electric Power Company (SWEPCO) subsidiaries. The projects create enough energy to power 440,000 homes and, most importantly, will save PSO and SWEPCO customers in Oklahoma, Louisiana and Arkansas an estimated \$3 billion, net of cost, in electricity costs over the next 30 years.

Electric utilities play a vital role in decarbonizing and electrifying our economy. This includes investing in smart grid technologies to support Electric Vehicle (EV) charging infrastructure, deploying cost-saving customer programs, and influencing public policies to support the continued growth of electric transportation options. AEP's electric transportation initiatives are critical to supporting this growth, including providing customers with accessible and affordable charging options and identifying and supporting EV-ready sites for our customers and communities to support this transition.

Investing in the strength and resilience of our communities is essential to serving evolving societal needs. This includes investing in infrastructure to support our growing telecommunication needs. Over the past five years, we've expanded and modernized our telecommunications system to support our growth. We now have one of the largest private networks in the United States. We continue to explore opportunities to leverage our system to support broadband expansion in rural and underserved areas. Broadband technology has proven to be critical to the economic development and well-being of rural America and other underserved areas, especially as businesses and schools continue to move toward an increased remote working environment. Learn more about our broadband initiatives in the [Broadband Accessibility section](#).

Risks and threats are inevitable aspects of every business that requires diligent monitoring, management and mitigation. Whether the threat is universal, posing a risk to every business –such as the global pandemic, security breaches and supply chain shortages and disruptions – or more industry-specific, such as extreme weather, companies require dynamic and agile risk management efforts to identify and mitigate these threats. Learn more about how AEP is managing and mitigating some of these threats in the [Cyber & Physical Security section](#).

Executing our strategy would not be possible without the innovation and engagement of our workforce. They are the heart of our company, grounding us in our values of safety, community, culture, and diversity, equity and inclusion. We will continue to lean in with our employees to address significant issues from racial, social and environmental justice to safety and human rights as we help build strong communities.

MONITORING ESG RISKS & OPPORTUNITIES

The evolution of corporate sustainability reporting and ESG disclosure has become more detailed and complex as stakeholders demand deeper levels of transparency. We live in a hyper-transparent and data-driven world, which is driving the demand for companies to enhance the quality, comparability and usefulness of their ESG disclosure.

For more than a decade, AEP has been monitoring and managing material ESG-related risks and opportunities. This includes responding to ESG surveys, ratings and rankings; disclosing metrics relevant to our industry and company; and engaging with diverse stakeholders who are interested in our ESG efforts and performance. We developed a robust disclosure strategy to help drive our goal of being transparent and accessible, guided by our ESG Materiality Assessment, which serves as the foundation for defining AEP's material issues. Through Datamaran's cloud-based AI software platform, we are leveraging data-driven insights to continuously identify and monitor new or emerging issues that may impact our company. This serves as a critical input for our corporate strategy, risk management, and disclosure and engagement, as well as meeting growing stakeholder expectations.

Learn more about AEP's Enterprise Risk Management strategy, process and governance in the [Risk Management section](#).

DEFINING MATERIAL ESG ISSUES

AEP defines material issues as those that reflect our most relevant environmental, social and governance impacts and contributions because they can:

1. Have a significant impact on the company's finances and/or operations;
2. Have or may have a significant impact on the environment or society now or in the future; and/or
3. Substantially influence the assessments, decisions and actions of our stakeholders.

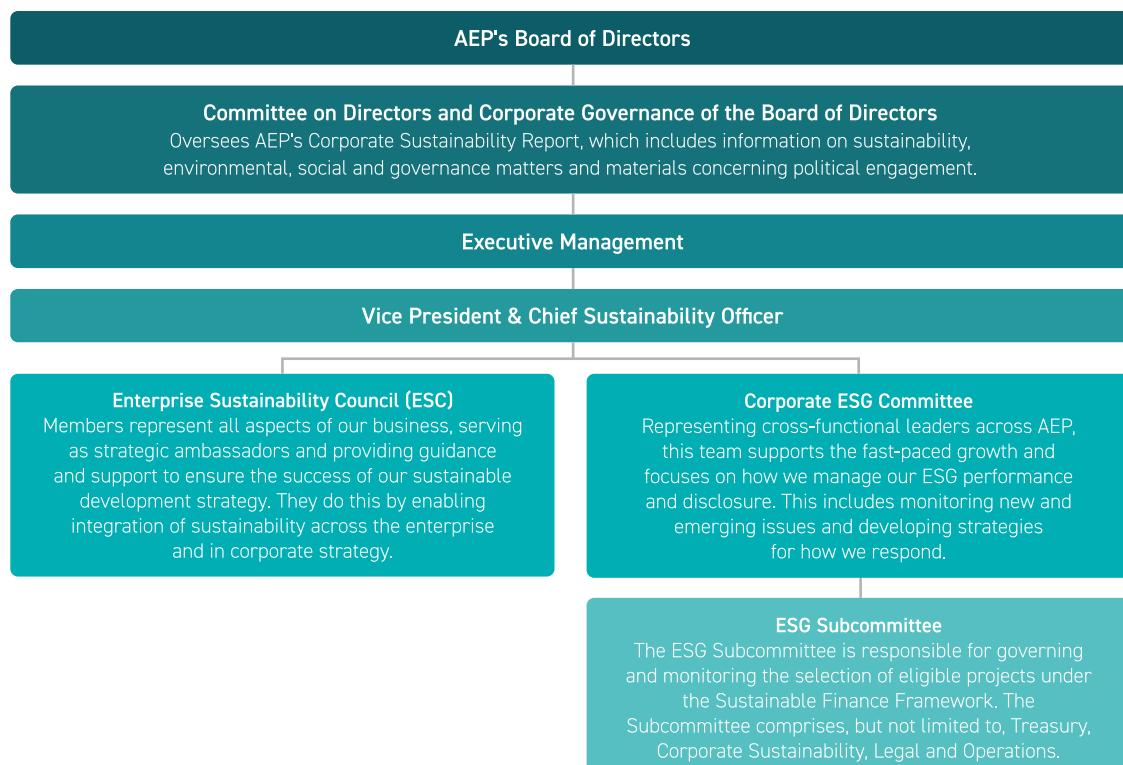
ESG GOVERNANCE & OVERSIGHT

Solid ESG performance is a reflection of strong governance. Leadership and governance are foundational to building and strengthening sustained business value and ensuring transparency, fairness and accountability, while providing structure to ethically manage the challenges of a changing society. At AEP, we are committed to strong governance practices that protect the long-term interests of our stakeholders.

Our Board of Directors works closely with our executive team to ensure we continually meet or exceed the highest standards of performance, ethics and service. In addition, the Board receives educational presentations from outside experts, and Board members attend educational sessions on their own.

How and where sustainability fits into the corporate structure can reveal a company's priorities. At AEP, we've created structured oversight to support sustainability, ESG performance and disclosure. This includes an Enterprise Sustainability Council, Corporate ESG Committee, ESG Subcommittee and AEP's Committee on Directors and Corporate Governance of the Board of Directors, which has responsibility for overseeing the company's ESG/sustainability initiatives. In addition, since 2010, AEP's internal Audit Services team has conducted a limited review of select company performance statements.

AEP'S ESG GOVERNANCE STRUCTURE



While sustainability and ESG issues are discussed by the Board of Directors throughout the year, we report to the Committee on Directors and Corporate Governance on our sustainability-related activities at least twice per year. In addition, the Lead Director of AEP's Board of Directors conducts annual outreach with our largest institutional shareholders on important ESG matters. The Chairman of the Board also engages on these issues throughout the year with investors and other stakeholders.

The combined internal audit and governance through the Board of Directors, executive management and the Enterprise Sustainability Council helps us ensure our disclosure undergoes a disciplined review and validation process.

[Learn more about AEP's Corporate Governance](#) as well as Climate Governance in our [Climate Impact Analysis Report](#).

GOVERNANCE & OVERSIGHT - AEP MATERIAL ISSUES

MATERIAL ESG ISSUES	BOARD OVERSIGHT	MANAGEMENT OVERSIGHT
Environmental		
Carbon Emissions Reductions	•	•
Non-emitting Generation Capacity Growth	•	•
Environmental Compliance	•	•
Social		
Safety, Health & Well-being	•	•
Diversity, Equity & Inclusion	•	•
Culture	•	•
Supplier Diversity	•	•
Governance		
Reliability Compliance	•	•
Enterprise Risk Management	•	•
Cyber & Physical Risk	•	•
Sustainability	•	•
Political Engagement	•	•
Ethics & Compliance	•	•

ENGAGING WITH OUR STAKEHOLDERS

Listening to and engaging with diverse stakeholders is a priority for us. We rely on the voices of our employees, customers, investors, communities, nongovernmental organizations (NGOs) and policymakers to better inform our efforts and decision-making. Not only does it expand our knowledge and understanding, but also it helps mitigate risks and identify opportunities for collaboration. Building stronger relationships also enables us to identify meaningful outcomes through consensus or shared motivation.

ENGAGEMENT THROUGH DECARBONIZATION

Climate change, including decarbonization and our transition to a clean energy future, continues to be the primary issue of interest among the majority of our stakeholders. This complex and multi-dimensional issue touches almost every aspect of our business, which requires us to engage with diverse stakeholders whether virtually, through one-on-one engagement, through town hall meetings, or through formal regulatory processes. In 2021, we met with more than two dozen investors where we had the opportunity to discuss our path to a low-carbon energy future. We also continued our engagement with Climate Action 100+, including a virtual meeting between their team and AEP executive leaders.

As our transition to a clean energy future continues, we must consider the social and economic impacts our decarbonization strategy may have within the communities we serve. The decision to retire a coal plant has profound life-changing implications including loss of jobs at the plants and in the broader economy; loss of taxes that support public services, including education; and decreased economic activity that is supported by the plant's ecosystem.

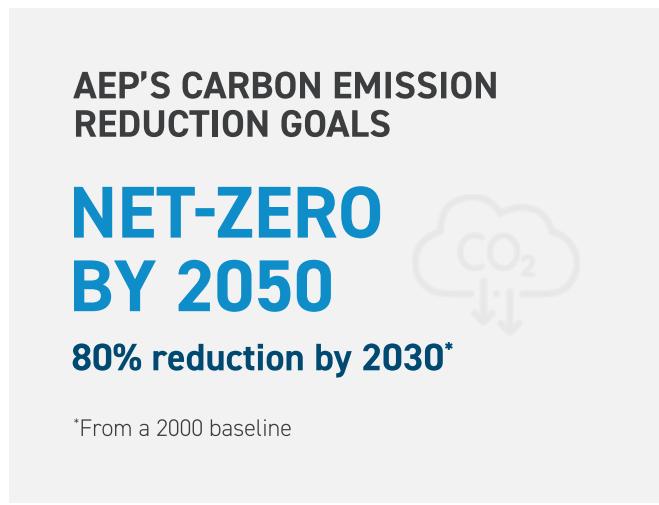
In 2021, AEP and our subsidiary Southwestern Electric Power Company partnered with the Just Transition Fund to plan for and mitigate the impacts of the planned retirement of the Pirkey Power Plant in East Texas. As a result, we formed the Pirkey Transition Task Force, composed of more than two dozen local leaders and community stakeholders, to develop an actionable plan to diversify the local economy. For six months, the Task Force met biweekly to share data, identify resources, raise concerns and questions, vet ideas, envision the future and work collaboratively toward an action plan. Read more about this effort in the [Just Transition section](#).

The path to a low-carbon energy future requires investments across our service territory and within our local neighborhoods. Developing and siting infrastructure, such as transmission or renewable facilities, is a complex, technical process that involves balancing disturbance to human, cultural and natural resources with a community's need for reliable electricity. At AEP, we're dedicated to meaningful engagement with all customers and communities to ensure fair treatment and equitable decision-making.

In 2021, we developed an [Environmental and Social Justice Policy](#) that reinforces our commitment to consider environmental and social impacts when developing new infrastructure, transitioning our existing generation fleet, or deploying new programs, services and technologies. This includes listening, learning and seeking opportunities to partner with our stakeholders, especially low-wealth communities, communities of color and other historically marginalized communities, to incorporate environmental and social justice into our business strategy. We're committed to providing all communities with the opportunity to understand our proposed policies and projects and discuss their concerns so that we can fully consider the environmental, social and health-related impacts of our decisions. Learn more in the [Environmental and Social Justice section](#).

We are also actively involved in industry efforts through the Electric Power Research Institute (EPRI) and Edison Electric Institute (EEI) that aim to convene a meaningful dialogue and develop resources, research and tools that support advancing equity and environmental justice.

Our team of specialists is focused on transmission right-of-way acquisition, siting and community outreach and is dedicated to avoiding or minimizing impacts to people and the environment to the greatest extent possible. In 2021, the Transmission Right-of-Way team logged 98,850 interactions with landowners and acquired nearly 4,100 easements, securing landowner agreements more than 99% of the time. The Project Outreach team also hosted a total of 46 virtual or in-person open houses. Open houses, whether traditional or virtual, serve as an excellent opportunity for landowners and members of the community to learn about the project need and benefits, timeline, right-of-way practices and construction process and to view interactive maps.



INNOVATIVE PARTNERSHIPS

We collaborate with industry trade organizations, technology experts, developers, start-ups, universities and consortiums to influence policy, conduct research and co-develop technologies that are not currently available today. We are developing initiatives and forming partnerships in the U.S. and around the world to scout new technologies, validate them quickly, demonstrate their benefits to customers and policymakers, and secure timely regulatory support or contractual approvals for development and deployment. Partnerships include:

- **Electric Power Research Institute (EPRI)** – an independent, nonprofit energy research and development

organization.

- **Edison Electric Institute (EEI)** – an association that represents all U.S. investor-owned electric companies, providing public policy leadership, strategic business intelligence, and essential conferences and forums.
- **American Clean Power (ACP)** – support companies from across the clean power sector in their efforts to provide cost-effective solutions to the climate crisis while creating jobs, spurring massive investment in the U.S. economy, and driving high-tech innovation across the nation.
- **WIREs Group** – a trade association that promotes investment in the North American electric transmission system through development and dissemination of information, strategic advocacy, and innovation in regulatory, policy making, industry, and education forums.
- **Free Electrons** – a global energy accelerator with the mission to create the future of energy.
- **Global Sustainable Electricity Partnership (GSEP)** – a CEO-led alliance of the world's largest electricity companies committed to leading the transformation of the global electricity industry and the energy transition through accelerated clean energy electrification.
- **Various Original Equipment Manufacturers (OEMs)** – AEP directly works with the OEMs to learn about technologies that are commercially available today and what will be available in the near future, especially relating to low-carbon technologies.

Collaborating with stakeholders enables low-carbon, affordable, resilient and reliable electricity to be the lifeline of a modern decarbonized global economy and the backbone of digital and connected cities of the future. We are committed to actively engaging with our stakeholders and appreciate two-way conversations that provide value to us and them. Below is a list of the stakeholders with whom we engage most frequently, the topics of interest and how we engage.

AEP'S STAKEHOLDER ENGAGEMENT EFFORTS

ISSUES WE ENGAGE ON	HOW WE ENGAGE
Employees	<ul style="list-style-type: none">• COVID-19 policies, procedures, benefits• Diversity, equity & inclusion• Safety & health• Culture• Training & development• Work/life balance• Future of Work• Incentive compensation and goal setting• Financial and regulatory acumen• Industry Innovation <ul style="list-style-type: none">• Continuously educate and communicate with employees on emerging issues such as COVID-19, racism• Seize the Moment: Let's Keep the Momentum Going" diversity, equity and inclusion action plan• Safety & health and diversity stand ups• Employee webcasts• Employee Resource Groups• Annual employee culture survey• Culture action plans• Performance review process• Employee development & training• Tuition reimbursement• Volunteerism/community engagement• Targeted development programs• Women's Leadership Forum• Nick's Network
Customers (Residential, Commercial & Industrial)	<ul style="list-style-type: none">• Carbon emissions• Renewables• Electrification• Energy solutions• Energy management• Site selection/property searches• COVID-19 <ul style="list-style-type: none">• Advisory services for energy solutions & incentives• Site selection, screening, certification• Relocation & expansion support• EEI Customer Carbon & Energy Report• Hosting webinars• Newsletters• One-on-one outreach

<ul style="list-style-type: none"> • Fleet electric transportation • Supply chain resilience • Customer payment assistance • Small Business Assistance • Electric transportation • Public safety awareness 	<ul style="list-style-type: none"> • Special team to support COVID-19 needs • Social media • Expanding digital channel engagement • Integrated Resource Plan (IRP) stakeholder process • Customer insight panels
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Investors

<ul style="list-style-type: none"> • Climate risk & governance • Decarbonization goals & plans • Just Transition • Diversity, equity & inclusion • Political engagement governance • Human capital management • Resilience • Cyber & physical security • Political engagement & lobbying activities • Supply chain resilience • Culture • Incentive compensation & goal setting • Earnings & financial metrics 	<ul style="list-style-type: none"> • Emails, phone calls, meetings and conferences • AEP's Climate Impact Analysis Report (a TCFD Report) • +12 annual ESG investor-focused frameworks & surveys • Annual EEI ESG/Sustainability investor report • Ongoing engagement with institutional investors (28 ESG investor calls in 2021) • Lead Director conducts governance outreach annually • Ongoing engagement with ESG-focused investors • Climate Action 100+; average 2 meetings per year • ESG Data Center (250+ most material metrics) • Institutional investment advisor reports and direct investor input are considered in setting incentive compensation goals
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Suppliers

<ul style="list-style-type: none"> • Supply chain management • Environmental management • Human rights management • Supplier diversity • Supply chain resilience • Safety and health 	<ul style="list-style-type: none"> • Developed a new Supplier Code of Conduct and Supplier FAQs • Respond to sustainability-related supplier surveys • Member of EcoVadis • Supplier Diversity Program • Supplier education
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Communities

<ul style="list-style-type: none"> • Hunger & housing • STEM education • Diversity, equity & inclusion • Public safety • COVID-19 • Economic development • Support States in new industry recruitment • Infrastructure siting • Coal unit retirements • Just Transition • Energy affordability 	<ul style="list-style-type: none"> • Corporate giving • Employee volunteerism • COVID-19 grants • Economic development grants • Economic development training programs • Community task forces • Credits Count STEM program • Social & Racial Justice Grants • Public safety education • Landowners, property owners • Townhall/community meetings
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Non-Governmental Organizations (NGOs)

<ul style="list-style-type: none"> • Clean energy transition • Asset retirements • Carbon emissions 	<ul style="list-style-type: none"> • Outreach via email, phone calls, meetings • Regulatory proceedings (stakeholder forums tied to IRPs)
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- Distributed energy resources
- Renewables
- Electrification
- Electric transportation
- Energy efficiency

Policymakers /Regulators

- | | |
|---|--|
| <ul style="list-style-type: none"> • Clean energy transition • Affordable electricity • Reliable electricity • Environmental performance • Energy management • Electrification • Electric transportation • COVID-19 customer impacts • North American Electric Reliability Corporation (NERC) compliance • Emergency response • Ratemaking | <ul style="list-style-type: none"> • Education forums • Political engagement • Regulatory proceedings • Trade Associations • IRP stakeholder forums • Lobbying • EEI State Regulatory Affairs Executive Advisory Committee • Federal Energy Regulatory Commission • Regional Transmission Organizations • American Clean Power • U.S. Chamber of Commerce ESG Working Group |
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Third-Party Research Organizations

- | | |
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| <ul style="list-style-type: none"> • ESG | <ul style="list-style-type: none"> • One-on-one conversations • Webinars • Roundtables • ESG Ratings Working Group • EEI ESG/Sustainability Steering Committee • ESG Data Center • Persistent email/data portal communication |
|---|--|

Financial Community (banks, credit agencies, insurance, etc.)

- | | |
|---|---|
| <ul style="list-style-type: none"> • ESG risks and opportunities | <ul style="list-style-type: none"> • One-on-one conversations • Participate in webinars • ESG Data Center • Credit facility linked to ESG metrics |
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ENTERPRISE SECURITY

As one of the largest electric utilities in the U.S., we have a responsibility to keep our customers' lights on 24/7. The nation's power grid is subject to an array of threats including extreme weather, vandalism, terrorism, cyberattacks and insider risks, all of which have the potential to jeopardize reliability, safety and data security. The growing reality of cyber and physical threats to our industry's infrastructure requires companies to implement leading security practices, policies and oversight to prevent, protect against or reduce the impacts of cyber and physical attacks. The need to protect the power grid from these threats is especially heightened in light of current geopolitical events.

SECURITY GOVERNANCE AND OVERSIGHT

Strong governance, oversight and regulations are vital to the strength and resilience of our bulk electric system (BES). The

cyber and physical security of the BES is highly regulated by the federal government through North American Electric Reliability Corporation's (NERC) Critical Infrastructure Protection (CIP) Standards.

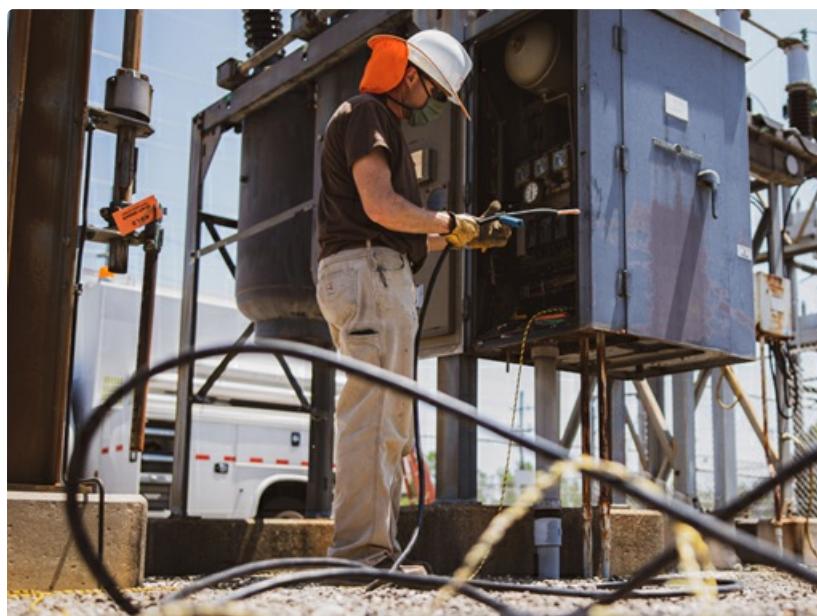
Today, there are nearly 900 continually evolving requirements in effect within the NERC Standards, of which 312 are applicable to AEP. Failure to follow each of these requirements exposes the organization to regulatory, financial and reputational risks. To manage the risk of non-compliance, we take a risk-based approach and proactively increase the number and sophistication of controls to track, manage and prioritize the ever-growing list of NERC obligations. We are regularly audited for compliance by ReliabilityFirst (RF), Texas Reliability Entity (TRE) and Midwest Regional Organization (MRO), which in turn are governed by NERC and ultimately by the Federal Energy Regulatory Commission (FERC), requiring us to maintain a constant state of audit readiness across AEP.

In addition to regulatory oversight, AEP has a multi-level governance structure that focuses on managing security risk across the entire system. In 2021, AEP's Board of Directors formed a Technology Committee that provides review and oversight of issues related to setting information technology (IT) and cybersecurity strategy. This includes:

- Providing review and oversight of AEP's IT strategy and investments, and large-scale IT replacements, including internal and external labor strategy.
- Providing review and oversight of AEP's technology framework and programs designed to identify, assess, manage and mitigate risks related to cybersecurity, IT and associated operational resiliency, and oversee management's execution in alignment with the framework.
- Providing review and oversight of a response framework to address cyber, operational and other disruptive incidents that could impact AEP's ability to deliver reliable service, protect customer and employee data, and otherwise be in legal compliance.

To ensure our enterprise-wide security controls are comprehensive, effective and in compliance with best practices and regulatory requirements, we have established a robust, collaborative security policy management program that aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Through our Enterprise Security Advisory Council, our policies and standards are jointly developed with AEP's business units to maximize adoption and implementation of standard controls, thereby reducing security risk to AEP.

As a publicly registered company, AEP is required to disclose if it has experienced a material cyber event, during the applicable reporting period, in its publicly accessible annual and quarterly reports filed with the Securities and Exchange Commission. This reporting process is implemented by our Financial Reporting Team and reviewed by Audit Services. In addition to this periodic disclosure, the occurrence of certain cyber events could require AEP to publicly disclose the material circumstances and impact in a publicly available report that is filed days within the discovery of the occurrence.



AEP continually evaluates cyber and physical security risks enterprise-wide using our risk management process, providing a comprehensive approach to understanding and managing these risks in relation to other enterprise risks.

MONITORING & MANAGING CYBER & PHYSICAL SECURITY

AEP continually evaluates cyber and physical security risks enterprise-wide using our comprehensive security strategy known as “Defense in Depth.” Using a risk management approach, this strategy assumes a broad range of threat possibilities, such as physical theft, unauthorized access to data, third-party risk and incidental threats that do not specifically target protected systems or assets. Leveraging a more comprehensive approach to understanding and managing these risks in relation to other enterprise risks enables us to make decisions based on the level of acceptable risk while informing our priorities and resource needs.

Cyber threats are among the top risks companies face today. As businesses continue to rapidly digitize, the opportunity for and sophistication of cyber criminals threatening or infiltrating critical assets increases. Adoption of new technologies such as automation, mobile apps, or online bill pay, opens the door to new threats and security risks to the electric power grid. In addition, AEP’s increasing reliance on cloud-based programs and remote connectivity increases external access to our network. In response, AEP has a well-designed and secure remote connectivity architecture, which not only supported the influx of remote connections during the pandemic in 2020, but also did so without introducing significant risk. Our security access program monitors and manages these connections while providing controlled access that allows us to get our work done.

Cloud computing has created new opportunities for us, and as we expand and rely upon these capabilities, we must mitigate the corresponding cybersecurity risks. We have a team focused on establishing a security strategy and roadmap for various forms of cloud computing consistent with industry best practices.

We consider and test possible ways attackers could breach our systems to learn how to take action based on real-world events. We are identifying and implementing the right defenses to protect AEP’s networks, data and physical assets. Our Defense in Depth approach to cyber and physical security allows us to deal with threats in real time. These strategies include proactive threat intelligence, monitoring, alerting and emergency response; employee education; forensic analysis; disaster recovery; and criminal activity reporting. Through rapid notification and response when attacks and disasters are underway, we can reduce the impacts of cyberattacks and avoid or mitigate damage before experiencing the full impact of the threat.

In addition, AEP evaluates and classifies facilities based on their criticality and/or impact on operations to determine the level of physical security needed. Some physical security is specifically mandated in regulatory requirements, such as NERC. This approach allows us to design security controls for new infrastructure from the start, building the costs into capital projects as needed. It also allows us to be more proactive with new and existing infrastructure while balancing risks with mitigation solutions.

In 2021, we tested our operational response to potential power grid vulnerabilities or emergencies through GridEx exercises developed by NERC. These exercises are conducted every two years and complement our annual exercises, allowing us to practice and prepare our response to national-level emergency scenarios in a controlled environment. This ensures we have the proper policies and procedures in place should an event occur. Through this controlled exercise, we can see how our policies and procedures are helping us respond to various cyber and physical attacks.

We continue to be a leader in security through participating in – and leading – industry and regulator-hosted discussions. We often engage with public utility commissions and governor’s offices in many of our regulated states, frequently responding to questions on world security events and providing updates on our program and capabilities. In some states, we provide updates on our security program on an annual basis.

Our collaboration with the National Governors Association (NGA) provides us with the opportunity to consult with state-level organizations on best practices around security, ranging from technology to organizational design. It also allows us to improve our coordination with government in responding to natural disasters and physical and cyber risks or attacks. We also participate in the annual NGA Cyber Summit as expert panelists and provide speakers, including our Chairman, President and CEO, Nick Akins, serving as a keynote speaker at several Cyber Summits. We also partner with private sector companies and government agencies to secure the grid.

In addition, AEP maintains a leadership role in the Analysis and Resilience Center (ARC) for Systemic Risk with our CEO serving on the Board and Chief Security Officer serving as Chair of the Energy Risk Committee. The ARC is a cross-sector coalition designed to mitigate systemic risk to the nation’s most critical infrastructure from existing and emerging threats. AEP also actively engages with the CEO-led Electricity Subsector Coordinating Council, which serves as a liaison between the federal government and the electric power industry to address national-level disasters or threats to critical infrastructure.

Monitoring Ransomware

Ransomware is an ever-evolving threat impacting companies across the globe. It is a type of software that allows cyber criminals to take control of someone else's data, leaving any files and computers unusable. Malicious actors then threaten to publish the victim's data or block access unless ransom is paid. Ransomware can be very disruptive, destructive and expensive, and attacks are growing in strength and size. According to Chainanalysis, cryptocurrency ransomware payments increased over 450% in 2020 compared to 2019.

AEP continues to proactively monitor and manage ransomware activity ensuring we have practices in place to mitigate risk. We leverage our experience and expertise to advise vendors and business partners who are victims of cyber-attacks. Even during smaller events, we may reach out to third-party vendors, who may not even be aware of an attack, and notify them of the potential risk.

Insider Threat

Threats to the grid can also come from within. In response, we maintain an Insider Protection and Prevention Program that leverages insights and recommendations from security experts to develop a risk-based approach that continually identifies, assesses and ultimately protects our critical assets from insider threats. All employees, contractors and other business partners that have access to any critical assets, including personnel, facilities, information, equipment, networks and systems, are included in the scope of this program. A cross-functional executive team composed of Enterprise Security, Human Resources, Ethics and Compliance, and Legal oversees the program.

Phishing Accountability

One of our greatest threats comes from phishing attacks on our system. Phishing is a form of attack in which malicious emails are used to obtain sensitive information such as usernames, passwords, credit card details and other corporate data. Cyber criminals know that humans are the weakest link when it comes to protecting corporate data, and those criminals are continuously creating more sophisticated phishing emails to exploit this weakness.

AEP's Email Phishing Accountability Policy is in place to educate employees on how to better identify risky emails and to hold employees accountable for doing so. We test our employees' ability to detect malicious emails with periodic phishing simulations. Employees who fail a phishing simulation receive further education and training. Continued failure to identify risky emails could also result in disciplinary action.

Supply Chain Security

Third-party risk is a major challenge to power utilities as malicious actors target equipment, software and service vendors with an increasing number of attacks. AEP relies on an extended network of vendors and third-party providers for products and services. This supply chain stream could potentially pose significant risk without the appropriate security controls.

AEP has a multi-level Third Party Risk Governance program. This includes a committee comprised of representatives from Legal, Enterprise Risk Oversight, Procurement, Technology and Security, as well as a dedicated full-time team responsible for identification and management of risks potentially introduced through third-party relationships.

AEP requires a vendor risk assessment on all purchases of services or technology products that may connect or have access to any AEP facility, network, system, data, or application. Through our Third-Party Risk Governance program, we evaluate a vendor and assign a risk rank to determine the depth and frequency of the type of risk assessment to be performed on our third-party providers. In addition, clear expectations of controls and accountability of our vendors are defined within our Master Service Agreement or contract.

AEP is a member of the Asset-to-Vendor (A2V) for Power Utilities network to promote information sharing among electric

utilities and reduce costs associated with supply chain security assessments. This network collaborates to provide results of assessments of vendor security practices with the goal of reducing risk to the energy critical infrastructure. To date, there are numerous vendors and utilities contributing to or utilizing data from the exchange. This exchange creates a stronger, more consistent source of data for the utilities and a more cost-effective means for vendors to respond to the utilities' requests for a security assessment. In addition, it assists smaller or resource-constrained utilities in obtaining the information necessary to make risk-informed decisions where they may not have the resources available.

SECURITY AWARENESS & TRAINING

Our most important partners in protecting AEP's cyber and physical security are our employees. Our Security Awareness program reduces risk by promoting security best practices and providing awareness education and training to our employees and contractors. The success of our program depends on constant communication and reinforcement. Our mission is to protect AEP's assets and information, enable the business to work securely and efficiently and to educate employees and contractors about their responsibility to keep AEP secure.

We leverage Security Ambassadors and local Champions to support our employee security awareness efforts and training. This includes:

- Training that covers a wide variety of topics such as policies and standards, domestic violence, workplace aggression, personally identifiable information (PII), password protection and active shooter situations.
- All AEP employees and contractors are required to complete the annual Security Awareness Training, which covers issues such as tailgating into restricted areas, access management, phishing and other areas that affect day-to-day security.
- New employees receive training to educate them on their role in protecting the grid as well as information about AEP's security standards and tips to stay safe online.
- We require NERC CIP Cyber Security Training for employees and supervisors with NERC CIP access. We also provide training on BES Cyber System Information and our NERC CIP Information Protection Program.

Learn more about our employee training for [workforce safety and security](#).



AEP hosts interactive webinars and events to educate employees on security risks and best practices.

DATA PRIVACY & PROTECTION

We believe that strong data security and privacy protection, including using technology and internal policies and practices, are vital for effective and trusted interactions with our consumers and employees. To accomplish this, we are enhancing

the protection of high-value data through improved data inventory practices, security protocols, data lifecycle management and leadership accountability.

AEP's Privacy Policy incorporates a clear commitment to consumer privacy and data protection, including details about the types of data we collect from our consumers and the business purpose for processing personal information shared with us. Whether consumers are visiting our website or making a payment, we are transparent about how we use consumer data, the purpose of providing the data, and who can access the data, such as service providers processing transactions on AEP's behalf. Our policy and practices comply with all legal obligations, regulations and governmental requirements for the protection of our consumers.

We also remain committed to safely and securely collecting, storing and protecting consumer data. Through our Personally Identifiable Information (PII) protection program, we focus on minimizing the volume of PII storage repositories to better protect employee, consumer and contractor PII. This includes expanding our PII protection program as we transitioned to remote work. Working remotely created new vulnerabilities that required adoption of enhanced data security protocols, such as tightening administrative controls around installing personal printers on company devices and printing sensitive company documents.

AEP continues to mature and refine our ability to effectively respond to potential security incidents involving sensitive personal data in alignment with state privacy and breach notification requirements. We also proactively assess and manage privacy and data protection risks with annual impact assessments and remediation plans for data processing activities that include sensitive personal data.

Data Governance and Oversight

Our Enterprise Data Privacy Governance Committee is responsible for updating, implementing and ensuring adherence to [AEP's Privacy Policy](#), addressing third-party risk of sharing consumer data with aligned business partners, and better coordinating data access and privacy-related activities across our multiple jurisdictions. The Committee is also responsible for monitoring and coordinating our response to the changing legislative and regulatory landscape regarding data access and consumer privacy at the local, state and federal levels. We have a responsibility to advocate for prudent policies related to data access and consumer privacy regarding collection, notice, use, misuse, disclosure, retention, destruction and loss.

AEP's Privacy Collaboration Efforts:

- Enterprise Data Privacy Governance Committee
- Internal stakeholder partnerships
- Privacy Champions
- Privacy Legislation and Regulatory Risk Working Group
- Enterprise Risk Register

SUPPLY CHAIN MANAGEMENT & DIVERSITY

The lingering effects of the global pandemic continued to create supply chain disruptions across nearly every industry in 2021. Shipping bottlenecks and shortages of raw materials and essential components, combined with labor shortages, resulted in rising costs and a scarcity of goods and materials.

AEP continues to experience supply chain challenges due to rising demand, supply constraints and global market impacts. Shortages of raw materials and essential components used in critical company assets could affect the timing of projects and require creative solutions in the interim. For example, the global microchip shortage is increasing the lead time to secure smart meters. In addition, we are competing with other industries, such as the auto industry, all of which adds another layer of complexity to project planning.

Our response to these challenges is multi-faceted. AEP's strategy includes engagement with key suppliers to stay apprised of supply disruptions and operational impacts in real time. We are diversifying and expanding our sources of supply for critical materials, equipment and services. Our inventory management system utilizes algorithms and data such as lead times, cost and material criticality to recommend inventory levels that reduce risks. We are also leveraging the insight and expertise of the Edison Electric Institute (EEI) and utility peers, industry analysts and our knowledgeable employees to identify innovative solutions. Additionally, AEP recently joined the Electric Utility Industry Sustainable Supply

Chain Alliance (EUISSCA) to focus on and advance supply chain sustainability best practices.

AEP's strategic focus on supply chain preparedness and resilience has proven critical to mitigating the disruptions we are facing. Over the past several years our business units have made a significant effort to evaluate and purchase capitalized spare parts for major critical pieces of equipment. Acquiring and maintaining inventory levels remains a challenge due to market constraints. Consequently, we continue to identify strategies to ensure the material, equipment and labor are available to meet construction deadlines for capital projects and day-to-day maintenance and repair.



AEP's strategic focus on supply chain preparedness and resilience has proven critical to mitigating supply chain disruptions.

SUPPLIER DIVERSITY

Diversifying our suppliers within our supply chain is a strategic focus at AEP. Small and diverse suppliers enable innovation, increase competition and enhance local communities and economies. Our goal is to develop a pool of diverse, strategic suppliers and business partners that generally reflect the customers we serve.

AEP's Supplier Diversity Program focuses on maximizing opportunities for diverse businesses, which include those owned by women, minorities [including Hispanic, African American, Asian American, Indian (subcontinent) and Native American], LGBTQ+, veterans and service-disabled veterans, as well as [HUBZone](#) and disadvantaged businesses.

In 2021, we exceeded our supplier diversity goal, so we extended it to achieve 15% of our total managed spend with diverse suppliers [includes Tier 1 (prime) and Tier 2 (subcontractors) suppliers] by the end of 2025, compared with 13% by 2023. This goal is in alignment with AEP's companywide Diversity, Equity and Inclusion goals and is tied to leadership incentive compensation. Despite the continued impacts of the global pandemic, AEP has increased our spend with diverse contractors and subcontractors year over year.

Focused efforts on supplier diversity span across AEP. For example, our Finance Department paid over \$1.2 million in debt underwriting fees to diverse firms in 2021, and diverse firms were included in 8 out of 10 of our bond offerings. In addition, 46% of AEP's Legal Department spend was with law firms that have considered at least 30% women, racial and ethnic minorities, LGBTQ+ lawyers, and lawyers with disabilities for leadership and governance roles, equity partner promotions, formal client pitch opportunities, and senior lateral positions (Mansfield Certified).

In addition, AEP is a signatory of the Edison Electric Institute Initiative to advance racial justice, diversity, equity and inclusion. Through this commitment, AEP launched a mentor-protégé program, Growing Opportunities to Leverage Diversity (GOLD), to build capabilities in diverse suppliers servicing Generation, Transmission and Distribution and increase competition and innovation in sourcing opportunities.

AEP'S SUPPLIER DIVERSITY GOAL

ACHIEVE 15% OF OUR TOTAL MANAGED SPEND

with diverse suppliers
by the end of 2025

*Includes tier 1 & 2 suppliers

AEP'S SUPPLIER SPEND PROFILE - 2021



\$6.7 BILLION

Total corporate
spend on goods
and services



51 PERCENT

Total corporate spend on
locally based suppliers
(\\$3.4 billion)



\$964 MILLION

Total corporate spend
on goods and services from
small business



\$705 MILLION

Procurement spend
on goods and services
from diverse suppliers
(includes tier 1 & 2 spend)

SUPPLIER CODE OF CONDUCT

AEP values its relationships with our suppliers, energy providers and other organizations looking to do business with us, and we want to be as transparent as possible in our expectations of them. [AEP's Supplier Code of Conduct](#) serves as a guide for suppliers to uphold our values around safety and health, environmental performance, ethics and compliance, anti-bribery, human dignity, diversity, equity and inclusion, and security. This reinforces our expectations of suppliers when they are conducting business with AEP or on our behalf. It is also part of our commitment to transparency of our values and supply chain engagement and is included in our contract Terms & Conditions.

In addition, AEP released a new [Human Rights Policy](#) in May 2022 reinforcing efforts already in place for employees, contractors, suppliers, communities and other stakeholder to understand our philosophy, practices and commitment regarding human rights. AEP also supports the [American Clean Power's Forced Labor Pledge](#) that orders the protection of human rights through supply chains that adhere to humane labor practices while developing clean power resources.

We are sometimes asked by supply chain partners or customers to support or commit to additional pledges or Codes of Conduct related to a range of issues. Often, these requests require adherence to specific protocols that may not be suitable for AEP. We are sensitive to the complexities of supply chain management, and we have policies, procedures, terms and conditions, and a Supplier Code of Conduct in place to address these issues. In addition, we must comply with supply chain-related regulations designed to protect the bulk electric power system. We strive to clearly communicate our expectations to those doing business with us, including with respect to regulatory compliance. When we have questions or concerns, we address them directly with our suppliers. We believe this is a more effective way of managing our relationship with suppliers and builds a stronger, trusting partnership with them.



[Supplier Code of Conduct](#)



SUSTAINABILITY PERFORMANCE

We are committed to proactively reporting our sustainability performance, governance and practices, including supply chain management. We leverage EcoVadis' Sustainability Ratings for Global Supply Chains, one of the most commonly used sustainable procurement performance ratings, to generate a company scorecard and share it with our customers. This scorecard outlines AEP's performance in four key areas: Environment, Labor and Human Rights, Ethics and Sustainable Procurement. We are proud to have earned a silver rating in 2022.

[Request Scorecard](#)



RISK MANAGEMENT

Risks and threats are an inevitable aspect of every business that requires diligent monitoring, management and mitigation. Whether the threat is universal – posing a risk to every business, such as the global pandemic, security breaches, and supply chain shortages and disruptions – or the threat is more industry-specific, such as extreme weather, companies require dynamic and agile risk management efforts to identify and mitigate these threats.

As we navigate an unpredictable future, we must identify the appropriate levels of risk-management while simultaneously detecting and deflecting new potential risks and weaknesses. This is imperative to keep pace with the ever-changing environment around us as we adapt to the next level of normal.

AEP's risk management process facilitates the identification of a risk and discussion on the possible consequences resulting from the event. Application of the risk management process helps us identify strategic, financial, operational and regulatory risks; assess the threats and controls; evaluate the risk; plan mitigation strategies; and monitor risks for changing conditions.

RISK IMPACT ASSESSMENT



GOVERNANCE AND OVERSIGHT

Enterprise Risk Oversight (ERO) defines and oversees the consistent application of AEP's risk management process and engages our multi-level governance structure to develop the collective risk profile of the company. Business unit risks are reported to ERO. The Chief Risk Officer reports a summary of risks to the Risk Executive Committee, which consists of senior leaders, to illustrate risk ranking and planned mitigations. This summary of risks is then discussed and reviewed by the Audit Committee of the Board of Directors.

Enterprise Resilience

Identifying and reducing the likelihood of risks occurring is one part of the equation; it is equally important to be prepared to respond to and recover from risks in the event they do materialize. This aims to reduce the severity of the impact from the worst possible case to something less severe.

Our Enterprise Resilience team functions on a 24/7 basis, 365 days a year and is charged with sustaining the enterprise's emergency management and business continuity capabilities. Our Emergency Management Core Plan aligns with the National Incident Management System and adopts the principles of the incident command system, which government agencies across the U.S. use to respond to local emergencies and large disasters. Our emergency management framework is an integral part of how we efficiently respond to and manage events to keep critical operations functioning.

To prepare, the Enterprise Resilience team works closely with ERO to identify the drivers that could trigger an event; the controls for preventing it or reducing the frequency of it occurring; and mitigation strategies in the case it does occur. We try to anticipate high-impact, high-probability events to prepare for the ripple effects they could have and to limit the negative consequences.

We've established business-unit-based and hazard-specific plans aligned to our emergency management framework to manage the strategic response. Business unit and operating company-specific resilience plans are in place to protect our critical and non-critical processes to support continuity of operations during business disruptions. For example, this framework was leveraged to respond to the COVID-19 pandemic, when the Enterprise Infectious Disease Response Plan was activated, guiding preparedness activities ahead of the pandemic and ensuring a comprehensive and coordinated response.

The global pandemic is an example of a risk that could interrupt business operations. In response to the pandemic, we strengthened existing business continuity plans that support critical and non-critical business processes. These plans were expanded to include more depth around loss of facilities, personnel and supply chain due to coronavirus impacts. This was to ensure all business functions and assets – critical and non-critical – could continue to operate during the pandemic (or any crisis) with little to no disruption. Well-planned and -executed responses can reduce the impacts to AEP and our customers, our shareholders and the communities we serve.

Our business continuity plans evaluate and plan for a variety of needs:

- Preparing our workforce with training and tools to respond and recover when an event occurs. This gives our workforce the ability to adjust in real time, as needed.
- Prioritization of critical business process recovery with consideration for special circumstances or cyclical events that may worsen the impacts of the disruption.
- Staffing considerations for critical business processes and identification of niche or highly specialized skillsets.
- Adequacy of workarounds specific to the event's complexity and estimated time to recover critical business processes.

Third-party vendors, contractors/consultants and outsourced partners are also key to our business continuity in a crisis. Business units and operating companies within AEP that own these relationships must review the external party's business resilience plans to determine whether or not they meet our criteria and to guide adjustments that may be required to our response and business recovery capabilities.

POLITICAL ENGAGEMENT

Whether investing in clean energy options or broadband technology, AEP delivers an essential service that fuels our economy and improves lives. As one of the most highly regulated industries in the U.S., we rely on regulations and state

and federal policies to define the parameters of our business and planning models. This includes the investments we make to provide value to our customers while balancing costs with policy objectives.

We remain a respected and sought-after voice on many issues affecting the utility industry not only because of our expertise but also because of our reputation for being an honest and trusted advisor. Engaging in the political process and advocating for reasonable legislation in our states is one way we make our voice heard and is a critical part of doing business. AEP ethically and legally engages in the political process at the federal, state and local levels to help advance policies that benefit our customers, communities, employees, investors and other stakeholders. We do this through lobbying, political engagement and contributions, and employee-driven Political Action Committees (PACs).

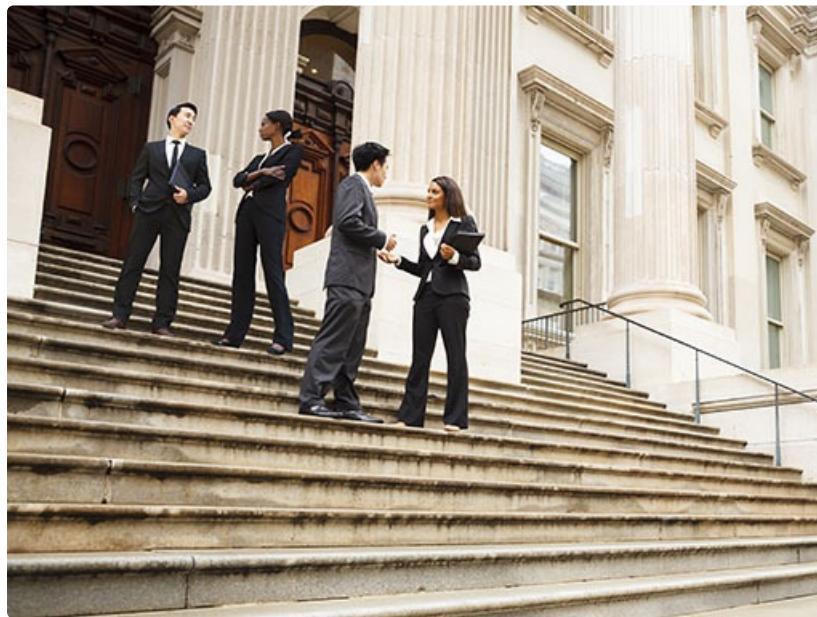
In our recently revised [political engagement policy](#), we strengthened and enhanced our processes and practices governing political engagement. We also expanded and reinforced expectations already reflected in our [Principles of Business Conduct](#) by adopting a new [anti-corruption policy](#). We are transparent about our political contributions and lobbying activities. We recognize that there is growing public interest in such activities, and we are committed to enhanced disclosures.

Beginning with contributions made in 2020, we expanded our disclosures to include contributions of \$5,000 or greater to 501(c)(4) social welfare organizations. While most 501 (c)(4) entities are not politically active, they can be. To that end, while federal law does not require these groups to disclose their donors, AEP now voluntarily does so. All requests for corporate political contributions and social welfare contributions must be reviewed and approved by AEP's Legal Department in advance to ensure compliance with all laws, rules and regulations and our policy. In addition, these requests must also be reviewed and approved through a multi-layered system to ensure compliance with AEP's policies and budgetary objectives.

Learn more about [Political Engagement and Lobbying at AEP](#)

AEP's Political Activity Disclosure:

- [AEP's Political Engagement Policy](#)
- [AEP's Annual Report of Corporate Political and Social Welfare Organization Contributions and Trade Association Lobbying](#)
- [AEP's Anti-Corruption Policy](#)
- [Federal Quarterly Lobbying Reports](#)



We have been transparent about our political contributions and lobbying activities for more than a decade. In light of growing public interest in related activities, we committed to enhanced disclosures.

ETHICS & COMPLIANCE

At AEP, we are committed to safety and health, financial, operational and environmental compliance while holding ourselves to a high standard of ethical conduct – always doing what is right. To guide our efforts, AEP partners with

external organizations to gain insight into emerging Ethics and Compliance (E&C) issues, trends and goals. AEP's E&C partners include: The Society of Corporate Compliance and Ethics, the Association of Corporate Counsel, Deloitte Energy Ethics Roundtable and the Central Ohio Ethics Officer Forum. These partnerships provide peer benchmarking and encourage the discussion of leading practices to help inform AEP's policies and efforts.

PRINCIPLES OF BUSINESS CONDUCT

Our [Principles of Business Conduct](#) places responsibility for acting legally and ethically with each individual – from executive leadership to management and employees at all levels. We promote our Ethics Program in tandem with our culture journey, driving a culture that supports the interests of both employees and AEP by maintaining a vigilant approach to practicing compliance and acting with integrity.

In 2021, we updated our Principles of Business Conduct to make information easier for employees to find and understand with updated terminology, digital access and new examples. We also updated our mandatory Principles of Business Conduct training to include content and practical examples mirroring those of the refreshed document. The training also includes a video introduction from the CEO to further emphasize the importance of ethical behavior by our employees, whether they are on the job or not.

HUMAN RIGHTS AT AEP

At AEP, we strive to do more than keep the lights on. Our mission is to positively impact the lives of our employees, customers and communities while strengthening local economies. This includes ensuring the dignity, well-being and fair treatment of all people without discrimination.

To strengthen AEP's long-standing commitment to, and respect for, human rights, in May 2022, we published a new [Human Rights Policy](#). This policy organizes and summarizes new and existing efforts and expectations for employees, contractors, suppliers, communities, and other stakeholder to better understand our philosophy, practices and commitment regarding human rights. Through our Human Rights Policy, we commit to:

- Integrate respect for human rights into our operations, business practices and supply chain, recognizing that it is not only essential to our mission but also imperative as we transition to a sustainable and clean energy future.
- Respect international human rights principles as identified in the [United Nations Universal Declaration of Human Rights](#).
- Support [American Clean Power's Forced Labor Pledge](#) that orders the protection of human rights through supply chains that adhere to humane labor practices while developing clean power resources.
- Consider relevant standards and guidance, including the [United Nations Guiding Principles on Business and Human Rights](#) and map our efforts to the [United Nations Sustainable Development Goals](#).

The Board of Directors' Committee on Directors and Corporate Governance (the Corporate Governance Committee) oversees AEP's Corporate Compliance Program, receives regular reports from the Chief Compliance Officer, and oversees our annual sustainability report. This oversight includes receiving information on human rights issues.

AEP Business Ethics Policies:

- [Principles of Business Conduct](#)
- [AEP's Human Rights Policy](#)
- AEP's Speak Up Policy
- AEP's Employee Handbook
- Conflicts of Interest
- Bribes and Kickbacks
- Gifts and Entertainment
- Anti-Fraud

- PII Data Privacy Protection Policy
- Records Retention Manual
- Antitrust
- No-Conduit Rule
- Security Information Classification Standards
- Appropriate Use of Company Assets
- Prohibition Against Pornography and Offensive Material Policy
- Social Media Policy
- [Insider Trading Policy](#)
- Policy Development & Maintenance Policy
- Policy Against Retaliation
- [Political Engagement Policy](#)
- [Anti-Corruption Policy](#)

AEP's company-wide required Ethics & Compliance training:

- FERC Affiliate Restrictions
- FERC Standards of Conduct
- Principles of Business Conduct
- Conflicts of Interest
- The Power of Respect
- Rules of the Road (Ohio and Texas)

THE POWER OF RESPECT

AEP's Sexual Harassment Prevention Workshop, "The Power of Respect," is in direct alignment with our safety culture of "See Something, Say Something, Do Something" to go beyond compliance and to understand what it means to work in a harassment-free workplace. The training includes interactive case scenarios tailored to fit the specific realities of the different workplaces. To date, nearly 4,000 supervisors completed this mandatory training. It has also been rolled out as a supplemental training for all employees, satisfying new legislative requirements in multiple states where AEP operates.

GOVERNANCE & REPORTING

The Committee on Directors and Corporate Governance of the Board oversees AEP's Corporate Compliance Program and receives regular reports from the Chief Compliance Officer. It is important for employees to feel like they have a safe space to discuss difficult topics. All AEP employees can report concerns anonymously or seek guidance on ethical, safety, or compliance matters through a confidential, 24/7/365 hotline. The Concerns Line supports our Speak-Up culture and has been a valuable tool for communication and support for our workforce during the pandemic.

AEP'S DECARBONIZATION STRATEGY

Climate change continues to be a central issue of engagement with many of our stakeholders. Questions range from how fast AEP can exit coal and clarity on the 2030-2050 transition pathway to the alignment of our capital expenditure plan with our climate strategy. These are fair questions, and the discussions we have with stakeholders are candid, honest and transparent.

Our goal is to reduce AEP's carbon emissions from directly owned generation (scope 1) 80% by 2030 compared to 2000 levels and to achieve net-zero emissions by 2050 (scopes 1 and 2). The climate scenarios we conducted showed that we can reach more than 95% toward zero by 2050 with conventional technologies, and we remain hopeful that emerging technologies such as advanced nuclear, carbon capture, hydrogen and energy storage will help us close that gap. Through the end of 2021, AEP has reduced its carbon emissions 70% from 2000 levels. We are committed to periodically reviewing these goals as we work toward a clean energy future.

DEFINING GREENHOUSE GAS EMISSIONS

Scope 1	▶ Emissions directly from owned or controlled sources, such as power generation on-site, fleet vehicles, etc.
Scope 2	▶ Indirect emissions from electricity purchased and used by the organization; emissions are created during the production of energy and eventually used by the organization.
Scope 3	▶ All other indirect emissions from upstream and downstream activities across the supply chain of a company, including any caused by customers' use of those products. These can include emissions associated with business travel, procurement, waste and water.

Source: S&P Global - [www.spglobal.com/esg/insights/the-journey-to-netzero-at-sp-global](http://www.spglobal.com/esg/insights/the-journey-to-net-zero-at-sp-global)

AEP is a founding member of the Electric Power Research Institute's Low Carbon Resource Initiative, a partnership with the Gas Technology Institute to develop and deploy technologies and alternative resources beyond 2030 to achieve a mid-century net-zero economy. In 2022, AEP joined EPRI's new, three-year initiative, Climate READiT™: Power (REsilience and ADaptation initiative), convening global thought leaders and industry stakeholders to develop a common framework to address physical climate risk. These important initiatives are essential to gaining clarity on how to address climate-related risks and invest in a resilient energy system.

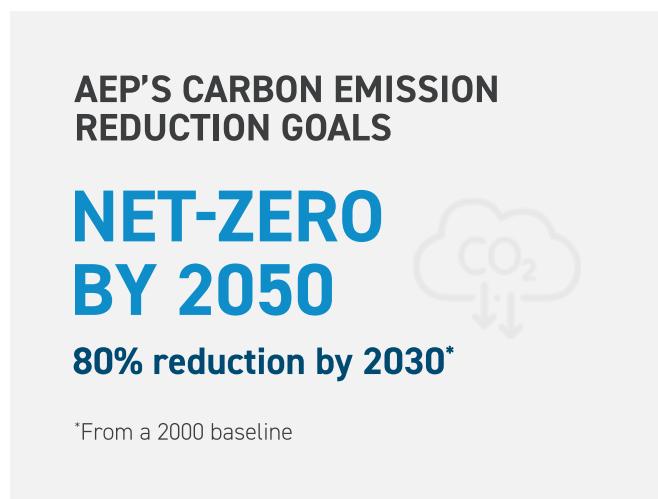
We continue to work toward achieving our near-term goal of reducing CO₂ emissions 80% by 2030. Beyond that, the path to net-zero emissions by 2050 is less certain. While we believe technology and alternative resources will be a major factor in achieving a net-zero economy, we currently cannot provide a precise path for getting to net-zero between 2030 and 2050. AEP's goals and our strategy for transitioning are driven by our integrated resource plans, which are overseen by state regulators. Increasingly, we have seen renewables become more cost competitive, enabling AEP to invest in economical clean energy resources that also reduce our carbon footprint. In addition, many of our customers want clean energy for their homes and businesses. Our strategy is to meet that demand where regulators support it.

Part of the conversation we have with some stakeholders is the question of when AEP will be fully out of coal-fueled generation. In total, from 2011 to 2021, AEP has retired or sold more than 13,700 MW of coal-fueled generation, and we have plans to retire another 5,300 MW between 2022 and 2028. That will leave five remaining coal plants on our system totaling 6,500 MW. The timing for full retirement of coal-fueled generation assets will be based on a combination of factors, including expected investments for operations, overall economics, useful asset life and depreciation rates, and reliability factors highlighted in our integrated resource plans. In addition, we rely on our partnerships with our state

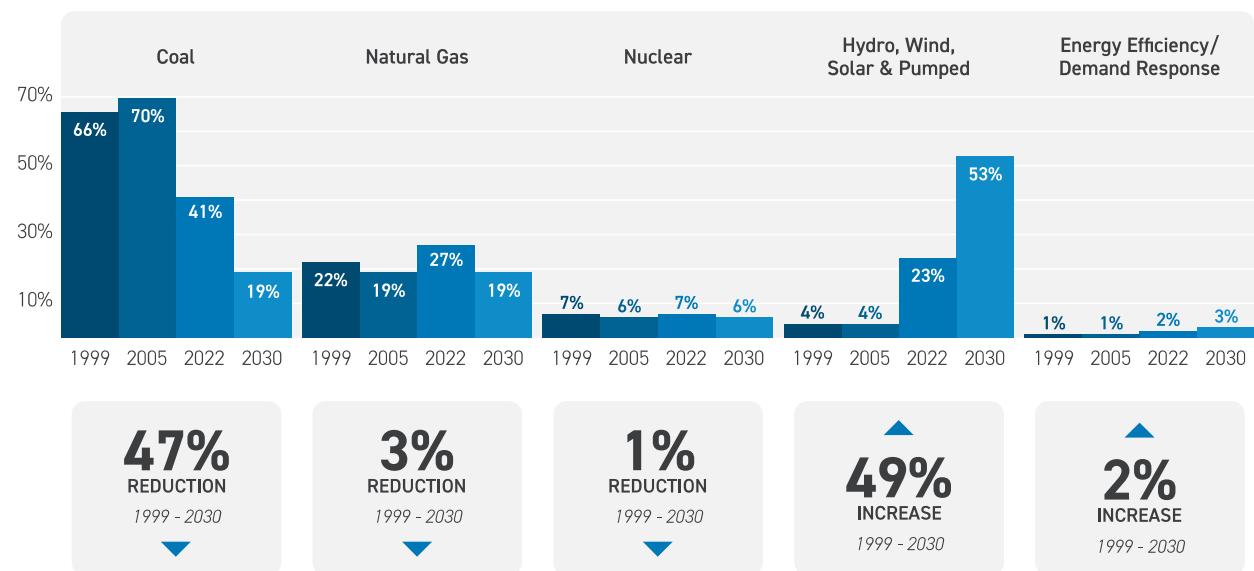
regulators and local communities to assess the economics, timing and impacts.

2021 marked an important milestone in AEP's clean energy transition when the company announced a plan to shift our generation portfolio from majority fossil fuel to majority renewables by the end of this decade. The strategy proposes adding approximately 16 gigawatts of new regulated renewable resources by 2030. We continue the process of filing plans within our state jurisdictions to advance this strategy.

We are also often asked if our carbon goals are third-party certified through the Science Based Target Initiative (SBTi). At this time, our goals are not SBTi certified. However, we continue to monitor and engage with SBTi as the methodology and our plans for future generation needs and emission reductions evolve.



TRANSFORMING OUR GENERATION FLEET



Capacity includes both owned and PPA generation. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

2022 data as of 3/31/2022 and includes current capacity of KPCo. In October 2021, AEP entered into an agreement to sell its Kentucky operations to Algonquin Power & Utilities. The sale is expected to close in Q2-22 pending regulatory approvals. 2030 includes forecasted additions and retirements, and excludes previously identified projected resource additions for KPCo.

2030 coal capacity includes Amos, Mountaineer and Mitchell plants as the WVPSA approved ELC investment to keep optionality for these plants to operate post 2028. 2030 coal capacity also includes SWEPCO's Turk and Flint Creek plants.

2030 Hydro, Wind, Solar and Pumped capacity includes contracted renewable assets within the unregulated business recently announced for sale. Excluding this capacity would not materially change 2030 projected capacity mix.

CAPEX AND CLIMATE STRATEGY

Our ability to execute our strategy and the pace of change are contingent upon securing support from regulators. We have a responsibility to provide reliable, affordable electricity to our customers, but how we do it is changing. As we invest in the clean energy transition, we are also investing in grid modernization to empower customers with more choices and greater control over their energy use. In addition, many of our large customers have clean energy goals and some will not expand or relocate without access to 100% clean energy. Our clean energy transition plan is as critical to enabling economic

growth in our service territory as it is to reducing our carbon footprint.

The increased stakeholder demand for clean energy combined with approximately 8 GW of planned retirements and expiring purchase power agreements (PPAs) between 2022-2030, is creating economic energy opportunities and driving renewable energy growth. By 2030, our resource plans indicate an opportunity to add approximately 16 GW of regulated renewable energy, which will represent approximately half of our generating capacity.

Our capital investment strategy is critical in supporting our decarbonization and renewable energy strategy. From 2022 through 2026, AEP plans to invest \$38 billion in capital with an emphasis on transmission, distribution and regulated renewable energy with the ability to shift capital as needed. This includes investing \$8.2 billion in regulated renewable generation. Additionally, we eliminated growth capital in the Generation & Marketing segment as we have begun the process to sell some or all of our unregulated renewable assets. This will provide additional capital to invest in our core regulated businesses to support rebuilding and reinforcing the grid and enhancing service for customers.

Between 2022 and 2026, approximately 65% of AEP's capital forecast will be allocated to investments in transmission and distribution. Significant additional investments in transmission and distribution will support our clean energy transition by making the electric power grid more resilient and reliable and able to support the electrification of the economy. Currently, approximately 20,600 MW of renewable generation is interconnected across the U.S. via AEP's transmission system. Learn more about our Grid Modernization efforts.

AEP'S CARBON-FREE CAPACITY GOAL

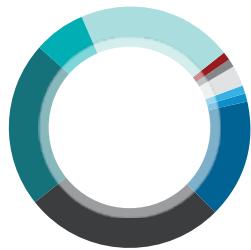
AEP'S 3-YEAR NON-EMITTING GENERATING CAPACITY GROWTH



**is tied to executive
long-term incentive
compensation.**

CAPITAL FORECAST - 2022-2026

In billions



- 7% IT/Workplace Services - \$2.5
- 21% Regulated Renewables - \$8.2
- 1% Nuclear Generation - \$0.3
- 1% Regulated Environmental Generation - \$0.6
- 3% Regulated Fossil/Hydro Generation - \$1.0
- 1% Regulated New Generation - \$0.4
- 1% Generation & Marketing - \$0.4
- 16% AEP Transmission Holdco - \$6.1
- 27% Distribution - \$10.4
- 22% Transmission - \$8.3

Capital Forecast Emphasizes Investment in Wires and Renewables



of capital allocated to regulated businesses



allocated to wires - \$24.8B



allocated to regulated renewables - \$8.2B

ADVANCING AEP'S CLEAN ENERGY TRANSFORMATION



ADD CLEAN WIND & SOLAR GENERATION

Proposing to add
~16,000 MW
(2021–2030)



INCREASE RENEWABLE GENERATING PORTFOLIO

Our renewable portfolio
will represent ~50% of our
total capacity by 2030



MODERNIZE THE ENERGY GRID

65% of our capital
allocated to wires
(2022–2026)



REDUCE CARBON EMISSIONS

Achieve net-zero
emissions by 2050



REDUCE COAL CAPACITY

~5,300 MW
planned reduction
(2022–2028)

RAMPING UP RENEWABLES

In Oklahoma, the North Central Energy Facilities (NCEF) began commercial operation in 2021. The Maverick and Sundance wind farms began generating clean, reliable electricity and reducing bill impacts for customers. A third facility, named Traverse, came online in March 2022. The Traverse project is the largest single wind farm built at one time in North America.

Together, the wind farms provide 1,484 MW of clean energy to customers of Public Service Company of Oklahoma and the Southwestern Electric Power Company, which is estimated to save them approximately \$3 billion in electricity costs over the next 30 years.

In addition to advancing AEP's clean energy strategy, our \$2 billion investment in NCEF is supporting the U.S. economy through jobs in manufacturing, construction, operations and maintenance, in addition to generating property tax revenue and lease payments for landowners. In 2021, AEP launched a Sustainable Finance Framework and issued its first green bonds, securing approximately \$1.4 billion to support NCEF. This project exemplifies the alignment between AEP's clean energy strategy and its capital investment strategy. The investments we are making support our efforts to provide clean, reliable energy to the communities we serve while managing customer affordability.

State and federal energy policies, as well as industrial and manufacturing customer demand for renewables, are key

drivers of our clean energy strategy. Whether through voluntary or mandatory standards, several of our operating companies are either seeking regulatory approval or issuing requests for proposals (RFPs) to add more renewable generation to our portfolio. For example, Appalachian Power has petitioned regulators to add nearly 500 MW of solar and wind power to the company's renewables portfolio by 2025. This is part of its long-range plan to meet the renewable energy targets established by Virginia's Clean Economy Act. Passed in 2020 by the General Assembly, the law requires Appalachian Power to file an annual plan with the Virginia State Corporation Commission outlining how it will meet key mandates as it reaches 100 percent carbon-free status by 2050.

In addition, Indiana Michigan Power (I&M) intends to significantly expand its clean energy generation as part of its Powering the Next Tomorrow plan, calling for the addition of 2,100 MW of wind and solar energy generation by 2028. The Powering the Next Tomorrow plan was submitted to state regulatory commissions in both Indiana and Michigan in 2022. I&M expects up to 1,300 MWs of new renewable resources to be online as early as the end of 2024. The scheduled retirement of I&M's coal-fueled Rockport Plant by the end of 2028 supports AEP's goal of net-zero emissions by 2050. Together, the new resources would more than quadruple I&M's current solar and wind generation. This is in addition to I&M's Cook Nuclear Plant, wind and solar resources, and power from six hydro-electric plants that generated more than 80% of carbon-emission-free energy in I&M.

Public Service Company of Oklahoma is also seeking regulatory approval for additional renewable resources, including up to 2,800 MW of wind and 1,350 MW of solar generation resources with optional battery-energy storage systems. This renewable investment, combined with the retirement of PSO's Oologah coal-fired generation facility by 2026, is a significant step toward net-zero carbon emissions.

While all these projects require regulatory approvals, planning for the projected capital investments to bring these resources online reflects AEP's ongoing commitment to a clean energy transition. Our carbon reduction goals and decarbonization strategy are a significant part of our transition toward a clean energy future.

AEP'S RENEWABLE PORTFOLIO - MARCH 2022

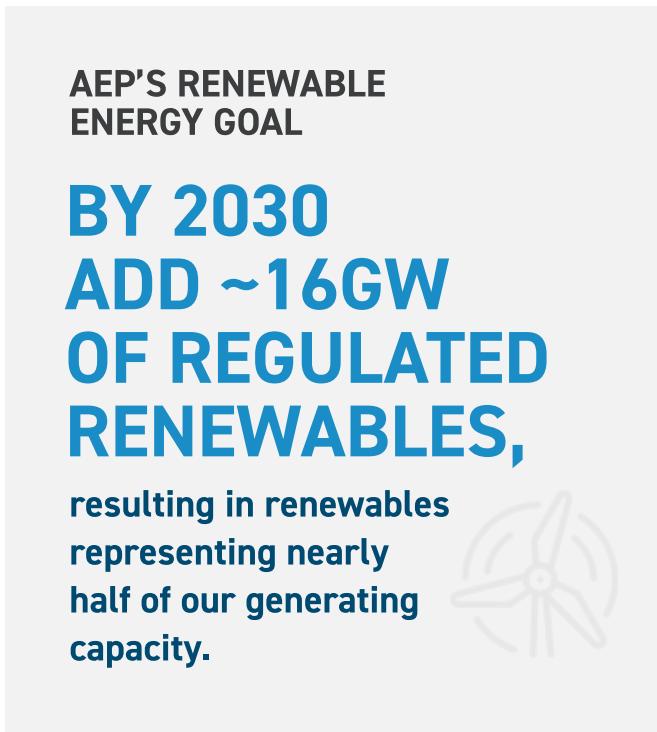
In megawatts (MW)

Hydro, Wind, Solar & Pumped Storage	Owned	PPA	Total
AEP Ohio	—	209	209
Appalachian Power	785	595	1,380
Indiana Michigan Power	56	450	506
Public Service Company of Oklahoma	675	1,137	1,812
Southwestern Electric Power Company	809	469	1,278
Competitive Wind & Solar	1,761	177	1,938
Total	4,086	3,037	7,123

AEP's Integrated Resource Plan Fillings

AEP Operating Company by State	Case Number/Docket
Southwestern Electric Power Company – Louisiana	SWEPCO LA Docket I-34715
Southwestern Electric Power Company – Arkansas	SWEPCO AR Docket No. 07-011-U
Public Service Company of Oklahoma – Oklahoma	Docketless Case

Appalachian Power Company – Virginia	APCo VA CASE NO. PUR-2019-00058
Appalachian Power Company – West Virginia	APCo WV Case No. 20-1039-E-IRP
Wheeling Power Company – West Virginia	WPCo WV Case No. 20-1038-E-IRP
Indiana Michigan Power - Indiana	Docketless Case
Indiana Michigan Power – Michigan	IM MI Case No. U-21189



CLEAN ENERGY TECHNOLOGY

We support the continuing development of cleaner energy options through technology advancement. Such advancements will continue to drive favorable economics of existing clean technologies and potentially provide new options in the future. Technologies of interest include:

- Renewable Energy
- Energy Storage
- Small Modular Nuclear Reactors (SMRs)
- Carbon Capture with Utilization or Storage
- Hydrogen and Other Chemical Energy Carriers
- Other Technologies (as they are identified)

As we introduce more renewable generation into our energy mix, the need to invest in energy storage grows. Energy storage can help smooth the flow of power as generation from intermittent resources such as wind and solar varies over time. Storage technology supports local reliability and demand response for our customers, and it is integrated into our distribution and resource planning processes.

We continue to invest in energy storage projects throughout our service territory. In 2021, AEP Ohio installed a second energy storage system at the City of Athens water treatment plant. The microgrid system uses solar power and a battery energy storage system for maintaining water service in the event of a power outage. AEP Ohio's first energy storage project went into service at the Columbus Zoo in 2020, and another, at the Columbus water booster station, will begin operating in 2022.

In addition, AEP continues to operate the 636 MW Smith Mountain hydroelectric facility located near Roanoke, Virginia.

The facility leverages a unique pumped-storage system to provide clean electricity for customers, and the two dams and reservoirs provide an abundance of recreational opportunities for the region.

We are also investigating and actively pursuing the application of bulk energy storage systems as transmission assets in situations where they can help to cost-effectively maintain or improve the reliability of the transmission system, compared to traditional options of building new transmission lines or stations.



The 137.4 kW solar array and 560 kW/1,200 kWh battery energy storage system will help the Columbus Zoo cut energy costs and reduce its carbon footprint.

NUCLEAR INVESTMENTS

Nuclear energy is one of the most reliable carbon-free sources of electricity. It is a secure energy source that isn't subject to weather conditions. AEP's Donald C. Cook Nuclear Plant in Bridgman, Michigan, can provide 2,296 MW of carbon-free electricity when operating at full power – enough to power 1.5 million homes.

We are committed to investing in the long-term viability of this clean energy resource. Cook's two units originally were designed for a 40-year life, but, in 2005, the licenses were extended by 20 years to 2034 for Unit 1 and 2037 for Unit 2. Our climate analysis assumes we will extend the units' licenses again. The Cook Plant is also part of an industrywide, multiyear strategy to transform the industry and ensure the plant's long-term capability.

As the grid continues to evolve, we are evaluating ways to optimize how we make, move and deliver electric services. This includes exploring new generation technology such as advanced small modular nuclear reactors (SMRs). SMR technologies are considered a clean, reliable energy opportunity to improve grid resilience and promote energy independence. They offer many advantages, such as a smaller physical footprint and reduced siting restrictions, and they are more affordable compared with larger nuclear plants.

CLIMATE GOVERNANCE

AEP's Board of Directors is actively engaged in working with management to oversee the company's planning and response to climate impacts. The Board understands the importance of climate change issues and their significance to our employees, customers, investors and other stakeholders. The Board regularly discusses issues related to climate change, including carbon reduction goals, public policy and legislation, renewable investments and AEP's strategy for a clean energy transition.

The Committee on Directors and Corporate Governance leads the governance of climate risks, and the full Board is engaged in approving AEP's strategy to invest in renewable energy, reduce carbon emissions, and support our local communities and regional economies.

Accountability for advancing AEP's clean energy strategy is supported by both short-term and long-term incentive compensation. For many years, AEP has tied a portion of short-term incentive compensation to the development of renewable generation. Beginning in 2020, AEP adopted a new long-term incentive compensation measure for AEP management that is aligned with increasing carbon-free generation capacity in the AEP fleet. This incentive measure is aligned with and supports our strategy for achieving 80% reduction in CO₂ emissions by 2030. The targets for this measure are reviewed annually and expected to increase substantially as we execute our strategy.

Learn more about AEP's climate governance and risk management approach in our [Powering Forward to Net-Zero](#) climate impact analysis report. The climate impact report also provides an in-depth analysis of two climate scenarios that support our carbon reduction goals, as well as identification of the physical risks associated with climate change.

JUST TRANSITION

More often than not, the transition to a clean energy economy focuses on carbon emissions reductions as the leading indicator of success in slowing the effects of climate change. But climate change is as much a structural change to our economy as it is an environmental issue. As we transition to cleaner forms of energy, there are impacts to people, communities and society at large that must be considered and thoughtfully managed. The low-carbon transition is a double-edge sword with lasting socio-economic effects, especially for communities dependent on the fossil fuel industry for jobs, taxes and corporate philanthropic support. At AEP, we are establishing a new model for enabling a just transition that is collaborative, inclusive and community-driven.



What is Just Transition?

Just Transition is a place-based set of principles, processes and practices to build capacity to transition from an extractive economy to a regenerative economy. To AEP, this means we are part of the capacity-building solution because when our communities are strong and thriving, we are also successful.

AEP's Commitment

Between 2022 and 2028, AEP will retire approximately 5,300 megawatts (MW) of coal-fired generation, affecting hundreds of employees across our service territory. We have a comprehensive workforce repositioning strategy to provide support and resources to find new jobs within or outside of AEP. We are engaging with our affected communities to help identify resources available to support their diversification efforts and to research options for site redevelopment, where feasible.

THE ECONOMICS

To understand the true impact of a plant retirement, we conducted an economic impact analysis in our 2021 Climate Impact Assessment. We modeled a hypothetical closure of four active coal units to see how a plant retirement would affect regional employment, labor income and GDP. While every plant will have unique impacts, this analysis provides a foundation for understanding the cumulative regional effects of a coal plant closure. According to the analysis, a typical coal-fueled power plant operated by AEP generates \$160 million in regional economic activity, provides \$63 million in labor income, and supports more than 700 regional jobs. There is also significant economic activity in external supply chains that support the plant. What we found was that when the plant retires, an additional two to three jobs are also lost in the region – on top of the plant jobs that are lost. Read more about this analysis in our [climate report](#).

ECONOMIC IMPACT SUMMARY - AVERAGE EFFECT OF COAL PLANT RETIREMENT*

Typical AEP Plant	Estimated Impacts
Employment (Number of Jobs)	
Direct	216
Indirect	303
Induced	198
Total	716
Labor Income (000)	
Direct	\$31,246
Indirect	\$21,989
Induced	\$9,301
Total	\$62,536
GDP (000)	
Direct	\$95,203
Indirect	\$48,727
Induced	\$16,111
Total	\$160,041

*Economic impact varies by plant size and geographic location.

TRANSITIONING THE PIRKEY POWER PLANT

In 2023, the Pirkey Power Plant in East Texas, a coal-fired plant, will retire from AEP's fleet. The plant is owned and operated by Southwestern Electric Power Company (SWEPCO). The adjacent Sabine Mine, which serves the plant, will also close. Two communities – Hallsville and Marshall – stand to lose tax base that supports local education and public services.

In May 2021, AEP and SWEPCO partnered with the Just Transition Fund to engage the communities in developing comprehensive, actionable plans to diversify the local economy. The Pirkey Transition Task Force is composed of more than a dozen local leaders and community stakeholders. They include representatives from two independent school districts, a local judge, the East Texas Council of Governments, the Greater Marshall Chamber of Commerce, the Harrison County Hispanic Lions Club, Texas State Technical College, Marshall Economic Development Corporation, and the Sabine Mine, among others. AEP and SWEPCO also participated on the Task Force. The Just Transition Fund served as a convener and facilitator. It helped the Task Force organize, identify priorities and resources, and develop a road map for economic diversification that can be carried forward. The Just Transition Fund committed six months to the Task Force, achieving the goals established at the outset.

The Task Force met biweekly to share data, identify resources, raise concerns and questions, vet ideas, and work

collaboratively toward an action plan. The group began by identifying its priorities:

- Identify good jobs for displaced workers at the plant and the mine
- Keep families local
- Address the tax base gap that will occur when the plant retires
- Support economic development at the plant site and beyond

The Task Force organized community meetings in Hallsville and Marshall, giving residents the opportunity to learn about the plant and mine closure, the work of the Task Force and the vision for the communities' futures. In addition, Task Force members attended local meetings of Rotary Clubs, Lions Clubs, and chambers of commerce to raise awareness and seek additional input.

To support communications efforts, AEP launched AEPcommunitytransition.com. It includes an episode of the AEP podcast, "Connected," that explains why AEP is transitioning to clean energy and how the company is supporting its employees and communities for future success. The website includes the schedule of planned coal-plant retirements and links to resources for communities. The [Pirkey Plant's](#) transition work is featured on the site. The intent is to add each successive plant that will be retired from AEP's coal fleet. This allows employees, communities and other stakeholders to follow our progress through this transition.



AEP and SWEPCO partnered with the Just Transition Fund to engage the communities surrounding the Pirkey Power Plant, which is set to retire in 2023.

SUPPORTING OUR WORKFORCE

A Workforce Transition Team was established soon after an announcement of the pending retirement of Pirkey Power Plant. AEP management directed company leaders to interview and strongly consider qualified plant employees applying for jobs within AEP or SWEPCO. The intent was to provide as many opportunities as possible for employees to stay with the company. Among the activities the Transition Team sponsored or organized included:

- Five voluntary career development workshops that included résumé writing, mock interviews, job market reviews, and comparisons of knowledge, skills, and abilities with the qualifications needed for technical positions within other AEP business units
- One-on-one career counseling
- An on-site job fair
- Collaboration with external partners for job training programs, such as the East Texas Workforce Commission, Texas State Technical College and large employers in East Texas

Of the 106 employees at the plant when the retirement was announced, about 75% either found new positions with AEP or SWEPCO, opted to retire with the plant, or found new jobs outside of AEP. These efforts will continue until the plant is retired. The Sabine Mine, for which the only customer is the Pirkey Plant, had 162 employees facing job loss when the

plant and mine close in 2023. SWEPCO continues to work closely with the mine's leadership to support the workers as much as is practical.



When retiring a power plant, AEP hosts on-site job fairs and career development workshops as part of our efforts to support employees as they transition into new careers.

LESSONS LEARNED

The collaboration with the Just Transition Fund and the formation of the Pirkey Transition Task Force were overwhelmingly positive. This partnership helped to ensure the Task Force was reaching the right people and hearing all voices impacted by the plant retirement, and further strengthened our relationships with our communities.

The intentional collaboration with affected communities to identify local priorities and work together toward an action plan will lead to a more diversified local economy. By bringing together a collection of community stakeholders, the Task Force was better able to understand the true impact the retirement would have on the communities. We also learned that each community has different needs and aspirations, making it important to bring as many disparate voices to the table as possible. Elected leaders alone will not sufficiently provide the balanced views; civic groups, chambers of commerce, economic development agencies, the faith community, secondary and higher education, and unions, among others are critical to the success of the process.

By the end of 2021, the Task Force had developed a high-level action plan. The group will continue to collaborate, and AEP and SWEPCO will continue to participate. Ensuring the success and economic health of our communities is in our own best interest as well. There is still a lot of work to be done to ensure this region of East Texas successfully addresses its priorities and achieves its economic growth goals. From this experience, our intent is to carry forward this community-driven, collaborative approach as AEP prepares to retire additional coal units in the years to come.

A Summary of Some Key Learnings

Data	It's important to have accurate data on the direct, indirect and induced economic impact of a plant retirement. The plant is an ecosystem that supports the broader economy, so the implications will have a ripple effect. Differentiate what will be lost from what will remain (e.g., assets remaining in tax base). Having the data available as soon as possible is essential to understanding actual impact and what to plan for. Identify environmental justice issues that could be a factor in the decommissioning plan.
Resources	Identify state, regional or federal grant or economic development programs that can benefit the region. At Pirkey, a subcommittee was formed to focus on applications for federal funding. Identify external partners such as a Council of Governments, state or local workforce development organizations, and technical schools and universities.

Stakeholders	Make a list of all possible stakeholders, and develop a strategy for outreach and engagement. Manage expectations. Communicate often.
Organization	SWEPCO took the lead to establish the task force concept and recruited initial members. Task force members are needed to help expand this because they know their communities best. The leader should either be a third party outside of the process or a community leader.
Communications	The Pirkey Task Force had two tracks for communications. The Just Transition Fund organized all meetings and helped to craft postcards and a community survey independent of SWEPCO. SWEPCO provided translation services and produced fact sheets, organized media outreach and established a dedicated transition website, with Pirkey being the first featured plant.

MODERNIZING THE GRID

Having a modern, reliable, resilient and secure grid is vital to our clean energy transformation. Investing in the grid enables AEP's decarbonization strategy as we prepare to accommodate new, cleaner grid resources, grow load in our service territory, and open the door to future customer-driven growth opportunities. This is essential to serving evolving societal, economic and customer needs as well as meeting our net-zero carbon goals.

Our network of 260,000 miles of distribution and transmission lines presents the challenge of ongoing maintenance and operational needs. While our transmission and distribution systems are built to last, equipment naturally wears over time, which can increase the risk of failure, outages and efficiency loss. We continue to invest in maintenance and equipment upgrades to meet customers' expectations for reliability and to provide them with an optimal experience.

From 2022 through 2026, AEP plans to invest \$38 billion in capital with an emphasis on transmission, distribution and regulated renewable energy. Approximately \$24.8 billion of capital, or 65%, will be allocated to transmission and distribution operations to construct a more efficient grid and deliver custom energy solutions to customers. Our flexible capital investment pipeline provides us with the ability to quickly redeploy transmission and distribution investments where needed while mitigating customer bill impacts.

Our transmission strategy focuses on leveraging technical innovation to deliver low-cost, high-value solutions as rapidly and efficiently as possible. From 2022 through 2026, AEP plans to invest \$14.4 billion, or approximately 50% of transmission capital investment, to modernize the transmission grid and enhance reliability and resilience. Our five-year transmission capital investment portfolio will deliver significant customer benefits across AEP's broad geographic footprint and four regional energy markets. Benefits include optimizing the grid's performance, reducing congestion, enabling the deployment of new technology, improving reliability and resilience, lowering energy costs and directly connecting renewables and other generation to the grid. Investments in transmission also enable public policies and customer demand for clean energy, as well as economic development.

We are also leveraging data analytics and digital technology, such as Geographic Information System (GIS), to reduce system failures, increase safety, improve grid reliability and minimize risks. Approximately \$2.7 billion of annual on-system capital investment is required to replace and enhance all transmission assets beyond life expectancy over the next 10 years. This is determined based on performance, condition and risk. AEP's Asset Health Center (AHC) uses operational and predictive data as an indicator for proactive system maintenance and equipment replacement needs. We minimize risk by identifying safety issues in real time and by prioritizing urgent needs to maintain a robust grid.

Reliably delivering electricity to our customers' homes and businesses requires investments in our distribution system. From 2022 through 2026, we are allocating \$10.4 billion to improve the reliability of our distribution systems. Distribution investments will be focused on renewing and replacing assets; responding to customer requests such as new services or upgrades; implementing technology automation; performing storm restoration; installing smart meters; investing in fiber to provide broadband to rural communities; and investing in energy efficiency and supporting electric charging vehicle charging infrastructure. Learn more about our investments in broadband in the [Broadband Accessibility section](#).

CAPITAL FORECAST - 2022-2026

In billions



- | | |
|--|--------------------------------------|
| 7% IT/Workplace Services - \$2.5B | 1% Regulated New Generation - \$0.4B |
| 21% Regulated Renewables - \$8.2B | 1% Generation & Marketing - \$0.4B |
| 1% Nuclear Generation - \$0.3B | 16% AEP Transmission Holdco - \$6.1B |
| 1% Regulated Environmental Generation - \$0.6B | 27% Distribution - \$10.4B |
| 3% Regulated Fossil/Hydro Generation - \$1.0B | 22% Transmission - \$8.3B |

Capital Forecast Emphasizes Investment in Wires and Renewables



of capital allocated to regulated businesses



allocated to wires - \$24.8B



allocated to regulated renewables - \$8.2B

BUILDING A RESILIENT GRID

Extreme weather events such as hurricanes and ice storms, or cybersecurity threats and other disruptions can leave customers without power – sometimes for prolonged periods of time. Catastrophic events, whether natural or man-made, can cause damage to our equipment, making it costly to repair and challenging or dangerous for our line crews to restore. The increased frequency, intensity and impact of these events reinforces the essential need to harden and build a more resilient grid.

We have a long history of investing in grid reliability, resilience and security. Our capital investment strategy, changes to design standards for vulnerable infrastructure, increased automation and digitization, and efforts to have critical spare parts at the ready, are all part of our grid modernization plan to better enable our clean energy transition.

Throughout our history, extreme precipitation events have often had operational impacts to AEP facilities and infrastructure. For example, increased precipitation could lead to the flooding of substations or landslides. Similarly, a decrease in precipitation could increase the risk of wildfires and drought. In 2020, AEP conducted an informal assessment of climate impacts to the transmission network and identified nearly 260 transmission and distribution substations located within 100-year flood plains. In response, we are prioritizing higher risk stations for remedial action, including deploying sensors and control technology, strengthening components, and even moving substations out of flood prone areas.

More recent extreme weather events, such as the deep freeze that significantly impacted the Texas energy system in 2021, are a sobering reminder of the critical need for specific policy changes and investments to support reliability and resilience of the power grid. As an industry, we must be better prepared to counteract the impacts of severe weather. We will continue to engage in the policymaking process at the federal, state and local levels to ensure the best interests and needs of our customers and communities are met, as we grow and transition to a clean energy future.

Having access to critical spare assets for the grid, such as transformers or breakers, is also important to grid resilience. AEP is a founder of Grid Assurance, an industry-led initiative to enable quicker recovery of the transmission grid resulting from a catastrophic event, natural or man-made. Grid Assurance's framework models for high-impact, low-frequency events. It includes maintaining an inventory of critical spare assets that can be promptly deployed. This is especially important in light of current supply chain disruptions, which temporarily halted production and limited availability of some critical equipment. Grid Assurance hit a major milestone in 2021, securing its full on-site inventory and providing the critical inventory its subscribers need to fully and quickly recover if a catastrophic event would happen to occur.

VEGETATION MANAGEMENT

Keeping power lines clear of vegetation is a priority for electricity reliability. It's also an expensive and challenging task

because AEP's service territory includes some of the most rugged terrain across the nation. This makes prevention of outages and equipment failures from overgrown and/or fallen vegetation one of our biggest and most expensive challenges. In addition to maintaining what is growing inside our rights-of-way (ROW), we also evaluate the health of trees outside the ROW as part of our management process.

We manage vegetation growth immediately surrounding our power lines – within our defined easements for operational integrity – with a combination of performance-based (such as targeting low-performing circuits) and cycle-based (regularly scheduled) maintenance strategies. During the past five years, we have spent approximately \$2.6 billion on vegetation management, including \$647 million in 2021.

AEP operating companies work with state regulatory commissions to proactively manage vegetation in regularly scheduled maintenance cycles. We have successfully done this in Ohio, Oklahoma, West Virginia, Tennessee, Indiana and Kentucky. Executing an effective vegetation management program across our service area involves a significant expense that has a direct effect on service reliability and customer satisfaction.

We carefully manage our programs for efficiencies and savings, using a variety of tools, techniques and technologies. This includes drone technology and artificial intelligence to maximize effectiveness and lower our costs.

Branch to Browse Program

AEP's forestry programs are critical to keeping the lights on – ensuring that trees or brush do not come into contact with our power lines and equipment. Our efforts include managing tree and brush vegetation through regular tree-trimming efforts to reduce the potential for customer outages. Two of AEP's operating companies identified an opportunity to repurpose fresh tree trimmings, branches and twigs, giving a dual purpose to our vegetation management efforts while giving back to our communities.

AEP Ohio branched out to help support the animals at the Columbus Zoo and Aquarium and The Wilds. Through a newly developed Trim to Treat partnership, some of the trees and branches AEP Ohio forestry crews regularly trim are donated and delivered for the animals to use in a variety of ways, including to build a nest or munch as a nutritious midday snack.

In addition, Indiana Michigan Power in partnership with Potawatomi Zoo created the Branch to Browse Program to help offset the zoo's annual food costs for its animals. Both of these programs not only help enrich the animals but also sustainably use our natural resources while offsetting the zoo's annual food costs. This is truly a win-win for AEP and our local communities.

ELECTRIFYING OUR ECONOMY

Both globally and within the U.S., our economy is moving away from fossil fuel resources to cleaner, less carbon-intensive options. This includes the transportation sector. At the 2021 United Nations Climate Change Conference (COP26), over 100 national governments, cities, states and major businesses signed the Glasgow Declaration on Zero-Emission Cars and Vans to globally end the sale of internal combustion engines by 2040. In the U.S., transportation accounts for the largest share of CO₂ emissions. Getting more Americans to switch to electric transportation options by improving access to charging infrastructure is a key component of President Biden's agenda to combat climate change. The \$1 trillion Bipartisan Infrastructure Law includes \$7.5 billion dedicated to support EV charging investments over a five-year period, with a portion dedicated to low-income and rural areas. This supports new national goals of building 500,000 EV charging stations and having EVs represent 50% of new car sales by 2030.

Electric utilities play a vital role in decarbonizing and electrifying our economy. According to Edison Electric Institute, over the past decade electric companies have received regulatory approval to invest more than \$3.4 billion to accelerate electric transportation. This includes investing in smart grid technologies to support charging infrastructure, deploying

cost-saving customer programs, and influencing public policies to support the continued growth of electric transportation options.

AEP has assembled a cross-functional team to analyze the opportunities in the Bipartisan Infrastructure Law and advocate that our customers receive their share of the federal funds to support the electrification of transportation in our communities. We plan to assist our customers, communities, and stakeholders in navigating these historic opportunities. This strategy will accelerate the goals and objectives AEP has been pursuing for the past five years to facilitate the transition to EVs and give our customers access to the benefits of electric transportation.



Our efforts to provide customers with accessible and affordable charging options focuses on working with regulators to create programs that benefit all customers.

AEP'S FLEET GOAL

REPLACE 100%

of our 2,300 cars and light-duty trucks with available EV alternatives by 2030



ELECTRIFICATION TRANSPORTATION STRATEGY & INITIATIVES

Globally, automakers sold 6.6 million plug-in vehicles in 2021, more than double the 3 million sold in 2020 and more than triple the 2.2 million sold in 2019, according to the International Energy Agency. According to Kelley Blue Book, electric vehicle sales in the U.S. reached a new peak in the fourth quarter of 2021, making up 4.5 percent of all car sales from October through December.

As the cost of EVs continue to drop, we are seeing adoption rates increase among both our residential and commercial customers. In addition, several of our commercial customers have set emission reduction goals for their fleet which is critical in supporting EV growth. Our efforts to provide customers with accessible and affordable charging options focuses on working with regulators to create programs that benefit all customers. This includes offering customers low off-peak EV-charging rates, incentives for charging station installations and associated infrastructure upgrades, and consultative services to encourage electrification.

Several of AEP's operating companies offer programs to support customers in their adoption of EVs. For example, Indiana Michigan Power's [IM Plugged In program](#) offers incentive payments and discounted overnight rates for EV charging for residents and small commercial customers in both Indiana and Michigan. IM Plugged also has EV charging incentives in both states for commercial and industrial workplace, fleet, and multi-unit dwelling customers planning to install EV chargers. These include rebates for newly installed EV charging ports and or extended revenue credit options for customers that require new dedicated electrical service from I&M for EV chargers.

We are also supporting our customers that are seeking assistance in deploying EV charging solutions to support their fleet electrification initiatives. For instance, Public Service Company of Oklahoma (PSO) is partnering with ChargePoint, an EV charging network. Through this partnership, PSO will identify business customers with EV charging needs and connect them with ChargePoint, which will offer its services to support our customers' needs.

In addition, we are looking for opportunities to support our local communities to electrify their fleet. As part of a [New Source Review](#) settlement with the EPA, Appalachian Power awarded \$2.1 million in grants to five school systems across southwest and central Virginia toward the purchase of nine energy-efficient buses powered by electricity. AEP Ohio and I&M plan to make similar awards in 2022. Electric school buses are quieter and less expensive to maintain and operate. In addition, they reduce children's exposure to harmful diesel exhaust fumes and particles.

NATIONAL ELECTRIC HIGHWAY COALITION

AEP was instrumental in establishing the National Electric Highway Coalition (NEHC). The NEHC is a collaborative of more than 60 U.S. power companies serving more than 120 million customers across 48 states plus Washington, D.C. The members of NEHC are committed to providing EV fast-charging stations that will allow the public to drive EVs with confidence along major U.S. travel corridors by the end of 2023.

ENVIRONMENT, SAFETY AND HEALTH PHILOSOPHY

No aspect of operations is more important than the health and safety of people. Our customers' needs are met in harmony with environmental protection.

AEP is committed to social responsibility and sustainability. We are proactive in our efforts to protect people and the environment by committing to MESH:

- **M:** Maintain compliance with all applicable Environment, Safety and Health (ES&H) requirements while pursuing the spirit of ES&H stewardship.
- **E:** Ensure that people working for or on behalf of AEP understand and integrate ES&H responsibilities into their business functions.
- **S:** Support continual improvement of environmental performance and pollution prevention.
- **H:** Hazard elimination through employee involvement and continual health and safety improvement.



Environment, Health and Safety Policy

ENVIRONMENTAL REGULATIONS & COMPLIANCE

At AEP, compliance with environmental rules and regulations is our only option. Our goal is zero violations of environmental laws and regulations and zero enforcement actions. We are committed to complying with all applicable environmental regulations and being good stewards of natural resources. To help us continue to achieve operational excellence, we push ourselves toward developing and digitalizing data collection processes and projects to make them more reliable, consistent and trackable.

As producers of electricity, we operate a variety of generating resources – including coal, natural gas, renewables, hydroelectric, pumped storage and nuclear power plants – to serve our customers. Through our operations, we are subject to various federal statutes including the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Endangered Species Act and Safe Drinking Water Act, among many others. Environmental regulations developed under these laws are revised periodically, and it is critical that we stay current with changes to remain in compliance. As the scope and stringency of environmental regulations evolve, our industry faces technical, operational and financial challenges. These challenges include uncertainties with timing, scope and impact of future environmental regulations, which in turn influence AEP's asset management strategy and planning.

We actively participate in the development of regulations at the federal and state levels to ensure that new requirements are achievable, based on sound science, consistent with statutory authority and balanced with other rulemakings. New requirements should also consider the cost of compliance for customers and allow sufficient time to comply.

As part of our clean energy transition, AEP has retired or sold more than 13,700 MW of coal-fueled generation from 2011 to 2021 and we have plans to retire another 5,300 MW between 2022 and 2028. Even long after we retire fossil-fueled power plants, our responsibility to environmental compliance at AEP-owned properties continues. This includes many existing federal and state environmental requirements, in particular those related to the management of water and coal-combustion residuals. We continue to work closely with regulators and our local communities as we move through the fossil generation decommissioning process. Learn more about AEP's process to retire fossil-fuel generation facilities in the Just Transition section.

For additional disclosure on regulations affecting AEP, please read our [SEC Form 10-K](#).

AEP'S ENVIRONMENTAL COMPLIANCE GOAL

ZERO VIOLATIONS

of environmental laws and regulations and zero enforcement actions



ENVIRONMENTAL COMPLIANCE

In addition to the day-to-day compliance requirements, we participate in routine environmental inspections during scheduled and unannounced visits from regulators. During these visits, regulators evaluate our facilities and operations to assess compliance with regulatory requirements, permit limits and recordkeeping obligations. If an agency identifies a concern, we work with them closely to address the issue in a timely fashion. This could include identifying and implementing corrective measures to mitigate future risks.

One way we verify our own compliance is through internal environmental audits. The audits provide additional focus on risk areas and provide assurance that compliance processes are robust and consistent and are implemented systemwide. In 2021, Audit Services conducted 26 audits of environmental compliance, which included inspections of 37 locations.

Environmental audits may reveal potential gaps in performance that are related to regulatory requirements and company procedures or policies. These could include areas such as recordkeeping, inspection criteria, training topics and equipment configuration. Auditors also recognize practices that go beyond regulatory requirements to bring about robust and sustained compliance. Although reports are site-specific, we aggregate and share results and best practices across the company to improve performance.



One way we check on our own compliance is through internal audits which provide additional focus on controlling risks and providing assurance.

ENVIRONMENTAL PERFORMANCE

We tie a portion of the funding for short-term incentive compensation for all employees to environmental stewardship, which is measured based on the number of environmental enforcement actions with significant fines that are resolved during the year.

In addition, our Generation business unit has long used metrics to encourage self-reporting of events and improve environmental performance. Our Environmental Performance Index (EPI) includes annual goals related to opacity, water discharge permits, and oil and chemical spills. The EPI helps keep prevention front of mind, encourages sharing of best practices, and drives us to be more proactive in protecting the environment. Reinforcing its importance, we tie our Generation department's incentive compensation to EPI performance. Since 2015, the number of EPI events has decreased or remained consistent each year, demonstrating the continuous improvement of Generation's overall environmental performance. During 2021, we had 18 EPI events, the same number as in 2020.

Due to the proven success of the EPI program, in 2022 AEP is developing and expanding environmental performance goals that will apply to other parts of our business including Transmission and Distribution. Widening the scope of the program will encourage best practices, a proactive mindset, and collaboration among business units.

Environmental compliance is a high priority for the lifecycle of every project we undertake. In our Transmission business, where a great deal of construction is taking place, project teams must complete a mandatory environmental compliance-training program. Our environmental specialists and engineers also provide support to ensure we achieve full compliance with environmental permit requirements, and we are always striving for improvement.

Environmental Good Catch Program

We set annual targets focusing on continuous improvement as we strive for zero violations and enforcement actions. In addition, AEP's Generation organization instituted an Environmental Good Catch program, similar in manner to our Safety and Health Good Catch program. A "Good Catch" is an observation or recognition of a condition that could lead to a reportable environmental event and the subsequent actions taken by employees to correct the situation, preventing the event from occurring. A "Good Catch" can also be behaviors or conditions that represent a best practice. This demonstrates our commitment to an engaging and accountable culture where every employee owns environmental stewardship – using knowledge sharing and lessons learned to prevent future non-compliance events. Approximately 270 Good Catches were identified in 2021, helping to ensure environmental compliance.

EMISSIONS PERFORMANCE

We have made significant long-term investments in environmental controls to reduce the environmental impact of how we generate electricity. From 2000 through 2021, we invested approximately \$9.1 billion in environmental controls, primarily related to the Clean Air Act. These investments subsequently resulted in significant emissions reductions. Since 1990, we have reduced our annual emissions of sulfur dioxide (SO_2) and nitrogen oxide (NO_x) by approximately 98% and 95%, respectively. Since 2001, we have reduced our annual mercury emissions by approximately 97%.

Additional information about mercury is located within the [Toxics Release Inventory program](#).

Through 2021, we reduced our carbon emissions by 70% from a 2000 baseline. In 2021, emissions increased relative to 2020 due to the post-pandemic economic recovery and surge in natural gas prices. Despite the 2021 increase in CO_2 emissions, AEP is still on track to meet our goals of 80% reduction by 2030 and net-zero by 2050. We are committed to periodically reviewing these goals as we work toward a clean energy future.

We are often asked if our emissions data is third-party verified. At present, AEP's emissions data is not third-party verified as the majority of data is derived from calibrated and certified systems that are deemed acceptable by federal regulators for compliance requirements. This will potentially change in the future as the U.S. Securities and Exchange Commission seeks to have third-party verified emissions data included in financial statements.

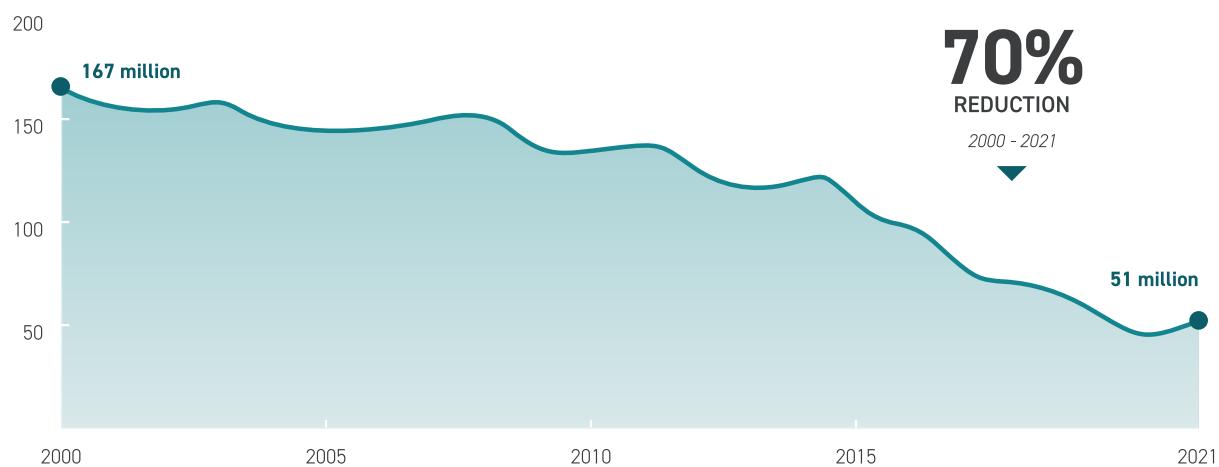
Learn more about AEP's emissions reduction accomplishments and targets in our [Climate Impact Analysis](#).

Since 2000, AEP has invested
\$9.1 BILLION

in environmental controls
to reduce emissions at
coal-fired power plants

AEP'S CO₂ EMISSIONS

In million metric tons



Direct CO₂ emissions from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

AEP'S MERCURY AIR EMISSIONS

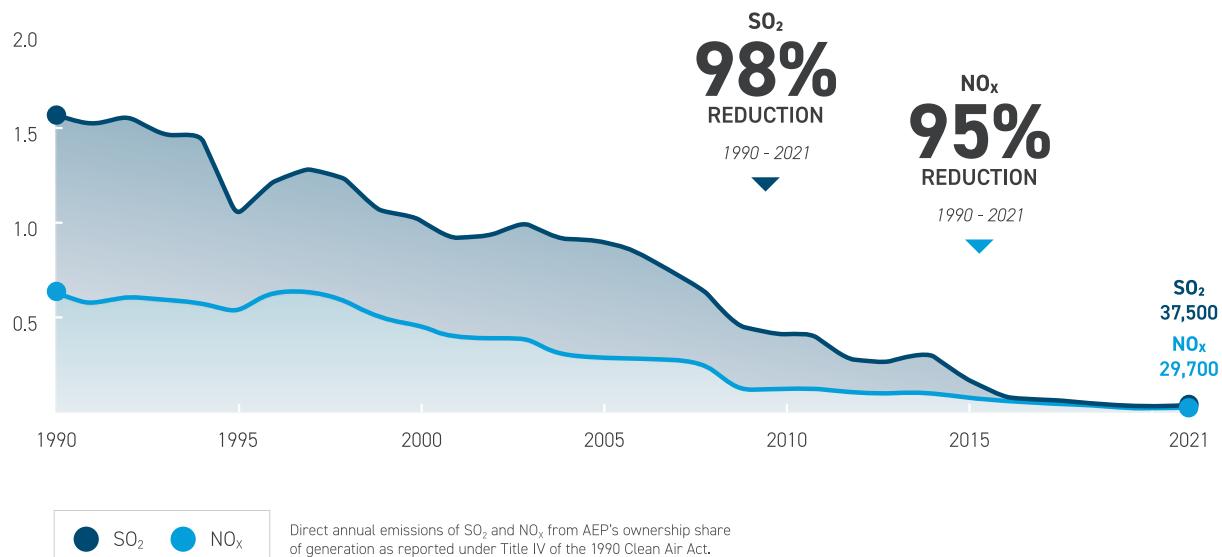
In pounds



AEP equity share of mercury air emissions from Toxic Release Inventory reporting. 2021 was estimated with MATS program emission monitors.
*Current year mercury emission data is preliminary. Will be updated once data is finalized with the EPA.

AEP'S NO_x & SO₂ EMISSIONS

In million U.S. tons



BIODIVERSITY & WILDLIFE PROTECTION

As we build and maintain new and existing infrastructure across our service territory, such as transmission or renewable generation facilities, we are mindful of the potential impacts we may have on wildlife and ecosystems. This includes species protected under the Endangered Species Act, the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act. We remain committed to following all federal, state and local environmental regulations and practicing environmental stewardship where possible when siting, constructing and operating our assets. For example, this includes adherence to the U.S. Fish & Wildlife Service's (USFWS) voluntary Land-Based Wind Energy Guidelines.

We value and practice environmental stewardship and conservation across our service territory. Whether through reclaiming former industrial land for outdoor recreation such as nature trails and campsites or integrating conservation measures into new and rebuilt transmission lines, we take steps to preserve the natural ecosystem as we grow our business.

AVIAN PROTECTION

For more than 50 years, the utility industry, conservation groups, wildlife resource agencies and others have collaborated to understand why and how birds collide with, or are electrocuted by, power lines. To reduce avian mortality and decrease bird-related power outages, we voluntarily adopted a company-specific Avian Protection Plan to mitigate the risks associated with bird interactions at our facilities.

It is important for our operations and our customers that we account for avian protection when we design and engineer new facilities and upgrade existing facilities. For example, we have installed laser technology at some substations to discourage birds from flying into switches and transformers or nesting in the equipment. This technology may also be used at other substations where adjacent land use encourages avian activity.

AEP manages interactions between birds and power lines through a system-wide plan across our 11-state regulated service territory. Our primary challenge continues to be larger species, which are more likely to be electrocuted in substations and on poles or to collide with towers and lines.

The Plan has several key components:

- **Employee training and compliance**

Educate and train employees on compliance requirements and methods for preventing bird collisions and electrocutions.

- **Construction design standards and mortality reduction measures**

Design new lines and facilities with bird safety in mind.

- **Nest management and avian enhancement options**

Adopt the use of safety tactics to keep birds away from wires, such as installing a de-energized pole for bird nesting.

- **Avian reporting systems and risk assessment methodologies**

Continuously improve our monitoring and reporting capabilities.

- **Public education**

Promote the need for migratory bird and habitat conservation, working cooperatively with federal and state agencies and nonprofits.

As renewable energy continues to grow, we remain engaged with organizations such as the Renewable Energy Wildlife Institute's, previously known as American Wind and Wildlife Institute, National Wind Wildlife Research Plan and the Electric Power Research Institute (EPRI), which are conducting research on wildlife interactions with renewable energy facilities.



In 2021, the AEP Foundation awarded a \$3,000 grant to the NorthSong Wild Bird Rehabilitation a nonprofit located in Northwestern Arkansas devoted to treating injured wild birds.

HABITAT CONSERVATION PLANS

Our grid modernization efforts require balancing business needs with environmental protection. With the magnitude of our construction activities, it is conceivable that we will encounter, or potentially have an impact on, a range of species. One way we are addressing this is by working with the USFWS to establish Habitat Conservation Plans (HCPs). HCPs are important because they not only protect the covered species but also generate cost and time savings for AEP and our customers.

In August 2021, AEP was awarded a federal grant from the USFWS Cooperative Endangered Species Conservation Fund to support the development of a multi-species HCP that will apply to our entire transmission system for 30 years. If approved, the HCP will enable transmission construction activities that could impact listed species, such as the Indiana bat, to proceed without case-by-case agency consultation, if the practices and mitigation methods described in the plan are followed.

This HCP is notably the largest effort of its kind to date that focuses on industry best practices and defines actions needed to fulfill the requirements of the Endangered Species Act. We are also working closely with wildlife protection agencies in each of our states to ensure the HCP is consistent with their goals and regulations and covers the species affected by our work. This is similar to the work we have done to implement an approved HCP to protect the American burying beetle, which occurs in portions of Arkansas, Oklahoma and Texas.



Habitat Conservation Plans protect threatened species, including the American burying beetle, an insect with habitats across several states in our service territory.

RIGHT-OF-WAY CONSERVATION RESEARCH

AEP's extensive transmission and distribution network spans thousands of miles throughout our 11-state service territory. With this comes the responsibility to maintain and manage these assets as well as reduce environmental impacts. This includes complying with federal, state and local regulations to restore all vegetation disturbed by construction activities.

Restoration efforts include site grading, soil preparation and seeding, which typically involves seeding with a turf grass mix to achieve erosion and sediment control as quickly as possible. However, inappropriate seed mixes, site conditions, or weather can make it difficult for vegetation to properly germinate. Revising these seed mixes to better adapt to their environment can improve performance and achieve long-term savings in the restoration and maintenance of vegetation. For example, dense, regionally appropriate native herbaceous vegetation can potentially provide better erosion control, improve drought tolerance and inhibit tree establishment.

AEP has been testing the feasibility of using native seed mixes through research and site demonstrations for several years now. This includes our partnership with the Dawes Arboretum in Newark, Ohio, to support research on the use of native vegetation on utility right-of-way (ROW) sites to support wildlife, biodiversity and sustainability. The pilot research study demonstrates the feasibility of economically incorporating native plants and pollinator habitats into ROWs through prairie establishment. The Dawes Arboretum project replicates a post-construction restoration scenario and uses a native prairie seed mix to meet these requirements.

Researchers are documenting rich biodiversity and monitoring habitat quality, erosion control and succession of prairie development. Rare species, such as the American Bumble Bee and the Wood Thrush, a priority watch list bird, have also been documented at the research site. The study has found that the native seeding approach is suitable for use in transmission ROW sites when appropriate plant species are selected. Due to this innovative approach, AEP received an EPRI Technology Transfer Award for Integrated Vegetation Management.

Complementing the Dawes Arboretum study, seed mixes have been tested at sites in Ohio, Oklahoma and West Virginia and are being monitored for germination success, erosion prevention and stability, species development and drought tolerance. The seed mixes were developed according to regional needs, as well as compliance with restoration requirements. The study affords an opportunity to understand and learn about the feasibility of long-range use of native seed mixes on future construction projects. The results to date indicate the regional seed mixes were successful and complied with local storm water regulations for site stability and vegetation coverage.

We are also exploring the use of native seed mixes at the AEP Transmission headquarters in New Albany, Ohio. After three years of planning, ROW vegetation demonstration plots have been seeded and are now fully established, covering a total of eight acres. The seed mixes were developed with help from local conservation organizations, such as the Ohio Department of Natural Resources, Audubon Society, National Wild Turkey Federation and Pheasants Forever. The

various mixes are designed to support birds, pollinators, deer and turkey. In the future, we plan to host demonstrations for school groups, NGOs and other organizations.

POLLINATOR INITIATIVES

Pollinators provide vital support to our natural ecosystems, including food production. A report by EPRI notes that globally, pollinators are in decline, with some scientists estimating that 40% of pollinator species may be at risk of extinction in the coming decades. At AEP, we are taking multiple measures to protect pollinators and promote their well-being. This includes participating in EPRI's Power in Pollinators Program to research ways that electric utilities can support pollinator habitats and raise public awareness of their importance to society.

Building Pollinator Awareness

Our work to raise awareness about the importance of pollinators extends to our employees and communities. Each year, we organize an annual Pollinator Week in concert with peer utilities across the country. Through social media and other interactive communications, we share information about the role of pollinators in plant fertilization and AEP's efforts to facilitate pollinator population growth through vegetation management.

During the 2021 pollinator week, AEP hosted virtual events including an employee webinar with over 130 participants that focused on the value of drawing beneficial insects to gardens as a form of pest control. AEP was also invited to host a spotlight session during the EPRI Pollinator Power Party where we shared our pollinator efforts across our service territory and followed with an interactive Q&A session featuring AEP's Environmental services team and AEP employees doubling as beekeepers.

Protecting the Monarch Butterfly

AEP joined a conservation initiative with the USFWS to develop a Candidate Conservation Agreement with Assurances (CCAA). A CCAA is a formal agreement between the USFWS and one or more parties to address the conservation needs of a candidate species before the species becomes listed as endangered or threatened. Property managers voluntarily commit to conservation actions that will help stabilize or restore the species and possibly avoid a listing. AEP continues to coordinate with the University of Illinois-Chicago, as well as other power companies, oil and gas companies and state departments of transportation on the development of the collaborative monarch CCAA, which was finalized in April 2020.

Overall, our efforts to implement pollinator-friendly projects on managed lands demonstrate the significant role electric power companies can play in boosting pollinator habitats nationwide. These efforts also add to our knowledge of the feasibility and compatibility of supporting natural ecosystems on our property and within our ROWs.

WETLAND AND STREAM HABITATS

Construction activities can also affect wetland and stream habitats. We make every effort to avoid such impacts when facilities are sited. However, when impacts cannot be avoided, we minimize and mitigate by enhancing or protecting ecological resources of greater or equal value. Mitigation is a priority for AEP, and we are committed to ensuring long-term success. Our mitigation efforts are overseen by regulatory agencies such as the U.S. Army Corps of Engineers through the Section 404 permitting program.

ENVIRONMENTAL STEWARDSHIP RECOGNITION

In 2020, our environmental stewardship efforts at the Flint Creek Power Plant in Gentry, Arkansas, received a silver Wildlife Habitat Council (WHC) Conservation Certification. This designation recognizes the plant's habitat enhancement programs, including tallgrass prairie restoration, nesting boxes and other bird habitat improvement, pollinator garden landscapes, restoration of native plant species and environmental awareness education. The Flint Creek Power Plant has approximately 700 acres designated as wildlife habitat and is home to the 65-acre Eagle Watch Nature Trail, which includes a half-mile walking trail and wildlife-viewing pavilions, all open to the public. Flint Creek recently donated 966 tree

pots to the Watershed Conservation Resource Center for growing seedlings that will ultimately be planted along stream banks for stabilization and ecological improvements. In the near future, we plan to increase the number of wildlife viewing structures at the Flint Creek Eagle Watch.

Flint Creek has held certification under the WHC's Corporate Lands for Learning and Wildlife at Work programs since 2004 and 2002, respectively, and since 2016 when the two programs were combined into the Conservation Certification. Our most recent certification extends through December 2022, which is indicative of the decades of dedication and commitment to environmental stewardship by the Flint Creek team.

A Life Dedicated to Environmental Stewardship

The late Terry Stanfill, a retired SWEPCO employee and the driving force behind the development and management of the Eagle Watch Nature Trail, was honored during the annual Earth Day Celebration in April 2022. To honor his memory and dedication to Eagle Watch, the trail's main pavilion was named the "Terry Stanfill Pavilion." Stanfill, a plant chemist who retired in 2010 from Flint Creek, continued to manage Eagle Watch Nature Trail after his retirement, including annual Earth Day events at the site. This year during the celebration, he was remembered for his quiet work, ensuring wildlife had a safe habitat and the public had a place to learn and connect with the outdoors. Stanfill's work earned Eagle Watch Nature Trail national recognition for environmental stewardship.



A permanent plaque at Eagle Watch Nature Trail to honor the late Terry Stanfill, a retired Flint Creek employee.

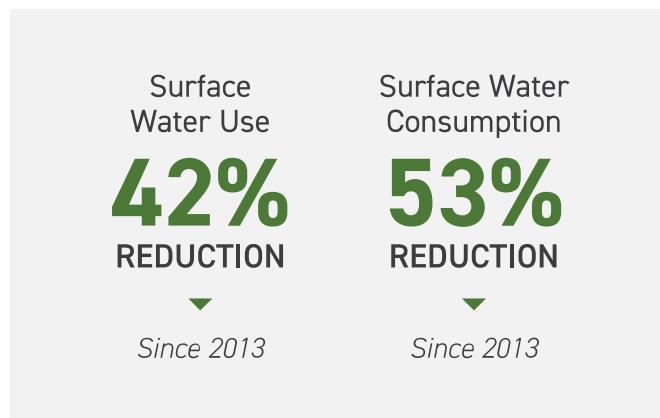
WATER USE & MANAGEMENT

Water is essential for the production of electricity and is critical for many of our processes, including cooling of equipment. Although approximately 87% of AEP's power generating capacity in 2021 required water, we returned most of the water we use to its original source. Our coal and natural gas supply chains also rely on water to mine coal and extract natural gas for power generation. Water consumption occurs when it is lost to evaporation primarily due to process cooling and flue gas scrubbing. This represents less than 4% of AEP's total water use.

As much as we need access to water, we also have a responsibility to manage this resource to minimize potential impacts and to reduce consumption. Our water withdrawal and consumption will continue to decrease as we diversify our generating portfolio through the addition of wind and solar since these energy sources do not require any water input. Our water intensity will also decrease as we retire fossil-fuel generation capacity as part of our three-year non-emitting generating capacity growth long-term incentive plan.

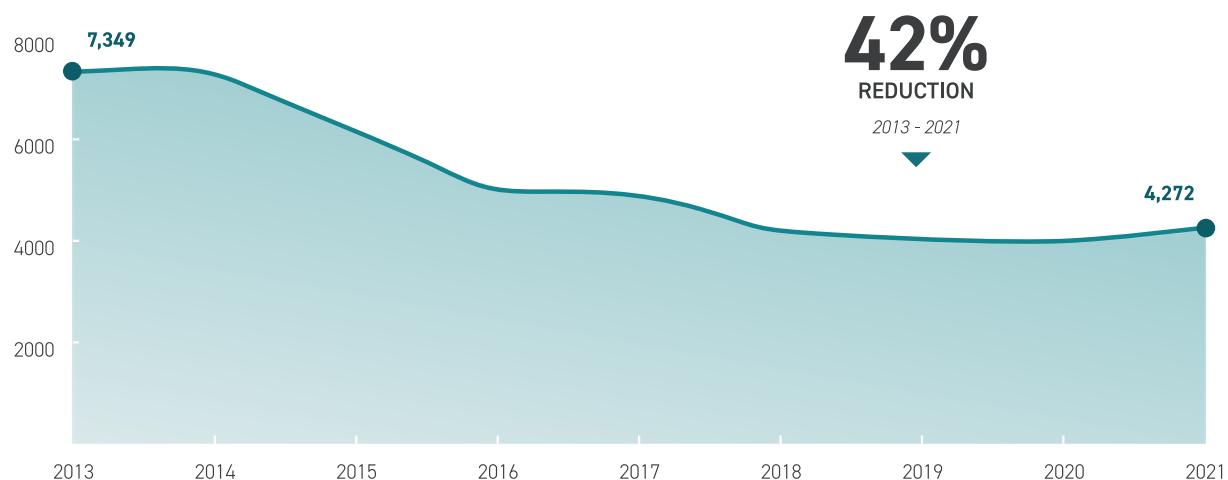
Water Use Reporting

Because we place a high value on transparency, we extensively report on our usage and management of water throughout our system in different forums. We do this through both required reporting, such as the U.S. Energy Information Administration, state-level water usage reports and through voluntary efforts. For example, we annually disclose water data in our [ESG Data Center](#), [Sustainability Accounting Standards Board \(SASB\) report](#) and [GRI report](#), and we participate annually in the [CDP Water Survey](#).



AEP'S SURFACE WATER WITHDRAWAL

In millions of gallons per day

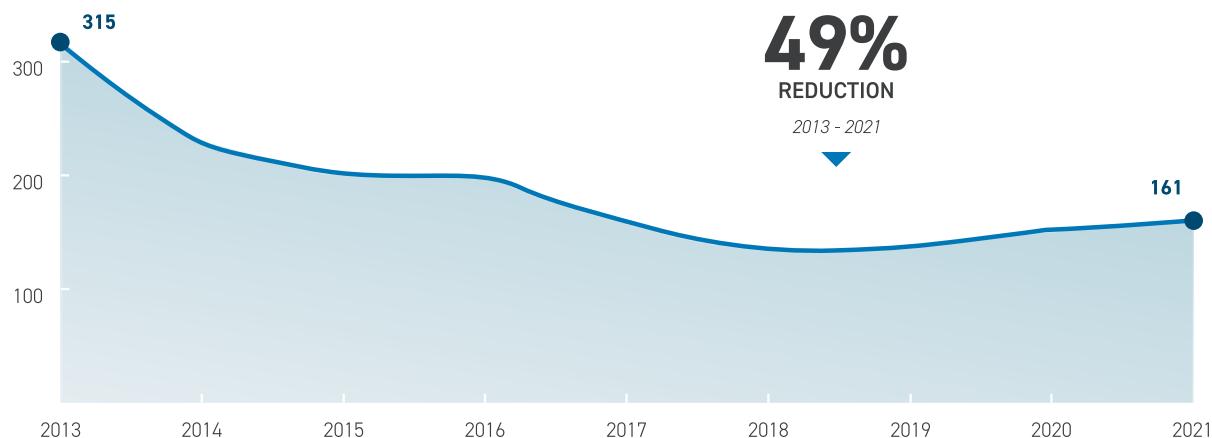


Excludes groundwater, municipal and Comanche Plant water withdrawal.

Some 2019 and 2020 water metrics were restated in the 2022 reporting year due to updated estimate methodology.

AEP'S WATER CONSUMPTION

In millions of gallons per day



Some 2019 and 2020 water metrics were restated in the 2022 reporting year due to updated estimate methodology.

WATER MANAGEMENT IN HIGH-RISK AREAS

The effects of drought and flooding conditions have the potential to significantly affect our operations. We operate several power plants in drought-prone regions of the country that require careful management of water use. We have comprehensive water conservation plans in place for the Pirkey, Welsh, Wilkes and Knox Lee power plants. In 2021, these plants conserved an estimated 974 million gallons of water, demonstrating the effectiveness of this management approach.

In 2021, AEP received an EPRI Technology Transfer Award for our support and implementation of EPRI's "Hydrological Models for Climate-based Assessments and Climate Scenario Analysis," research to identify facilities located in areas that are vulnerable to flooding.

To help manage our watersheds, we participate in various voluntary efforts, including protecting the watershed of Caddo Lake, a Ramsar Convention designated wetland area and one of only 41 such sites in the United States. We also participate in the Illinois River Watershed Partnership in Arkansas and Oklahoma, which includes the AEP Flint Creek Power Plant. Recently, the AEP Foundation presented the Partnership with a \$200,000 grant to support environmental education extended through 2022 due to the COVID-19 pandemic.

In contrast to drought, heavy rain events also can disrupt the operation and construction of our generation, transmission and distribution facilities located across AEP's service territory. In response, we continue to search for solutions to mitigate the impacts of these events. For example, in 2021, Appalachian Power received the Stormwater Clean Award presented by Roanoke County's Department of Development Services. Appalachian Power was recognized for its efforts to implement erosion and sediment control measures during construction of a substation and approximately a quarter mile of transmission line as part of the Glenmary Substation Project. As a result, downstream waterways have been protected from sediment-laden stormwater runoff.

WASTE MANAGEMENT & RECYCLING

We manage many types of waste resulting from the process of providing electricity, operating office buildings, construction, and repairing and replacing equipment. We continue to make progress to standardize and streamline the collection of waste data. Through this process, we plan to identify improvement areas to further reduce and divert waste from landfills through beneficial reuse or recycling. For example, over the past four years, AEP has recycled more than 8,300 tons of wood waste. On average, this represents approximately 21% of our annual wood waste. We leverage a

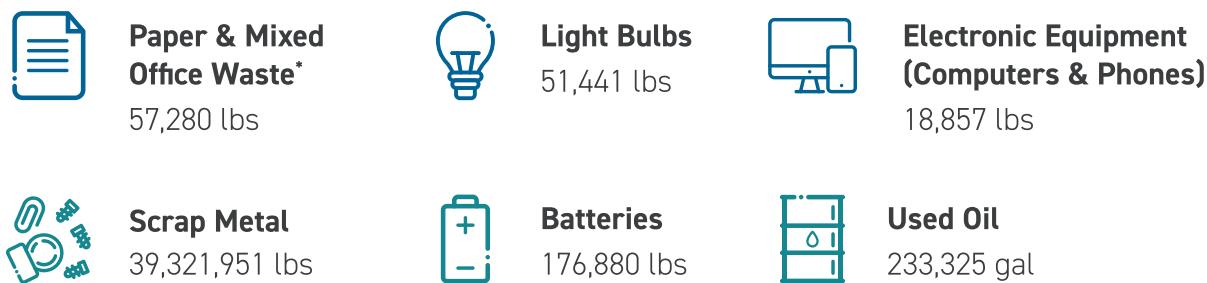
third-party salvage company to pick up wood waste, such as old or damaged poles or crossarms at our service centers, which are then reused to make fences or barns.

We continue to see a decline in the amount of polychlorinated biphenyl (PCB)-containing equipment used across the company. PCBs, which are known to have adverse health effects, have not been used in new electrical equipment in the U.S. since 1979 but may be present in older transformers and other pieces of electric equipment. We removed and recycled approximately 24,400 pieces of electrical equipment in 2021, of which 979 contained PCBs at regulated levels.

While we had approximately 1,150 transmission and distribution equipment oil spills in 2021, only one of the spills contained PCBs above EPA's most stringently regulated level. Most spills are caused by severe weather and public vehicle accidents that damage the equipment. Regardless of the cause, we respond immediately to each spill to clean up the materials released, notify regulatory agencies as required, and restore areas to pre-spill conditions.

We report through the Toxic Release Inventory (TRI) program, part of the Emergency Planning and Community Right-to-Know Act (EPCRA). EPCRA requires companies with 10 or more employees, in certain industries, to collect and publicly disclose information about how they manufacture, process, or use any of nearly 650 chemicals on a special list developed by the U.S. EPA. Read more on our [TRI website](#).

RECYCLED WASTE – 2021



Waste data does not include waste streams from competitive portion of business.

*Not inclusive of all AEP facilities.



AEP manages many types of waste resulting from the process of providing electricity, operating office buildings, construction, and repairing and replacing equipment.

COAL COMBUSTION RESIDUALS

Coal ash and flue gas desulfurization material (scrubber by-product) continue to be the subject of additional federal and state rulemaking. These coal combustion residuals (CCRs) are the solid material left over from the use of coal in

generating electricity and represent AEP's single largest waste stream.

As part of our ongoing compliance program, we continue implementing projects to close existing CCR impoundments and convert to dry ash handling systems. Learn more about our CCR Rule Implementation Plans and review our compliance reports on our [CCR website](#).

Beneficial Use

CCRs have long been approved for use in concrete, wallboard and a wide variety of construction materials. While this benefits other industries, it also provides a source of environmental and financial benefits to us. By diverting CCRs to beneficial reuses, we are reducing the need for additional waste disposal. In 2021, we generated more than 3.4 million tons of CCRs and were able to beneficially use more than 1 million tons, or 31% of the total produced. Beneficial use of CCRs avoided more than \$17.8 million in disposal costs in 2021 and generated approximately \$12 million in revenues.

NUCLEAR WASTE MANAGEMENT

The U.S. Department of Energy oversees permanent disposal of spent nuclear fuel and historically has charged fees to plant owners for this disposal. However, following the government's decision to cease development of the Yucca Mountain storage facility in Nevada, nuclear generators no longer have a place for permanent disposal.

Like the rest of the nuclear industry, we face a significant future financial commitment to dispose of spent nuclear fuel. We need a national solution for the long-term disposal of spent nuclear fuel, which should be part of a national energy plan.

The uncertainty associated with long-term storage places the burden of interim storage on each nuclear facility. We are addressing this issue through dry cask storage on the assumption that a workable off-site solution will not exist before the current operating licenses for both Donald C. Cook nuclear units expire in 2034 and 2037.

In 2012, the Cook Plant in Bridgman, Michigan, began a program of loading spent nuclear fuel into dry casks. The latest loading campaign took place in 2021, bringing the total to 57 dry casks that have been loaded into storage. The next loading campaign will occur in 2024. The casks can withstand tornadoes, earthquakes, floods, sabotage, missiles, aircraft and temperature extremes. Licensed by the Nuclear Regulatory Commission, the casks meet all applicable security, environmental and radiological requirements.

The current cask storage facility can store 94 casks, or 3,008 spent nuclear fuel assemblies. This would support the operation of both units through their current operating licenses. Expansion of the pad is possible to facilitate removal of all fuel assemblies from the plant's spent fuel pool and full decommissioning of both units. At the end of 2021, the trust fund balance to eventually decommission the Cook Plant was approximately \$3.5 billion.



AEP's current spent nuclear fuel cask storage facility can store 94 casks, or 3,008 spent nuclear fuel assemblies.

NEW SOURCE REVIEW

In 2007, AEP entered into a court-approved settlement of New Source Review (NSR) litigation. Since then, the agreement has been modified several times, including to expand the scope of eligible environmental mitigation projects. The 2020 modification included provisions for funding the replacement of existing public school and transit buses with new, more energy-efficient electric buses, reducing emissions of NO_x and particulate matter. In 2021, AEP began awarding grants for electric buses pursuant to the plan that was approved in 2020. To date, AEP has announced awards of \$3,850,604 to eight public school districts and transit authorities to aid in the purchase of electric buses. The distribution of those awards is ongoing and is contingent upon the grant recipients fulfilling certain tasks related to the purchase of new buses and destruction of older, diesel-fueled models. Additional grants are expected to be awarded in 2022.

Since 2013, we've reported annually on our compliance with the consent decree requirements.

- [2021 NSR Annual Report](#)
- [2020 NSR Annual Report](#)
- [2019 NSR Annual Report](#)
- [2018 NSR Annual Report](#)
- [2017 NSR Annual Report](#)
- [2016 NSR Annual Report](#)
- [2015 NSR Annual Report](#)
- [2014 NSR Annual Report](#)
- [2013 NSR Annual Report](#)

SAFETY & HEALTH AT AEP

Zero Harm is at the center of everything we do to protect our employees, our business partners and our communities. 2021 was a year of change and uncertainty. The COVID-19 pandemic continued to present our teams with unprecedented distractions, both on the job and at home. In response, we worked to keep safety at the top of our minds as numerous internal and external influences vied for our employees' time and attention. The increased emphasis on health and safety during the pandemic has shown us the importance of building a lasting and sustainable safety culture at AEP.

We are on a journey to achieve Zero Harm because we care that our employees and business partners go home in the same condition that they came to work. Often, journeys are not without setbacks or slowdowns. Our employee safety performance declined in 2021 compared to 2020, which was the company's safest year on record. Our contractor performance had a slight improvement during this same time period. The vast majority of our employee injuries were slips, trips, falls, sprains and strains. The hazards that cause these injuries can be difficult to spot because they're associated with tasks we do every day at work and at home.

While we continue to learn and recognize there are always opportunities to improve, it's also important that we acknowledge what we've done well in 2021. Topping the list is that AEP employees and contractors did not experience a fatality. This is an important achievement in our pursuit of Zero Harm.

It is important to focus on what we know and what we can control. In 2021, 84% of work reporting locations did not experience an employee Days Away, Restricted Time (DART) event. AEP employees know how to adapt and succeed when faced with adversity. This has been evident throughout the pandemic. We will use what we learned in 2021 to improve how we work so we can make sure everyone goes home in the same condition they came to work.

We hold safety as a core value at AEP. This includes setting the expectation our Board possess the skills and expertise needed to oversee our high standards for safety and health performance. In addition, employees and leaders are held accountable for safe working practices, which is reflected in our annual performance metrics. This helps ensure that employees are not encouraged to achieve earnings objectives at the expense of workforce safety.

SAFETY & HEALTH PERFORMANCE AT AEP

	2020	2021
Employee DART Rate	0.310	.430
Contractor DART Rate	0.410	.407
Combined Employee & Contractor DART Rate	0.356	.419
Combined Employee & Contractor DART Events	122	136
Employee Severity Rate*	15.284	19.113

S&H contractor performance data includes forestry contractors.

*The severity rate is meant to show how critical each injury and illness is. The concept is that an employee who must miss time from work or be restricted in their activity to heal and recover has a more severe injury or illness than one who can immediately return to work.

AEP'S SAFETY AND HEALTH GOAL

ACHIEVE ZERO HARM

**Because We Care that
everyone goes home in
the same condition as
when they came to work.**



SAFETY & HEALTH INITIATIVES

AEP has a learning-centric safety culture that encourages information sharing to prevent harm. We support this culture through proactive initiatives and data analysis that help us identify and address gaps in our performance. We then use this valuable information to develop new approaches to keeping our employees safe.

Our proactive efforts have become engrained in our safety culture. This is evident through our Good Catch and Coaching Through Observation, Recognition and Engagement (CORE) Visit programs. Approximately 100,800 CORE Visits were performed with AEP and contractor crews in 2021, which is an 12% increase compared to 2020. In addition, Good Catches increased 36% compared to 2020, and jobs were stopped on 37% of Good Catches.

Our internal Audit Services team conducts safety and health audits to identify potential hazards and share best practices and lessons learned. In 2021, the team conducted 19 safety and health audits, including site visits at 39 locations. The audit results are shared in detail with leaders as well as the Audit Committee of the Board.



Our proactive safety and health efforts have become engrained in our safety culture, which is evident through our Good Catch and Coaching Through Observation, Recognition and Engagement (CORE) Visit programs.

Targeted CORE Visit Assessments

Improvement programs usually focus on frontline employees' performance. Frequently, these efforts do not identify the root

causes of safety issues because they do not look at every touchpoint in a work process. AEP found a way to adapt its CORE Visit process to create the Targeted CORE Visits Assessment Program. The innovative program identifies the root causes of ongoing safety issues by verifying that employees and supervisors understand company safety standards. By identifying gaps, AEP can make strategic adjustments to achieve Zero Harm.

Mental Health Awareness

Studies have shown that suicide is a leading cause of death in the U.S. and that men are more likely to die by suicide than women. Talking about suicide prevention at work is especially important in industries that have a mostly male workforce. The top 10 industries with the highest risk of suicide for men are in construction and the trades. These industries and professions have similarities with many jobs at AEP.

AEP expanded its efforts to help employees care for their mental health by increasing awareness around the risks of suicide as stress from the pandemic continued. We created new resources to help explain what makes someone at risk and how to have conversations about suicide. This included a town hall meeting on suicide prevention featuring a clinical psychologist and nationally recognized expert in suicide prevention.

Serious Injuries and Fatalities (SIF) Program

While recordable injuries in the electric power generation and delivery sector have steadily declined over the past decade, serious injuries and fatalities (SIF) rates have plateaued. In 2020, AEP adopted the SIF Safety Classification and Learning Model, which was developed by the Edison Electric Institute (EEI) and our peer utilities. In 2021, we rolled out the program across the company. This included online training for employees on how to identify the dangers created by high energy hazards, which cause SIFs, and how to protect themselves by putting in place multiple layers of protection.

The SIF program has changed the types of hazards employees look for by giving them new hazard recognition skills. It has also given them tools for identifying these hazards, the most important of which are the high-energy icons. They serve as visual cues to help employees remember to look for high energy hazards and then put direct controls in place. The icons have been added to pre-job briefs and addendums. We're continuing to reinforce what employees learned from SIF training and building a library of additional safety messages that employees can leverage as safety and culture moments.

Contractor Safety

In 2021, more than 970 contractor companies worked more than 31 million hours on AEP's behalf. These contractors performed work supporting the Generation, Utilities and Energy Delivery side of the business. While contractors had a slight improvement in their safety performance in 2021, our Forestry contractors have made impressive improvements. For the past two years, AEP put significant time and energy into improving their performance with safety professionals and frontline leaders spending more time in the field with forestry contractors and AEP leadership meeting with contractor leadership to improve safety culture. As a result, these contractors experienced nine fewer injuries in 2021 than they did in 2020.

A major focus area for AEP and its contractors in 2021 was introducing new Safety and Health professionals to crews in the field after a reorganization of the corporate Safety and Health organization. The change shifted our efforts in contractor safety from implementing new programs to developing new relationships. Now, Safety and Health professionals provide support to all the work being done in a region (including work done by contractors), as opposed to the work being done by a specific Business Unit. Moving to this structure allows Safety and Health professionals to spend less time traveling and more time with contractors and employees in the field.

PUBLIC SAFETY

AEP's passion for safety extends into the communities we serve. We care that they are engaged and educated about electricity and our facilities so they can protect themselves and safely use our product.

Social media plays an important role in our efforts to educate customers about electrical safety. It's the quickest way for us to connect with customers on important issues and share stories about our safety culture. Many of our safety messages are communicated through our #SafetySaturday series, which is an industry-wide effort to provide the public with useful and engaging information about electricity. In total, we published nearly 1,600 safety messages across our social media channels, which generated 4.6 million impressions.

We also continued our work to reach third-party contractors in our service territory by sending public safety mailers. The mailers were created by a public safety expert in collaboration with AEP. Contractors received electrical safety guidance, which was specifically geared toward physical workers who might work near overhead or underground wires. Additional electrical safety materials are available in multiple languages.

Keeping the public safe and informed is a priority across the electric utility industry. We collaborated with our peer utilities and EEI to share information and identify what we can do as an industry to keep the public safe. AEP's Safety and Health professionals and Risk and Insurance team have been active in EEI's public safety working group. The group has been analyzing data from EEI members to pinpoint areas where safety education and outreach are most needed.

Despite our education and outreach efforts, unfortunately, five public fatalities occurred in our service territory in 2021 due to electrical contact. We remain committed to educating the public about electrical safety and bringing awareness to potential hazards to the public.

WORKFORCE SAFETY & SECURITY

Whether in the field or in the office, we believe every employee should feel safe and secure while at work. Our quest for Zero Harm reaches beyond occupational safety and health to include employee and workplace security. As a result, we have developed policies, procedures and training to increase employees' ability to recognize, report and respond to workplace aggression or security issues.

While we take measures to ensure our employees' physical security at work or while on the job, we also stress the need for situational awareness. We offer several workplace safety training initiatives to teach our employees to think about safety not just at work but at home and in public as well.

Examples of workplace safety and security training include:

- **Active Shooter Response**

An interactive and virtual exercise to build situational awareness of employees' surroundings and identify ways to respond and protect.

- **Customer Threat and Aggressive Behavior**

For our field employees, this includes de-escalation techniques when someone threatens the safety of our employees.

- **How to Recognize Workplace Aggression**

Employees learn how to identify workplace aggression warning signs and behavioral indicators, and learn what to do if someone displays these signs.

- **Domestic Violence**

With many people working from home, the lack of in-person interaction on site hinders our ability to identify clues of violence, drug and alcohol abuse or other potential violent situations. In response, we released videos and education courses to inform employees about what domestic violence is, how to spot warning signs, and what to do if you are a victim or suspect that someone might be a victim.

- **Stop the Bleed® Campaign**

In only five minutes, someone can bleed to death after a traumatic injury. To help reduce the risk for employees, AEP installed bleeding control kits at all AEP locations with automated external defibrillator (AED) cabinets and provided training on the use of these kits. In 2022, members of our Enterprise Security team became certified instructors for the [Stop the Bleed® program](#) and can now train and certify other employees in this life-saving skill.

HUMAN CAPITAL MANAGEMENT

Human capital management (HCM) is one of the most significant corporate governance issues today. Hiring, training and retaining top talent is a critical enabler of business value. This includes having the right corporate practices and policies in place for safety and health, compensation, diversity, equity and inclusion, well-being and culture. This is even more critical as we shift and plan for the workforce of the future – one that is digital, distributed and diverse.

The Human Resources Committee of the Board oversees succession planning, executive leadership development and other human capital related risks. Executive management is responsible for attracting, developing and retaining employees with the skills and experience needed to provide service to our customers efficiently and effectively is crucial to AEP's long-term success and strategy.

CULTURE

Culture serves as the foundation for success at AEP. An engaged, collaborative and appreciated workforce is an empowered workforce. One that is more likely to embrace change, drive continuous improvement, take ownership, and value personal and professional growth. We are committed to cultivating a culture of empowerment at AEP. We recognize this doesn't happen overnight and that culture is a journey that requires constant focus and effort. If we don't continuously nurture culture, we risk losing the strong foundation we have worked so hard to build.

We continue to measure our culture journey and progress through our annual employee culture survey. 2021 marks our eighth consecutive year of formally surveying employees about their experiences with culture at AEP, including the opportunity to provide feedback on their perceptions of and fulfillment they receive from their jobs. The culture survey provides a process for leaders to share results with their teams, facilitate discussions for how to improve employee engagement, and take actions toward that improvement throughout the year. In addition, AEP's Human Resources Committee of the Board reviews the culture and employee engagement results annually, providing additional oversight.

The past two years have tested us in a variety of ways, as the majority of our workforce shifted to a remote work environment during the pandemic. Our workforce will continue working in a distributed environment (remote, hybrid, or onsite and field), requiring us to listen, adapt and learn to ensure employees remain engaged and have opportunities to learn and grow. Part of our culture commitment is that every employee, regardless of where or how they work, has a positive experience at AEP. Our 2021 employee culture survey was conducted with this in mind, giving us the ability to analyze the results by work designation. This allows us to be more mindful of our efforts as we continue to drive one culture at AEP.

AEP'S CULTURE SURVEY



AEP placed in Gallup's
92ND PERCENTILE
for culture scores



2021 marked AEP's 8th
consecutive year of conducting
an employee culture survey

89% PARTICIPATION

in the culture survey

Our 2021 culture scores improved across the organization, showing that we continue to make in-roads, even during difficult circumstances. We experienced a slight drop in employee participation compared with previous years. However, we are still pleased that 89% of our workforce was engaged in the process. We strive to make progress year over year, knowing there is room to grow and improve. This survey serves as a foundation for insights on where we should focus our efforts.

For the third consecutive year, AEP has earned the 2022 Gallup Exceptional Workplace Award, which recognizes organizations that incorporate employee engagement into core business values. AEP is one of 41 companies recognized

– meeting Gallup's rigorous standards of excellence.



GALLUP EXCEPTIONAL WORKPLACE AWARD

2022 WINNER

AEP'S CULTURE GOAL

ENSURE AN ENGAGED, COLLABORATIVE & APPRECIATED WORKFORCE

by measuring our
culture journey through
our annual employee
culture survey

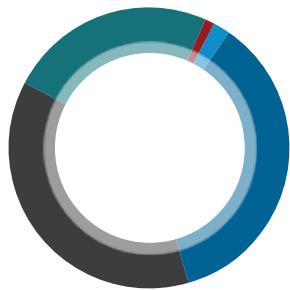
TALENT ACQUISITION

According to the U.S. Bureau of Labor Statistics, over 47 million American's voluntarily left their jobs in 2021. This unprecedented mass exit, otherwise referred to as the Great Resignation, was accelerated by COVID-19 but is part of a continued trend of today's labor market. AEP has been able to mitigate the impact, experiencing an overall turnover rate below 10%, with voluntary turnover and retirement turnover both under 3.5%. We are not completely immune though. We are also impacted by shifting factors that include generational shifts, employee retirement, job movement and relocation. We track and forecast the number of employees who plan to leave over the next several years, and we recognize that turnover presents the challenge of replacing legacy knowledge. It also creates opportunities to identify our future talent needs and diversify our workforce.

The battle for talent in today's tight labor market is fierce because we are competing with other industries trying to tap into the same talent pool. The highly competitive nature of today's job market requires us to identify more impactful ways to reach prospective employees. This includes moving from a more traditional talent acquisition approach to a programmatic, purposeful and digital recruiting strategy allowing us to reach broader and diverse networks. This is especially important as our company transitions toward a clean energy future – one that will require new and innovative skillsets.

The global pandemic also created new ways of looking at how and where we perform our work. Remote and hybrid work provides many benefits for our employees and company, including cost savings and flexibility. It increases our access and ability to hire diverse candidates with unique experiences, beliefs, ideas and backgrounds outside of our traditional footprint. We are identifying and anticipating changes within our business that may be needed as we implement new work models. We are working to better understand the types of jobs and talent needed, in along with where the work can be conducted. Leaders are also required to take implicit bias training to reduce the risk of their own biases preventing them from selecting the best candidates to interview or hire.

AEP WORKFORCE DEMOGRAPHICS - 2021



- 2% Gen Z
- 36% Millennials
- 37% Gen X
- 24% Baby Boomers
- <1% Traditionalists

WORKFORCE PIPELINE DEVELOPMENT

As we prepare our workforce for the future, we are fostering an environment that encourages collaboration, innovation and communication no matter where we work. Through training, development and growth opportunities, employees are acquiring the skills needed to align with our strategy for a clean energy future. This is especially important as we embrace a digital and more distributed work model that requires a flexible, innovative and diverse workforce.

One challenge we must address is the shortage of skilled labor, such as line mechanics. We have several workforce development initiatives focused on eliminating barriers to hire qualified and diverse line workers. Our latest initiative is focused on creating a pathway specifically for women.

In addition, we partner with federal, state and local initiatives focused on building a stronger talent pipeline. For example, we are participating in a federal work-study program with the Ohio Department of Education and Columbus State Community College. Students hired will have completed at least two semesters of IT coursework and have received "Career READY" status (approved résumé, mock interview and elevator pitch) from the college. Our participation in this experimental site program will provide us with access to a larger IT talent pipeline when these students finish school.

We also have robust co-op and internship programs for high school and college students. Our alliances with community colleges, universities and vocational and technical schools across our 11-state service territory support the development of our talent pipeline. We work with these institutions to develop academic programs that will prepare students for new jobs and career opportunities in our industry. In 2021, enterprise-wide, AEP provided more than 100 intern and co-op students with hands-on learning experiences across our operations.

In addition, we partner with federal, state and local initiatives focused on building a stronger talent pipeline. For example, in 2021 we brought on four co-op students to work with our IT and Security departments through a federal work-study program between the Ohio Department of Education and Columbus State Community College. The students hired will have completed at least two semesters of IT coursework and have received "Career READY" status (approved résumé, mock interview and elevator pitch) from the college. Our participation in this experimental site program will provide us with access to a larger IT talent pipeline when these students finish school.

SUPPORTING OUR VETERANS

We actively support, recruit and hire military veterans. We educate, train and prepare them to successfully transition into rewarding energy industry jobs. Our talent acquisition team builds direct relationships with military facilities across the country to provide veterans with a pipeline of careers at AEP. We invest in attracting veterans because they have the technical training, experience and personal characteristics that make them a great fit for careers in the energy industry. They also bring a mindset of safety, which is a core value of our business, making them attractive recruits for our company.

10% of AEP's employees
are military veterans



AEP's Military Veteran Employee Resource Group is another way we support our more than 1,600 military veteran employees.

Veterans receive these benefits in addition to AEP's traditional benefits:

- Paid time off to attend funeral services for a service member with whom they have served.
- Pay differential for employees in the Reserves or National Guard who are ordered to active duty in emergency situations.

We encourage veterans to actively seek and apply for jobs at AEP that match their training and skills. We also partner with external initiatives designed to provide veterans with mentoring services, career development opportunities or skills matching services, such as [U.S. Army Partnership for Youth Success \(PaYS\)](#). AEP is a signatory of the Department of Defense's [Skillbridge program](#) that offers employment training, internship and apprenticeship opportunities to more than 1,000 organizations across the U.S. In addition to outreach at local military facilities, we have a dedicated careers webpage at www.aep.com/careers.

AEP was recently recognized for being a veteran employer champion through the 2022 Veteran Champion of the Year in Corporate award. This award honors 30 companies that advocate for veterans in the civilian workforce. In addition, in 2021, Public Service Company of Oklahoma was among a group of 24 companies recognized by the Oklahoma Veteran Alliance as a Veteran Employer Champion for hiring and supporting U.S. military veterans. The Oklahoma Veteran Alliance is a statewide network of veteran service providers, advocates and champions that work together to identify methods to help veterans transition into civilian life and access resources and healthy social connections.

ADVANCING OUR FUTURE WORK MODEL

Technology and innovation are deeply rooted into the fabric of our culture at AEP. For more than 116 years, our employees have leveraged their experience and innovation to transform AEP into a clean, reliable and affordable energy company with a highly engaged workforce.

We view technology as an enabler to drive positive change for our employees, customers and communities. Leveraging technology and analytics enables our employees to identify cost-effective and efficient solutions to better inform business decisions. This requires a cohesive business model built on a foundation of strong partnerships, bringing the power of many together. These partnerships allow us to identify potential risks or disruptions and inform our efforts to build modern and transformative products, services and solutions.

Keeping our employees connected is vital to creating a healthy, productive and engaged work environment, especially as the majority of our workforce now operates in a distributed work model that includes remote, hybrid, on site or in the field. We are in the process of expanding our software solutions and technology toolset and allow more efficient collaboration across our geographically dispersed workforce.

As we continue to advance our future work model, developments in technology provide an opportunity to shift more manual, resource-intensive and sometimes dangerous work, to more automated processes. It also allows us to leverage synchronous communication through various channels. We are revamping legacy systems to be more nimble, giving us access to real-time data and the ability to collaborate more effectively. In addition to driving efficiency, this technology frees up resources, creates a culture of engagement, and provides a safer environment for our employees and customers.

Historically, we have looked at making improvements based on the specific work we ourselves or our organization can control. We are now looking to improve our work as it flows from start to finish. That means we are optimizing the end-to-end workflow, which typically crosses multiple organizations, and driving efficiencies across the entire process and not just within a function. This is leading to stronger outcomes in work quality, efficiency and cost optimization. Additionally, as we optimize the workflow, we are doing so with our strategy and future in mind. Many areas of our industry are in the midst of transformation — from traditional fossil fuels to renewables or from manual work to leveraging technology. The newly redesigned workflow takes into account current and future changes in our strategy.

According to Gartner, "Artificial Intelligence (AI) applies advanced analysis and logic-based techniques, including machine learning, to interpret events, support and automate decisions and take action." In 2021, a new automated process was created to support the "Call Before You Dig" program. This national program is focused on protecting the community by flagging buried utilities to avoid unintentionally digging into an underground line. Hitting a buried line while digging can disrupt utility service, is costly to repair, or can cause serious injury or death.

AEP receives over 1 million "Call Before You Dig" service requests per year. This requires employees to manually check each request to determine if the work warrants contracting with a servicer to go onsite to flag buried lines, or if there is enough clearance that a servicer is not required. By deploying an automated bot, AEP identified an additional 26,000 tickets that didn't require the need for hiring a servicer. This equates to thousands

of hours required to review each request and to work with a contractor to schedule an on-site visit. Not only does the bot deployment save money and time, but also reduces the risk of a potential on-site injury by reducing the number of times a servicer has to drive to the site and perform the physical work of flagging lines.

Through the success of this effort and other similar bot deployments, AEP and our operating companies have saved millions of dollars in capital and operations and maintenance costs. We continue to seek opportunities for additional deployments to streamline processes and increase savings.

CAREER ADVANCEMENT

At AEP, we provide development opportunities for employees at every level, whether through informal professional development or formal development programs. In addition, several of our Employee Resource Groups and utility professional groups, such as Women's International Network of Utility Professionals (WiNUP), sponsor programs and events that focus on employee education, career advancement and personal and professional development.

AEP's Targeted Development Programs are one way we are building a guided learning path to support career advancement for our employees. The corporate Targeted Development Program is a one-year program focused on providing accelerated development opportunities for potential future leaders company-wide. In addition to increasing leader capability and readiness, this program is focused on growing a diverse talent pool within the organization. This is especially important as we move to a more digital and distributed work environment that requires a flexible, innovative and diverse workforce. Through development planning, mentorship and coaching, relationship building and hands-on project experience, each participant is broadening their knowledge and understanding of AEP and improving their leadership skills. This provides a deeper, stronger and more diverse talent bench to support our future needs.

Transmission & Distribution University (TDU) is another development program focused on enhancing learning, performance and retention. This program focuses on equipping employees with tools and resources needed to optimize learning and ensuring all employees are trained, qualified and competent for work while giving them more control of their learning path and development. Members of the TDU Team are trained and certified through The Ohio State University's Developing a Curriculum (DACUM) and Systematic Curriculum & Instructional Design (SCID) processes.

We also provide a broad range of training and assistance that supports lifelong learning and transition development. This includes performance coaching; operational skills training; resources to support our commitment to environment, safety and health; job progression training; tuition assistance; and other forms of training that help employees improve their skills and become better leaders. In 2021, our employees completed more than 719,000 hours of training in programs for which we track participation. We invested more than \$2 million in employee education, supporting 575 employees through our tuition reimbursement program. In addition, AEP's educational assistance program partners with a third-party administrator that provides employees with access to discounts at numerous colleges and universities across the United States.



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CARING FOR OUR WORKFORCE

When prospective employees are considering their career options, they look for companies that share their values, offer competitive wages and benefits, provide opportunities for learning new skills and achieving career advancement, and allow flexibility to balance work and personal interests.

AEP offers a comprehensive set of benefits and programs to support employees across a wide range of situations, including:

- Medical (includes same-sex partner benefits)
- Dental
- Vision
- Critical illness plans
- Accidental death insurance
- Health care savings and flexible spending accounts
- Dependent insurance and flexible spending account
- Life insurance (and supplemental)
- Long-term disability insurance
- Training programs
- Legal services
- Vacation purchase program
- 401(k) with matching contributions
- Wellness program
- Employee Assistance Program
- Financial planning
- Adoption assistance
- Tuition reimbursement
- Pension

Supporting our employees in a variety of areas is a commitment that we take to heart. We are committed to the well-being of our employees and ensuring they have a safe and productive work environment; achieve financial security; feel supported, heard and engaged; have access to healthcare for their physical and mental health; have networks and

camaraderie that provide social support; and feel included and connected to the mission and values of our company.

AEP is committed to disclosing our human capital management performance because it serves as a strong indicator of our workplace environment and employee well-being. This includes:

- [New Employee Hires, Employee Terminations and Employee Turnover](#)
 - [Average Hours of Training per Employee](#)
 - [Percentage of Employee Receiving Regular Performance Reviews](#)
-

LABOR RELATIONS

Nearly one-fourth of our workforce is represented by labor unions. Our partnership with labor unions is critical to meeting the growing expectations of our customers. We value the relationships we have with our union-represented employees and believe in the pursuit of a trusting, collaborative and respectful partnerships with our labor unions. We invite employees to participate in our annual employee culture survey and in 2021 saw increased engagement scores among our represented employees. We continue working with our labor partners to strengthen these relationships to ensure we have a culture that attracts and supports employees who can adapt to the rapid changes occurring in our company and industry.

ORGANIZED LABOR AT AEP - 2021

Labor Unions	Employees
International Brotherhood of Electrical Workers	3,058
Utility Workers Union of America	448
United Steelworkers of America	243
United Mine Workers of America	85
International Union of Operating Engineers	2
Total	3,836

*As of 12/31/2021

Our relationship often goes beyond the confines of a contract. We are working with labor leaders to support infrastructure development across the nation while developing the talent pipeline and skills needed for the future. Our partnership with organized labor is instrumental to address regulatory and legislative issues. We share many common interests on the policy front and collaborate on issues important to each of us. The labor-management relationship will continue to strengthen as we work together to meet employee needs as we transition toward a clean energy future.

We continue to be a leader in the planning and organizing of the annual National Labor and Management Public Affairs Committee (LAMPAC) meeting. This collaborative effort of labor and management is designed to bring together energy company executives and leaders from the International Brotherhood of Electrical Workers (IBEW) to advance the common objectives of the electric power industry and IBEW members.

Learn about how we are working with our employees affected by the retirement of coal-fueled generating units in the [Just Transition section](#).

DIVERSITY, EQUITY & INCLUSION

AEP is committed to cultivating a diverse and inclusive environment that supports the development and advancement of

all. We foster an inclusive workplace that celebrates and values all forms of diversity including culture, background and diversity of thought, while actively working to eliminate unconscious biases. In addition, we believe our workforce should generally reflect the diversity of our customers and the communities we serve so that we may better understand how to tailor our services to meet their expectations.

AEP EMPLOYEE REPRESENTATION

As of December 31, 2021

	Employees	Females	%	Minorities	%
Total Employment	16,688	3,340	20%	3,240	19%
Officials & Managers	3,211	567	18%	444	14%
Professionals	5,701	1,604	28%	1,182	21%

DEI AWARDS & RECOGNITION

- Human Rights Campaign Corporate Equality Index
- Forbes Best Employers for Women
- Forbes Best Employers for Diversity
- 50/50 Women on Boards
- Tulsa Regional Chamber Mosaic Top Inclusive Workplace
- Best Place to Work for Disability Inclusion, DEI
- Bloomberg Gender Equality Index
- Forbes Best Employers for New Graduates 2022

DEI GOALS & OVERSIGHT

We continue to work on our Diversity, Equity & Inclusion Strategic Plan Roadmap to 2025 and we are making progress. The Roadmap sets goals and targets to increase the inclusion and advancement of underrepresented groups such as women and people of color and establishes leadership accountability. Our DEI progress is tied to enterprise, business unit and operating company annual incentive compensation objectives, which is measured through our annual employee culture survey. We also monitor progress through our support and participation in a number of external partnerships and DEI commitments, including:

- [Paradigm for Parity®](#)
- [CEO Action for Diversity & Inclusion™ pledge](#)
- [Columbus Commitment: Achieving Pay Equity](#)
- [City of Tulsa's Pay Equity Pledge in Oklahoma](#)
- [Take the Pledge for Action | NAM](#)
- [BRT's Statement on the Purpose of a Corporation](#)
- [Edison Electric Institute \(EEI\) Advancing Racial Justice, Diversity, Equity, and Inclusion](#)

In addition, the Human Resources Committee of the Board of Directors provides oversight of our compensation and human resources policies and practices, including an annual review of our diversity, equity and inclusion strategy, results of our culture survey and compliance with equal opportunity laws.

AEP'S DEI STRATEGY IN ACTION

Social and Racial Justice Grant Program

We're committed to working with the communities we serve to advance equity for our employees, customers and neighbors of color. The American Electric Power Foundation created the Delivering On The Dream grant program to help dismantle systemic racism and prejudice while prioritizing diversity, equity and inclusion. This five-year, \$5 million initial investment funds organizations with programs dedicated to advancing social and racial justice in the communities we serve. Learn more in the [Community Engagement section](#).

Pay Equity Study

Equal and fair employee compensation, regardless of race or gender, demonstrates that our company values and respects all employees. AEP analyzes pay variances for female and minority employees after controlling for factors such as job title, years of service (time in job and time outside of job), estimated prior experience and average performance ratings. Potential individual female and minority employee wage disparities are further investigated, and if an acceptable basis for the disparity is not identified, their pay is increased to address the disparity. AEP is committed to analyzing and addressing pay equity issues for female and minority employees annually.

Safe Space Conversations

We continued to facilitate virtual "Safe Space Conversations" for employees to discuss how current race and equity issues impact them in the workplace and in their personal lives. In 2021, AEP's CEO participated in an Anti-Asian Hate Safe Space conversation hosted by our Asian American employee resource group.

DEI Training

AEP's "Mitigating Bias in Candidate Selection" eLearning course is an interactive, self-paced course that focuses on bias and its impact on the candidate selection process. Learners are introduced to the concept of bias, how it emerges in decisions and behaviors, and the importance of disrupting it. They learn strategies they can employ throughout the candidate selection process to mitigate their biases. This self-paced course is required for all supervisors with a direct report and employees involved in interviewing candidates.

Dedicated Faith/Meditation Rooms

In an effort to celebrate diverse religions and beliefs, AEP created dedicated faith or meditation rooms at several of our locations. Our goal is to create an environment of openness and inclusion, where employees can bring their authentic selves to work. This demonstrates that we value and respect our employees' personal religious, ethical or moral beliefs or practices.

Affirmative Action Program

We remain committed to Affirmative Action and improving minority and women representation across all areas of our business. In 2021, AEP's Human Resources team developed more than 110 affirmative action plans for all AEP sites with more than 50 employees. Each plan contains goals and guidance for leaders to utilize to diversify their workforce at their respective facility.

DEI PARTNERS & ALLIES

Our diversity efforts are fueled through a number of internal and external initiatives, programs and partnerships. Through educational institutions, professional associations, community organizations, employee resource groups (ERGs) and leadership development forums, we focus on building and fostering partnerships that give us greater access to diverse talent. Our relationships and alliances with organizations such as the National Society of Black Engineers, Prospanica and Human Rights Campaign (HRC) and colleges and universities provide access to more diverse talent and help us become a recognized partner and leader among potential employees.

In addition, we are committed to providing a trusting and inclusive work environment by empowering employees to engage and lead in our ERGs. Our ERGs reflect the diverse makeup of our workforce and provide valuable insight into the diverse communities we serve. Their strategic priorities focus on recruiting and retaining diverse employees, identifying community volunteerism opportunities, and building cultural competency among our employees.

ERGs serve as change agents using their experience and voices to identify opportunities to create a more open and inclusive environment both inside and outside of our company. For example, our Abled and Differently Abled Allies Partnering Together (ADAPT) ERG is exploring an app for blind or low-vision employees and customers called "Be My Eyes." This free app connects blind and low-vision people with sighted volunteers and company representatives for visual assistance through a live video call. This app would be particularly useful for AEP customers who need assistance viewing their electric bill.

ERGs at AEP

- Abled and Differently Abled Allies Partnering Together (ADAPT)
- Black Employee Resource Group
- Asian-American Employee Partnership (AAEP)
- Hispanic Origin Latin American Employee Resource Group (HOLA)
- Military Veteran Employee Resource Group
- Native American Tribes Interacting Observing Networking (NATION)
- PRIDE Employee Resource Group
- Women @ Work Employee Resource Group (W@W)

The importance of diversity and inclusion extends beyond our workforce to include the customers and communities we serve and our suppliers. Learn more in the Supply Chain Diversity section.

We are committed to disclosing our diversity performance and other human capital management data, including:

- [EEO-1 Summary](#)
- [Ratio of Basic Salary and Remuneration of Women to Men](#)
- [Incidents of Discrimination and Corrective Actions Taken](#)
- [Gender, Race and Ethnicity Workforce Diversity](#)
- [Board Diversity](#)



Our ERGs reflect the diverse makeup of our workforce and provide valuable insight into the diverse communities we serve.

LEADERSHIP DIVERSITY

A call for racial and gender equity and inclusion underscores the importance of strong corporate governance and leadership diversity. Having leaders and board members with different experiences, generations, genders, and racial and ethnic backgrounds provides us with a broader perspective on issues both inside and outside of our company. It allows leaders to represent the diverse workforce they lead and advances us to a place of viewing differences as strengths, while encouraging candid and tough conversations to make change.

We receive recognition for our leadership diversity efforts at the board level and more broadly. In 2021, AEP was recognized by 50/50 Women on Boards for having three or more women on our board of directors. This is the third time AEP has been recognized for our commitment to gender diversity in leadership. As of April 2022, 33% of AEP's board is represented by women and 25% racial and/or ethnic minorities.

BOARD COMPOSITION

Average tenure at AEP

6.5 YEARS 

92% INDEPENDENT

11 of 12 Board members are independent

At AEP, our Board is made up of



*Represents data after annual meeting in April 2022

Leadership diversity lays the foundation for enabling a more inclusive workforce that breaks down silos and creates a trusting, engaging and collaborative work environment. We set specific targets to champion the attraction and promotion of diverse leaders. While we are making progress in our journey, we still have a way to go. As our company and strategy evolves, we are working to reestablish goals and build upon the foundation we have put into place.

EXECUTIVE/SENIOR LEADERSHIP DIVERSITY - 2021



*Represents employees in an executive/senior level position.



ENVIRONMENTAL & SOCIAL JUSTICE

At AEP, we have a long history of engaging our stakeholders in the decisions we make, such as siting new transmission lines, building substations, developing customer programs and services, retiring power plants and planning for customers' resource needs. Our stakeholders bring experiences, knowledge and perspectives that help inform our decision-making. On January 1, 2022, we adopted a new environmental and social justice (ESJ) policy to formalize and strengthen our commitment to proactive and meaningful stakeholder engagement, and ongoing consideration of the environmental and social impacts of our decisions.

The issue of ESJ has been highlighted in recent regulations, executive orders and legislation requiring a review of possible environmental and social inequities, particularly among historically marginalized communities. In response, we established a cross-functional ESJ Steering Committee representing diverse aspects of our business. The Steering Committee initiated extensive research, seeking input from internal and external stakeholders and conducting comprehensive benchmarking with industry peers to inform the development of our new policy.



AEP's Environmental & Social Justice Policy

WHY THIS MATTERS

ESJ provides an opportunity for us to demonstrate our cultural focus on doing the right thing every time for our customers by ensuring investment equity as we modernize the power grid. We have an opportunity to lead by example in our industry by keeping ESJ top of mind as we proactively engage with stakeholders. This engagement helps to foster the trust of AEP's employees, customers, investors, regulators and other key stakeholders. In addition, in today's tight labor market, we believe AEP's commitment to ESJ will help us attract and retain top talent. Job seekers increasingly value corporate citizenship and are actively looking for companies that focus on issues such as ESJ.

DEFINING ESJ AT AEP

AEP defines ESJ as a commitment to consider the environmental and social impacts of our recommendations and decisions as we serve our communities, especially low-wealth communities, communities of color and other historically marginalized communities.

As part of our focus on delivering safe, clean, reliable and affordable electricity, we are dedicated to meaningful engagement with customers and communities to ensure fair treatment and equitable decision-making.

Meaningful engagement involves listening, learning and seeking opportunities to partner with our stakeholders to incorporate ESJ into the decisions we make about existing and planned facilities, programs and services.

ENERGY TRANSITION FOR ALL

As members of American Clean Power, AEP supports its [Energy Transition for All](#) initiative focused on offering greater access to clean and affordable energy, as well as economic growth and opportunities for investment and innovation for everyone. This multi-year initiative will focus on three pillars: expand opportunities for workers, especially those from transitioning and historically disadvantaged communities; create value for communities through supply chains, targeted investments, and local economic development; lead in diversity and inclusion, striving toward a workforce and leadership teams that are representative of the communities we operate in.

Important work lies ahead to operationalize this policy so that it becomes embedded in all of our processes as we modernize the grid. Our focus this year involves developing a framework for policy implementation. The framework will include detailed guidance and tools, employee education and training, change management, measurement and tracking, and disclosure guidance. The ESJ Steering Committee, supported by executive sponsors, will oversee this work.



Mitigating Health Disparities

Since the mid-1970s, colorectal cancer death rates have dropped 47% in the U.S., but not all regions have seen that improvement. One of those areas, considered a “hot spot” for colorectal cancer, is in AEP’s backyard: southern Ohio, western West Virginia and Eastern Kentucky, communities served by three of our operating companies.

The AEP Foundation has partnered with the American Cancer Society to mitigate health disparities in these communities, awarding grants totaling \$425,000. Health disparities are a particular type of health difference that is linked with social, economic and/or environmental disadvantages and other characteristics historically connected to discrimination or exclusion and affect groups of people who have systematically experienced greater obstacles to health.

Cancer is a disease that affects everyone, but it does not affect everyone equally. With funding from the AEP Foundation, the ACS has been able to eliminate barriers that prevent the full participation and success of people in our communities.

SUPPORTING OUR COMMUNITIES

Giving back to our communities is foundational to our vision of powering a brighter future. Through volunteerism and corporate giving, we proudly support the vibrancy and resilience of the communities we serve – as an energy provider and a system of community support. We have a keen focus on promoting diverse organizations as communities work to rebuild with a new sense of normalcy. In 2021, AEP and the American Electric Power Foundation donated approximately \$35.1 million to support more than 1,500 community organizations.

CHARITABLE GIVING BY AREA OF FOCUS - 2021



AEP contributed over
\$35.1 MILLION

to support over 1,500
organizations during 2021

SOCIAL AND RACIAL JUSTICE EFFORTS

The social and racial unrest that swept across the country led to a nationwide call not only for race education and awareness but also for the dismantling of barriers and policies that contribute to systemic and structural racism. We are

committed to fostering a culture where differences are valued and recognized as a significant positive influence on our ability to serve our employees, customers, suppliers and other key stakeholders. We want to match our desire to strengthen diversity, equity and inclusion in our local communities with visible actions.

Delivering On the Dream

One way we're doing this is through the AEP Foundation's Social and Racial Justice grant program, Delivering On the Dream. This program began in 2021 and is a five-year, \$5 million investment that funds organizations with programs dedicated to advancing social and racial justice in the communities we serve. In the initiative's first year, the AEP Foundation approved over \$3.5 million in contributions. This included a \$1 million, multi-year grant to the YWCA in Columbus and donations totaling \$1 million made to four Historically Black Colleges and Universities: Southern University in Shreveport, La.; Wiley College in Marshall, Texas; Jarvis Christian College in Hawkins, Texas; and Bluefield State College in Bluefield, W.Va. AEP and its Foundation are proud to partner with these organizations dedicated to empowering equity for our customers, neighbors and employees of color.

Greenwood Rising

With a \$500,000 grant announced by the AEP Foundation and Public Service Company of Oklahoma, Greenwood Rising opened its doors to visitors from around the world in 2021. Greenwood Rising, the flagship project of the 1921 Tulsa Race Massacre Centennial Commission, is a world-class history center located at the gateway to Tulsa's Historic Greenwood District. Greenwood Rising honors the icons of Black Wall Street, memorializes the victims of the 1921 Tulsa Race Massacre, and examines lessons of the past to inspire meaningful, sustainable action in the present.

INVESTING IN EDUCATION

In 2021, we made a significant portion of our philanthropic giving to education programs from pre-kindergarten through higher education with a focus on science, technology, engineering and math (STEM). Focusing on STEM provides a pathway out of poverty for urban and rural youth. Many 21st century jobs will require proficiency in STEM courses, and these jobs have a high likelihood of delivering a living wage. Some of AEP's educational contributions include:

- In partnership with NAACP Muncie Branch and Ivy Tech Community College, the AEP Foundation pledged \$225,000 over three years to support the Ivy Tech Muncie Youth Empowerment Program, providing leadership development and educational programming for minority high school students.
- Public Service Company of Oklahoma announced an AEP Foundation pledge of \$1.25 million over five years to support the Gathering Place Explore & Imagine program, which offers a wide variety of free educational opportunities for students, educators and families to increase equity and access to engaging educational experiences for the community. Despite the challenges of the COVID-19 pandemic, Explore & Imagine at the Gathering Place served over 60,000 individuals and over 100 Title I schools in 2021.
- During 2021, the AEP Foundation continued a three-year \$100,000 grant to the Radford University Summer Bridge Program to offer hands-on STEM-learning college prep mentoring.
- The AEP Foundation's Teacher Vision Grants program helps remove funding barriers to innovative learning by offering grants of between \$100 and \$500 to educators. The grants support teachers from pre-kindergarten through grade 12 who live or teach in the AEP service area or in communities with major AEP facilities. In 2021, AEP provided grants to teachers and schools in nine of 11 states served. Projects included 107 grants totaling \$50,580 for the purchase of engineering and Electrical STEM Lab Kits, STEM-related books, and TI Innovator Hubs to assist students in learning about computer programming.

BALL STATE UNIVERSITY FOUNDATION'S CORPORATE PARTNER OF THE YEAR

Ball State University Foundation recognized Indiana Michigan Power (I&M) and American Electric Power (AEP), I&M's parent company, as its 2021 Corporate Partner of the Year. Ball State recognized I&M and AEP because of a focus on improving lives through education from early childhood through higher education in the areas of science, technology, engineering and math (STEM), and by meeting basic needs for emergency shelter, affordable housing and the elimination of hunger.

[Read more](#)

VOLUNTEERISM AT AEP

Supporting community projects and programs requires more than financial support. It requires time and labor to make progress possible. Every year, AEP employees from around our service territory give their time, talent and financial donations to a variety of organizations in the communities where we live and work. Our employees are a consistent force making our communities stronger and better when times are good and when hardship strikes.

The AEP volunteer spirit prevailed even in the face of the pandemic. Employees from across the system applied for and received AEP Making a Difference grants to help local nonprofit organizations or schools in their service territory. From Longview, Texas, to St. Joseph, Michigan, and points in between, 33 organizations received grants of up to \$300 each. These grants allowed teams of employee volunteers to conduct virtual or COVID-safe efforts including holiday toy drives, meal and care-package distributions, facility beautification projects and more.

PHILANTHROPIC GIVING AT AEP

Corporate & AEP Foundation

State	2019	2020	2021
Arkansas	\$490,849	\$821,922	\$566,104
Indiana	\$2,900,136	\$3,476,058	\$2,596,583
Kentucky	\$678,166	\$792,337	\$507,482
Louisiana	\$617,728	\$649,722	\$806,143
Michigan	\$577,434	\$903,300	\$630,273
Ohio	\$14,160,172	\$20,489,327	\$20,852,676
Oklahoma	\$1,678,159	\$3,928,988	\$1,178,477
Tennessee	\$69,160	\$55,543	\$143,774
Texas	\$3,024,319	\$3,376,537	\$3,949,565
Virginia	\$1,302,213	\$1,343,901	\$1,329,610
West Virginia	\$2,367,745	\$2,102,905	\$1,386,292
Other*	\$1,755,262	\$587,717	\$1,162,361
Total	\$29,621,342	\$38,528,261	\$35,109,340

*Giving to organizations outside AEP's service area or those that benefit multiple states.

OUR COMMITMENT TO CUSTOMER ACCESS & AFFORDABILITY

At AEP, understanding the needs and preferences of our customers is critical to our ability to deliver safe, clean, reliable and affordable energy. We are working to meet and engage with customers through their channel of choice while expanding programs, digital capabilities and clean energy offerings that are inclusive and accessible to all customers. This includes personalized engagements and enhanced self-service options that deliver a modern, convenient and customer-friendly experience. We are also being mindful that our clean energy transition doesn't leave our customers behind. It's important to put mechanisms in place to avoid creating energy inequality and provide our customers equal access to clean and modern energy options.

We continue working with our state regulators to offer creative solutions that help customers manage their energy use as well as pay their bills. This includes providing flexible payment options to help them maintain electric service without building up large past-due balances that they would have to pay all at once. We have been communicating with customers facing disconnection using different methods, including email, letters, texts, voice mail messages, social media and door hangers, encouraging them to contact us if they need help paying their bills. Previous standards for payment plan arrangements and extensions have been adjusted, including self-service options, so more customers can get the help they need. Disconnecting customers is always our last resort, and customers who work with us on a payment plan will not be disconnected.

Energy Affordability & Assistance

It is our responsibility to deliver electric service to every customer within our service territory. We understand financial hardships can make it difficult for some of our customers to pay their energy bills, especially within our geographic footprint where 96% of our customers live in counties where the median income is below the national average. At AEP, we are committed to keeping our customers connected and providing access to additional assistance if needed. In addition to payment assistance, we offer flexible payment options, including pre-pay and basing required customer payments on their previous year's energy use to help customers better manage their energy bills.

As the COVID-19 pandemic headed into its second year, its impact continued to be felt by our customers. In 2021, we received more than 31,000 pledges totaling more than \$15 million in energy assistance from our self-serve agency websites. The funding available to support our energy assistance programs comes from a variety of sources, including the government, social service agencies and voluntary customer contributions. Income guidelines determine eligibility. In addition, government-sponsored energy assistance programs provided approximately \$135 million in federal and private energy assistance to our customers across our service territory in 2021 – a 47% increase compared to 2020.

Throughout our service territory, we help customers gain access to energy assistance. Our success rests on building strong partnerships with community action agencies, community-based organizations, faith-based organizations and food banks. For example, through Home Energy Aid Month, Public Service Company of Oklahoma teams up with The Salvation Army, City of Tulsa and other local utilities to raise awareness and support for area residents who need temporary assistance to pay their home heating or cooling bill. This annual event helps thousands of qualified customers across Oklahoma facing financial hardships to pay for their energy bills, which is administered through the Salvation Army.

Learn more about AEP's customer assistance programs:

- [Low Income Home Energy Assistance Program \(LIHEAP\)](#)
- Appalachian Power: [Neighbor to Neighbor Fund](#), [Lighting Utility Voucher](#)
- AEP Ohio: [Emergency Rental Assistance Program](#), [Neighbor to Neighbor Program](#), [Ohio PIPP Plus](#)
- Kentucky Power: [Home Energy Assistance in Reduce Temperatures program](#), [Temporary Heating Assistance in Winter program](#)
- Indiana Michigan Power: [Neighbor to Neighbor Fund](#), [Energy Share](#)
- Public Service Company of Oklahoma: [Light A Life Fund](#), [Lighting Utility Voucher](#)
- Southwestern Electric Power Company: [Neighbor to Neighbor Fund](#)

ENERGY ASSISTANCE PROVIDED TO HELP CUSTOMERS PAY THEIR ELECTRIC BILLS

In millions

Operating Company	2019	2020	2021
Appalachian Power	\$27.9	\$40.1	\$71.1
AEP Ohio	\$7.4	\$13.1	\$12.2
Public Service Company of Oklahoma	\$11.2	\$14.4	\$14.4
Indiana Michigan Power	\$9.2	\$7.7	\$12.1
Southwestern Electric Power Company	\$5.9	\$8.4	\$12.9
Kentucky Power	\$3.2	\$7.8	\$12.2
Total	\$64.8	\$91.7	\$134.8

*Funds provided by various company, community and government resources.



No matter how our customers choose to connect with us, we're dedicated to responding to their needs more efficiently and cost-effectively.

COMMUNICATING WITH CUSTOMERS

In today's digital world, there are countless ways to communicate. AEP customers can reach us through multiple channels, including web, social media, two-way text and automated phone system as well as calling our customer care team. No matter how our customers choose to connect with us, we're dedicated to responding to their needs more efficiently and cost-effectively.

We are continuously striving to meet the rising expectations of our customers and support more sophisticated customer interactions across various channels. This includes giving customers the ability to reach us without the need to speak with an agent. We continue to refine a digital assistant named Aepril, which is accessible through our website or our automated phone system and offers an automated way to complete common tasks. Reporting power outages, paying an electric bill or setting up payment arrangements are a few examples of tasks customers can complete without the assistance of a person. We are evaluating other easy-to-use self-service options.

AEP Ohio was recognized as a “Customer Champion” in the 2021 Cogent Syndicated Utility Trusted Brand & Customer Engagement Residential study. This marks the fourth consecutive year that AEP Ohio was named among the industry’s best in terms of interacting with customers in meaningful and effective ways. Survey results indicated that utilities such as AEP Ohio have increased customer engagement during the COVID-19 pandemic by focusing more on their customers, their communities and the environment.

ENERGY MANAGEMENT

We believe customers should be empowered to make decisions on how to optimize their energy experience. This is why we help customers better understand and manage their energy usage through energy efficiency programs and offerings. Today, AEP provides our customers with access to a variety of energy management tools to help them accomplish these goals. These tools keep our customers informed through proactive energy usage alerts and provide personalized energy efficiency tips and programs. This includes bill comparisons, home and business energy analysis, account information and preferences, and high-bill alerts, empowering customers to make changes in their energy use during the current billing period to keep their monthly electric bill affordable.

Our continued investments in grid modernization, such as smart meter technology, further enhance our ability to provide customers with energy management tools and programs. Smart meters use secure, two-way wireless communication to measure and record electricity usage and send the information from a customer’s meter to AEP. This information gives us the ability to develop and deliver highly personalized solutions, such as high bill alerts.

As of January 2022, AEP has deployed smart meter technology to 63% of our customers. Several of our operating companies, including Indiana Michigan Power, plan to have their smart meters fully deployed by year-end.

In addition, AEP offers our customers a robust set of energy efficiency programs to help them manage their energy usage. These programs include a wide variety of home weatherization, lighting, HVAC, and commercial and industrial equipment upgrades and process improvements to get the most value out of their energy usage.

AEP’s energy efficiency programs and efforts have been recognized among some of the best in the industry for several years. In 2022, the U.S. Environmental Protection Agency (EPA) announced its ENERGY STAR® Partner of the Year awards for businesses and organizations that have made outstanding contributions to protecting the environment through superior energy efficiency achievements. AEP Texas, Public Service Company of Oklahoma and Southwestern Electric Power Company (SWEPCO – Arkansas) were named ENERGY STAR Partner of the Year – Sustained Excellence winners. SWEPCO (Louisiana and Texas) was recognized for the ENERGY STAR Partner of the Year – Energy Efficiency Program Delivery award, and Appalachian Power received the Award for Excellence in ENERGY STAR Marketing.

AEP'S ENERGY EFFICIENCY PROGRAMS - 2021

Reduced customer energy usage by more than

406M KWH



This is equivalent to taking more than 62,000 cars off the road.

AEP ENERGY EFFICIENCY RESULTS - 2021

Operating Company	Annual Energy Savings (MWh)	Annual Demand Savings (MW)	Avoided CO ₂ Emissions (US Tons)
AEP Ohio*	369	<1	156
Appalachian Power	29,370	14	25,043
Kentucky Power	274	<1	279
Southwestern Electric Power Company	67,498	24	59,702
Indiana Michigan Power	90,410	13	18,462
Public Service Company of Oklahoma	133,709	100	66,146
AEP Texas	85,107	46	34,834
Total	406,737	197	204,621

*In 2021, AEP Ohio was no longer provided funding for Energy Efficiency programs due to changes in legislation.

This lack of funding caused a decrease in energy savings, demand savings and avoided CO₂ emissions.

AEP is also committed to doing our part to operate more efficiently while reducing our carbon footprint through ongoing reduction of energy consumption within our operations. In 2021, we reduced our kilowatt-hour (kWh) usage, normalized for weather, by approximately 38%, compared with the 2007 baseline, in nearly 215 buildings. This resulted in approximately \$7.9 million in cost savings. Energy consumption reductions are mostly achieved through equipment investments, such as new lighting, heating and cooling systems, control systems installations, and employee education. More recently, however, the shift to remote work and a decrease in the number of AEP facilities also contributed to the reduction in energy usage at some of our facilities.

Today, we have 18 LEED-certified company facilities across our service territory, demonstrating our commitment to reducing carbon emissions, improving efficiency, saving money and creating healthy workspaces for our employees. In addition, since 2016, we have installed a total of 275 electric vehicle (EV) charging stations at several of our facilities across our service territory, making charging easy and efficient for our employees.

INVESTING IN TECH TO KEEP THE POWER FLOWING

Power outages are one of the top reasons customers contact us today. Whether due to a storm, a tree or an animal on the power line, or a vehicle accident, outages can be disruptive and inconvenient. During customer outages, we work to restore power as safely and quickly as possible. Keeping our customers' lights on is our top priority, which is why investing in the electric grid is so important.

Technology advancements allow for our system to better communicate with us and with our customers. This includes informing us when equipment is about to fail or does fail and, when outages occur, providing the location of the outage; and the ability to prevent a domino effect of additional outages. We are able to track customer outages in real-time, 24 hours a day. This helps us better communicate with our customers, including keeping them updated on our restoration efforts through our outage map or through text and email alerts.

In 2021, smart grid technology investments helped AEP Ohio customers avoid 47 extended outages equaling more than 4 million minutes (65,000 hours) of outage time. AEP Ohio plans to invest more than \$220 million over the next seven years in smart grid equipment across its service territory during Phase 3 of its smart grid program. This expansion will ensure that all AEP Ohio customers benefit from smart grid technologies.

Leveraging Tech to Better Restore Power

We are using technology advancements to reinvent what it means to be a modern energy company. This includes improving our field mobility through data and analytics to solve problems, optimize processes and discover new business opportunities. For example, we are improving the technological ecosystem used by many field and back-office employees during their day-to-day jobs and during major storm restoration efforts. This includes digitally collecting information when our assets are damaged and tracking frontline workers to more efficiently and safely assign work, rest and travel schedules, including lodging when our crews are traveling to assist with storm restoration. In addition, our field employees will have the ability to take photos of a physical asset, such as an overhead line, enter the asset information and

associated information into a mapping tool, and make the information widely viewable by other interested parties. The objective is to provide our field workers with the opportunity to do their work more efficiently while seamlessly communicating across all business functions. These efforts enhance safety, reliability and customer value.

SUPPORTING CUSTOMERS' CLEAN ENERGY INVESTMENTS

Many customers are pursuing installations of various Distributed Energy Resources (DERs) such as solar panels and battery storage systems. We support our customers who are evaluating installing their own DERs. We launched a new, easy-to-use solar calculator providing residential customers with accurate and objective information on the benefits and costs of rooftop solar energy. With information from the solar calculator, customers can make fully informed decisions about their options. In only a few minutes, they will better understand their home's solar potential through a personal assessment.

Building a Portfolio of Energy Options

AEP's competitive businesses offer the opportunity to integrate end-to-end customer solutions in a rapidly evolving energy marketplace. This includes projects and technologies to decarbonize, improve resilience, advance energy efficiency and provide clean solutions to customers at a competitive price.

As an experienced developer, owner, off-taker and operator of sustainable energy solutions across the U.S., AEP has competitive businesses that serve customers and communities from Hawaii to Vermont. AEP Energy is committed to meeting customers' clean energy needs and in early 2021, announced an agreement with the City of Columbus to pursue and source new renewable power generation to meet their 100% Ohio-based clean energy goal. The "Clean Energy Columbus" program will serve residential and small-business customers as well as provide energy efficiency and workforce development initiatives to underserved communities in Columbus. The new renewable energy projects will support more than 4,500 jobs in Ohio and support building a diverse and local pipeline into clean energy jobs of the future.

As we introduce more renewable generation into our energy mix, the need to invest in energy storage grows. Energy storage can help smooth the flow of power as generation from intermittent resources such as wind and solar varies over time. Storage technology supports local reliability and demand response for our customers, and it is integrated into our distribution and resource planning processes. AEP's competitive businesses executed and finalized two energy storage projects with the City of Martinsville, Virginia, and South River, New Jersey. Each project consists of Li-Ion batteries that will directly serve customers to reduce their electric costs during peak load events. The projects will be placed into service in the first half of 2022.

BROADBAND ACCESSIBILITY

AEP has been providing reliable electric service to our customers for more than 116 years. This includes supplying a critical source of energy that enables safety, comfort and today's modern amenities. Our commitment to energy access and reliability is deeply rooted in our history of innovation and dedication to powering a new and brighter future for our customers and communities.

We are expanding on our commitment of keeping the lights on to keeping our customers connected through broadband investments. Broadband technology has proven to be critical to the economic development and well-being of rural communities and other underserved areas. However, today the urban-rural divide is digital through the high-speed flow of information via broadband. This is especially true in some of our most remote areas such as Virginia and West Virginia.

Telecommunications companies have built broadband infrastructure where it makes business sense to do so. However, providing broadband service to rural homes and businesses is costly because it requires building lengthy "middle-mile" infrastructure in order to connect those homes and businesses to the network.

As one of the largest electric energy companies in the U.S., we power millions of homes and businesses, including those in hundreds of small communities. In fact, the majority of AEP's service territory is located in rural areas. This requires an expansive network of transmission and distribution lines to operate our electric system. In addition, we have one of the largest private telecommunications networks in the U.S. With our network already in many places where middle-mile fiber

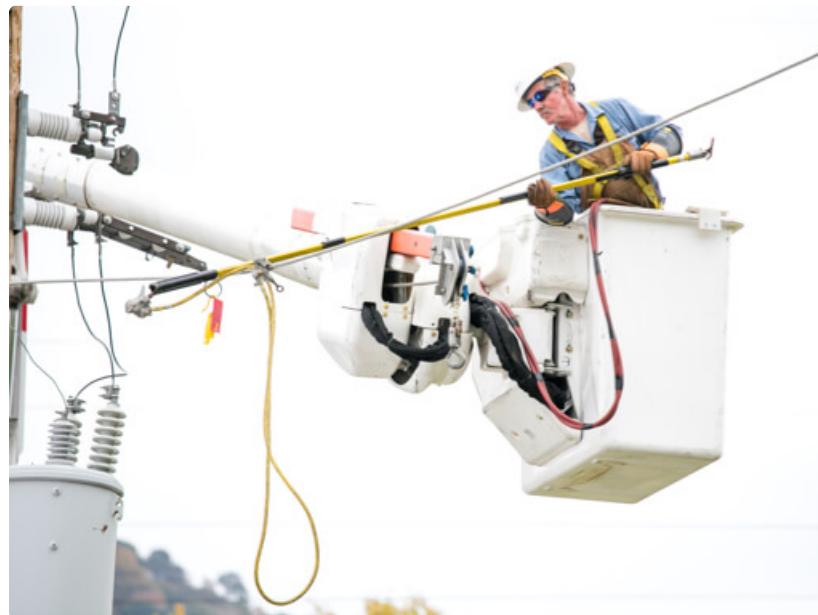
is needed, we knew we had an opportunity to help bring broadband to unserved communities in a way others could not. We developed a solution to install additional fiber capacity in rural areas and lease that capacity for middle-mile broadband to a telecommunications partner, who would then add last-mile connections and provide broadband to unserved rural customers.

Installing middle-mile fiber for broadband expansion is typically outside of AEP's scope of work. To move forward with our proposed solution in Virginia and West Virginia, we engaged at the local, state and federal levels, developed partnerships with companies to deliver broadband to end-use residents and businesses, petitioned for state and federal grant funding, and worked with business partners to define contract standards. As a result, from 2018 through 2020, Appalachian Power successfully pushed five pieces of legislation – three in Virginia and two in West Virginia – that enabled us to construct and own middle-mile fiber.

In December 2021, the first of these projects came to fruition when the Elk Creek Volunteer Fire Department became the first customer to receive high-speed internet service in rural Grayson County, Virginia. More than 6,000 customers identified in the Grayson County project area are expected to gain access to broadband over the next year. Construction is also underway in Logan and Mingo counties that will make broadband access available to more than 15,000 unserved customers in West Virginia.

In 2022, AEP received the Edison Electric Institute Advocacy Excellence Award, recognizing AEP's efforts to expand broadband access throughout Virginia and West Virginia.

The global pandemic in 2020 exposed how essential broadband access is and how vulnerable rural areas are without it. AEP believes middle-mile broadband is a right-now issue for all of rural America, for which we, and our industry, have an answer. We are exploring new options for the dual use of fiber for grid modernization and enabling internet service providers (ISPs) to make the final connection to areas that lack broadband coverage. We are advocating for legislation in many of our states that would specifically authorize us to invest in "middle mile" fiber infrastructure that we could then lease to ISPs for the purpose of their broadband service expansion.



We are expanding on our commitment of keeping the lights on to keeping our customers connected through broadband investments.

ECONOMIC GROWTH & IMPACT

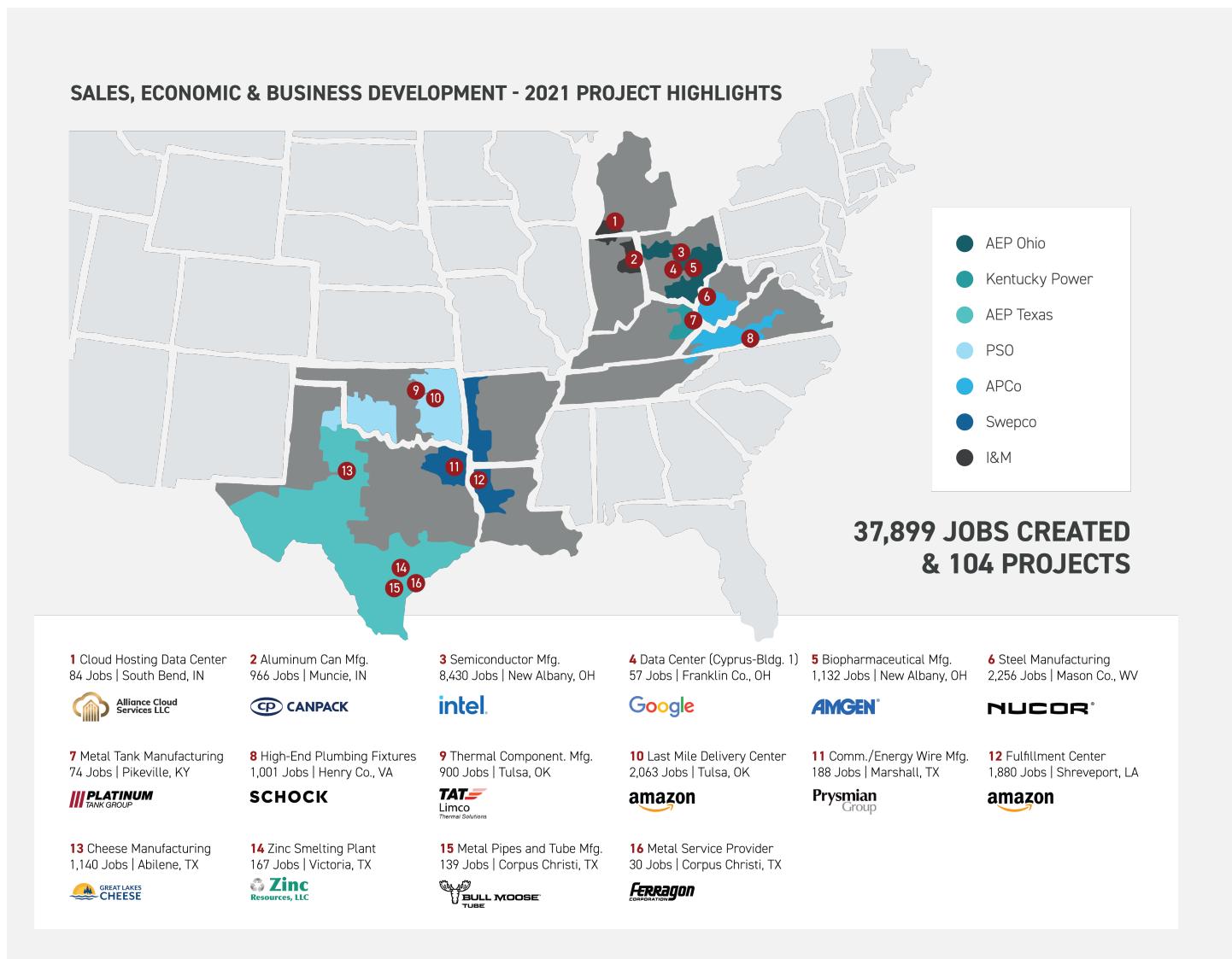
Economic and business development is critical to AEP's ability to help facilitate growth for key business customers and generate opportunities and investments for the communities that we serve. Our team of experts is dedicated to partnering with customers to create growth-oriented solutions. These solutions both keep and relocate jobs on American soil and often help to revitalize communities that need opportunities and support.

Economic development helps our communities in several ways, including increasing the tax base, job development, economic diversification, and capacity building for long-term sustainability. Through training, education and financial support, AEP works to strengthen the economic vitality of our communities to attract jobs that support the growth of local

economies. In 2021, AEP facilitated, partnered with, or supported more than 100 projects that will bring more than 37,800 jobs across our 11-state service territory.

Some of our most recent and notable economic growth opportunities include the announcement of Nucor's new manufacturing plant and Intel's two new semiconductor manufacturing plants. Nucor, North America's largest steel company, will build a new manufacturing plant in West Virginia, creating 800 full-time permanent manufacturing jobs. The site will be one of the most advanced, lowest emission sheet mills in the world.

In January 2022, Intel officially announced plans for an initial investment of more than \$20 billion to construct two new semiconductor chip manufacturing operations in New Albany, Ohio – right in the heart of AEP's service territory. The move supports Intel's strategy to boost domestic production of microchips to keep up with the demand while reducing America's reliance on global manufacturing hubs. With the project will come more than 10,000 jobs over the course of construction and an entirely new industry for central Ohio. This will be Intel's first new semiconductor factory in 40 years and the world's largest. The deal promises to have a considerable long-term global and local impact as Intel pledged an additional \$100 million toward partnerships with educational institutions to fuel the talent pipeline throughout the region.



ENERGY-READY SITES

Leveraging our field knowledge, detailed mapping capabilities and analytical insights, we are focused on continually growing and marketing a broad portfolio of available industrial properties. Many of these available sites are marketed as AEP Quality Sites, which are industrial properties that are development-ready. The sites have been vetted by industrial site selection and construction experts and have infrastructure in place or planned along with completed environmental studies. Prepping these sites to be energy-ready also reduces construction time, making AEP even more competitive in attracting business development opportunities while delivering benefits to communities in our footprint.

As an example, in 2021, CANPACK, an aluminum and packaging company based in Poland, broke ground on its second U.S. plant, located in Muncie, Indiana. The company located this new plant on one of the sites within the AEP Quality Sites portfolio, which indicated the site's readiness for development. The site was also bordered by energy-ready assets including a 138-kilovolt (kV) line and a new substation, making the Muncie site attractive to CANPACK. The investment will create 345 jobs by the end of 2023. This is Indiana Michigan Power's largest development project in 10 years.

In addition, we are building a portfolio of sites for EV fleet charging. As the cost of EVs continues to drop, we are seeing adoption rates increase among both our residential and commercial customers. In addition, several of our business customers are setting zero emission goals for their transportation fleets. These businesses will need sites that can accommodate the demand for increased electric use to supply their growing EV fleets. To support these customers, AEP has developed 'EV Ready Sites' to provide them with site-specific information such as currently available energy infrastructure capacity and associated development timelines that can enable them to quickly and cost effectively to support their efforts in electrifying their fleet.

SUPPLY CHAIN SECURITY & DEVELOPMENT

AEP understands the importance of having access to critical assets to keep the lights on for our customers. We are also keenly aware of the challenges many key business partners have faced in procuring critical parts such as microchips. Rising global energy, labor and transportation costs and supply chain disruptions makes domestic manufacturing and sourcing competitive and attractive.

In response, we are leading a strategic initiative centered on supporting U.S. manufacturing. Through this initiative, we are targeting existing AEP customers and suppliers, as well as potential new-to-AEP customers that may be considering shifting some or all of their overseas production to the U.S. and/or may be seeking more domestic U.S. sources for their supply chains.

WORKFORCE AND COMMUNITY DEVELOPMENT

Beyond our involvement in specific projects, a cornerstone of our Economic and Businesses Development strategy has always been workforce and community development. Whether it is directly assisting with business attraction efforts, contributing to site readiness initiatives, or providing training to our community stakeholders, we work diligently to elevate our service territory.

In an effort to be a resource for our partners, AEP created Energizing Economic Development, a self-paced e-learning course designed to help community leaders have a greater impact on the future and success of their community economic development. This free program was first stood up at PSO and is being rolled out at other operating companies. More than 300 community leaders have participated to date.

Our team has also supported our various partners across the region with their grant submissions. In Appalachian Power alone, our team members participated in committees and delivered letters of support for Virginia Tech's submission focused on the future of Transportation and Logistics as well as the Appalachian Climate Technology Coalition's efforts to leverage federal funds to revitalize and repurpose economically distressed and coal-impacted counties in West Virginia.

AEP continues to work with our local communities to help revitalize some of the areas hit hardest by the changes in the coal industry, particularly in the heart of Appalachia. To help these states make the transition and diversify their economies, AEP remains committed to attracting new industry and jobs and empowering local leaders to take the lead in rebuilding their communities through the Appalachian Sky project.

Since being initiated in 2017, Appalachian Sky has made a difference, as evidenced by aerospace-connected economic development announcements including Thoroughbred Aviation's decision to expand its Kentucky operations to the Huntington Tri-State Regional Airport in West Virginia. AEP also contributed to the efforts to expand Raleigh County Memorial Airport in West Virginia. With the help of grants, the airport expanded its runway and developed more than 100 acres into site-ready property for industrial development. The upgrades were key to attracting two new companies and enabling the expansion of an existing manufacturer. Appalachian Sky recently became a nonprofit, a move that opens the door to receiving more federal funding. An AEP representative serves on the board.

ENVIRONMENTAL, SOCIAL & GOVERNANCE DATA

At AEP, we understand the importance of providing clear, accurate and consistent data and information in a timely manner. AEP's ESG Data Center reflects our commitment to transparency by proactively sharing data and information about our sustainability goals, strategy and environmental, social and governance performance. This demonstrates that we are listening to our stakeholders and addressing issues that are most relevant for our business.

We also map our sustainability performance to several frameworks, including: TCFD, SASB, CDP and GRI Reports.

ESG Reports

The metrics and data points for the ESG Data Center are gathered from several sources, including GRI, CDP and EEI ESG/Sustainability Report. The quality control and assurance process for the data center differs from that of the 2020 Corporate Accountability Report, and is not included in the scope of the internal audit process.



ESG Data Center



ESG Data



ESG Data Glossary

Operational and Financial

ENERGY			
Owned Generation Capacity (MW)*	2019	2020	2021
Total Owned Nameplate Generation Capacity (MW)	25,490	25,496	24,857
Coal	13,230	13,230	11,858
Natural Gas	7,678	7,684	7,615
Nuclear	2,288	2,288	2,296
Total Renewable Energy Resources	2,294	2,294	3,088
Hydroelectric	853	853	805
Solar	229	229	362
Wind	1,212	1,212	1,921

*2019 and 2020 data includes capacity retired throughout the year. 2021 reflects year-end capacity.

Owned Net Generation	2019	2020	2021

Total Owned Net Generation (MWh)	86,252,164	76,459,882	82,567,070
Coal	52,275,888	38,184,507	45,052,460
Natural Gas	13,953,693	14,175,228	13,077,646
Nuclear	16,157,850	18,268,937	17,960,716
Total Renewable Energy Resources	3,864,733	5,831,210	6,476,248
Hydroelectric	843,360	1,121,235	860,163
Solar	249,440	535,200	745,647
Wind	2,771,933	4,174,775	4,870,438

Purchased Net Generation (MWh)	2019	2020	2021
Total Purchased Generation (MWh)	20,130,649	18,069,220	16,425,967
Coal	5,441,084	4,410,801	4,549,389
Natural Gas	5,089,151	4,355,732	2,969,042
Total Renewable Energy Resources	9,600,414	9,302,687	8,907,536
Hydroelectric	174,893	234,869	139,780
Solar	12,512	11,825	24,183
Wind	9,413,009	9,055,993	8,743,573

Total Net Generation (MWh)	2019	2020	2021
Total Net Generation for the Data Year	106,382,813	94,529,102	98,993,037
Coal	57,716,972	42,595,308	49,601,849
Natural Gas	19,042,844	18,530,960	16,046,688
Nuclear	16,157,850	18,268,937	17,960,716
Total Renewable Generation	13,465,147	15,133,897	15,383,784
Hydro	1,018,253	1,356,104	999,943

Solar	261,952	547,025	769,830
Wind	12,184,942	13,230,768	13,614,011

Facility Energy Performance	2019	2020	2021
Facility Energy Consumption (KWh)	135,853,591	125,005,335	104,334,588

GRID RELIABILITY			
Grid Overview	2019	2020	2021
Transmission Lines	~40,00	~40,000	~40,000
Distribution Lines	~221,000	~223,000	~224,000
Reliability*			
System Average Interruption Duration Index (SAIDI) (Minutes)	228.80	231.80	238.50
System Average Interruption Frequency Index (SAIFI) - Number of interruptions	1.41	1.47	1.47
Customer Average Interruption Duration index (CAIDI) (Minutes)	162.80	158.00	161.80
Customer Average Interruption Frequency (CAIFI) (Minutes)	2.00	2.19	2.21
Average System Availability Index (ASAI)	99.96%	99.96%	99.96%

*Includes major storm events

CUSTOMER			
Customers*	2019	2020	2021
Residential	4,661,713	4,709,111	4,735,221
Commercial	712,800	721,900	732,211
Industrial	47,676	46,576	45,741

Other	30,177	30,183	30,294
Total	5,452,366	5,507,770	5,543,467

*Data as of November of data year

Customer Energy Efficiency Programs & Smart Meters	2019	2020	2021
Percent of Total Meters Deployed That Are Smart Meters	56%	60%	63%
Total Investment in Energy Efficiency Programs	\$161,000,000	\$150,299,080	\$95,681,983
Incremental Annual Electricity Savings from Energy Efficiency Measures (MWh)	1,098,444	1,148,334	406,737
Annual Demand Savings (MW)	302	320	197
Avoided CO ₂ Emissions (Metric Tons)	527,212	477,475	204,621
Number of Residential Customers Participating in Energy Efficiency Programs	-	1,034,389	266,526

Customer Disconnects*	2019	2020	2021
Total Number of Customer Disconnects	487,943	265,204	418,328
Total Number of Reconnects within 7 days	381,968	206,391	340,595
Total Number of Residential Customer Disconnects	-	252,456	402,779
Residential Reconnects within 7 Days	-	197,963	328,516

*Credit related service terminations were suspended during a portion of 2020 due to COVID-19 mitigation. This activity has since been reinstated.

Customers Assistance	2019	2020	2021
Residential Energy Affordably Transactions	428,057	580,182	621,456
Energy Assistance Funds Provided to Low-Income Customers	\$64.9 Million	~\$91.7 Million	~\$134.8 Million
Number of Agency Pledges Made Online	27,221	24,286	31,174
Amount Contributed to Agency Pledges for Energy Assistance	~\$6.6 Million	~\$6.7 Million	\$15.2 Million

ECONOMIC

Financial Data	2019	2020	2021
Total Revenue	\$15.56 Billion	\$14.92 Billion	\$16.79 Billion
Total Assets	\$75.9 Billion	\$80.8 Billion	\$87.7 Billion
Total Annual Capital Expenditures/investments (nominal dollars)	\$7,567 Million	\$5,893 Million	\$6,547 Million
Taxes Paid	2019	2020	2021
Local & State	\$1,220 Million	\$1,303 Million	\$1,391 Million
Federal	\$118 Million	\$70 Million	\$69 Million
Earnings Performance	2019	2020	2021
Earnings per Share (GAAP)	\$3.89	\$4.44	\$4.97
Operating Earnings per Share	\$4.24	\$4.44	\$4.74
Cash Dividends per Common Share	\$2.71	\$2.84	\$3.00
Economic & Business Development	2019	2020	2021
Jobs Supported by AEP's Economic & Business Development	21,000	29,808	37,899
Economic Development Contributions	\$2,597,874	\$1,901,036	\$1,350,022
Amount Spent on Employee Wages	\$1.9 Billion	\$1.8 Billion	\$1.95 Billion

Environment

EMISSIONS*	2019	2020	2021
Emissions Breakdown	58,447,520	44,369,322	50,790,329

SO ₂ (Lbs)	104,466,589	65,521,727	74,928,901
SO ₂ (MT)	47,385	29,720	33,987
NO _x (Lbs)	78,809,057	52,889,173	59,362,878
NO _x (MT)	35,747	23,990	26,926
Mercury Emissions to Air (Lbs)**	311	213	233
Mercury Emissions to Air (kg)**	141	97	106

*Represents direct emissions from AEP owned Title IV Sources only

**Based on equity ownership. Current year mercury emission data is preliminary. Will be updated once data is finalized with the EPA.

Scope 1 Emissions GHG CO ₂ e*	2019	2020	2021
Total Scope 1 Emissions CO ₂ e (Metric Tons)	65,006,727	49,642,532	56,401,080
CO ₂ (MT)	64,157,262	48,807,820	55,612,321
N ₂ O (MT CO ₂ e)	262,141	194,305	225,739
CH ₄ (MT CO ₂ e)	190,755	141,581	163,629
SF ₆ (MT CO ₂ e)**	396,569	498,826	399,391

*Scope 1 emissions include all direct emissions. Scope 1 GHG CO₂e emissions as reported in CDP

**2019 and 2020 SF₆ emissions were restated in the 2022 reporting year due to an inventory calculation correction

WATER*

Total Water Withdrawal**	2019	2020	2021
Total Water Withdrawal (Million Gallons per day)	3,985	4,022	4,276
Total Water Withdrawal (Million Gallons/year)	1,454,614	1,471,962	1,560,629
Total Water Withdrawal (Billions of Liters/year)	5,506	5,572	5,908

*Some 2019 and 2020 water metrics were restated in the 2022 reporting year due to updated estimate methodology

**Total water withdrawal now includes surface, ground (self), municipal and Comanche Plant

Water Withdrawal by Source Breakdown	2019	2020	2021
Surface Water Withdrawal (Million Gallons per day)*	3,979	4,017	4,272

Surface Water Withdrawal (Million Gallons/year)*	1,452,470	1,470,203	1,559,368
Surface Water Withdrawal (millions of m ³ /year)*	5,498	5,565	5,903
Groundwater (m ³ /year)	6,984,231	5,324,059	3,975,163
Other (m ³ /year)**	1,138,772	1,335,417	794,646

*Excludes groundwater, municipal and Comanche Plant water withdrawal

**Represents Comanche Plant withdrawal

Water Discharge*	2019	2020	2021
Total Water Discharge (Million Gallons per day)	3,854	3,873	4,119
Total Water Discharge (Million Gallons/year)	1,406,573	1,417,526	1,503,402
Total Water Discharge (Billions of Liters/year)	5,324	5,366	5,691

*Water discharge data is derived from plant water balance diagrams and water withdrawal information. All water discharge represents surface water Discharge.

Water Consumption*	2019	2020	2021
Total Water Consumption (Million Gallons per day)	136	140	161
Total Water Consumption (Million Gallons/year)	49,512	55,840	58,702
Total Water Consumption (billions of Liters/year)	187	211	222

*All water consumption is freshwater. Water consumption data is derived from plant water balance diagrams and water withdrawal information.

Water Intensity*	2019	2020	2021
Water Withdrawal Intensity (gallons/Net MWh)**	18,267	21,870	20,736
Water Withdrawal Intensity (Billions of liters/Net MWh)**	0.00006	0.00007	0.00008
Consumptive Water Use Intensity (gallons/Net MWh)**	623	830	780
Consumptive Water Use Intensity (Billions of liters/Net MWh)**	0.00000236	0.00000319	0.00000295
Non-consumptive Water Use Intensity (gallons/Net MWh)***	51,819	41,590	37,917
Non-consumptive Water Use Intensity (Billions of liters/Net MWh)***	0.00007	0.00008	0.00014

*Water intensity data is an average value across our steam electric system. AEP does not include renewable MWhs in intensity metrics because water is not used in the renewable energy process. Plants that AEP only has partial ownership are also excluded as AEP does not control the way they operate.

**Based on total water use values/total MWhs

***Based on individual total water use values/MWhs then all individual values averaged

WASTE

Facility Waste Generation	2019	2020	2021
Recycled Paper & Office Waste (Lbs)*	159,300	67,581	57,280
Recycled Scrap Metal Waste (Lbs)	28,950,000	40,685,181	39,321,951
Batteries Recycled (Lbs)	169,000	171,545	176,880
Electronic Waste Recycled (Lbs)	430,000	28,183	18,857
Light Bulbs Recycled (Lbs)	44,500	26,727	55,441
Recycled Used Oil (Gallons)	725,500	273,994	233,325

*Not inclusive of all AEP facilities

Coal Combustion Products	2019	2020	2021
Total CCPs Generated (Tons)	4,123,466	2,908,761	3,439,697
CCPs Diverted from Landfill (Tons)	1,593,164	1,019,205	1,069,923
CCP Avoided Disposal Costs	-	-	\$17,829,733
CCP Revenues Generated	-	-	\$11,938,635
CCP Diverted from Landfill Percent	39%	35%	31%

BIODIVERSITY

Total Acres of Habitat Protected	2019	2020	2021
Enhanced or Restored that supports natural habitat & biodiversity as required for mitigation	-	28,520	29,750

Enhanced or Restored that supports natural habitat & biodiversity voluntarily	-	251,663	251,115
Enhanced or Restored that supports natural habitat & biodiversity as required for mitigation	-	-	24
Enhanced or Restored that supports natural habitat & biodiversity as done by voluntary conservation action	-	-	301

Social

COMMUNITY IMPACT

Charitable Giving	2019	2020	2021
Total Charitable Giving	\$29.6 Million	\$38.5 Million	\$35.1 Million
Percent of Charitable Giving by Area of Focus	2019	2020	2021
Education	31%	32%	30.3%
Community	19%	14%	12.0%
Hunger & Housing	14%	14%	14.4%
Safety & Health	13%	11%	13.9%
Arts & Culture	6%	7%	8.1%
Youth	5%	4%	5.8%
Disaster Relief	-	0%	3.7%
Economic Development	-	2%	3.0%
Social & Racial Justice	-	-	3.1%
Other	11%	15.9%	5.6%

WORKFORCE

Employee Type	2019	2020	2021
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Total Number of Employees	17,487	16,864	16,688
Number of Full-time Employees	17,458	16,840	16,658
Number of Part-time Employees	29	24	30
Number of Represented Employees	4,133	4,015	3,836
Number of Veteran Employees	1,742	1,706	1,654
Percent of Veteran Employees	10%	10%	10%
Percent of Veteran New Hires	-	6%	7%
Total Number of Professionals	5,743	5,600	5,701
Total Number of Officials & Managers	3,326	3,175	3,211
Total Number of Executive/Senior Level Officials	234	232	229

Workforce Diversity	2019	2020	2021
Total Female Employees	3,454	3,325	3,340
Percent of Female Employees	20%	20%	20%
Number of Female Professionals	1,578	1,535	1,604
Percent of Female Professionals	-	-	28%
Number of Female Officials & Managers	543	538	567
Percent of Female Officials & Managers	-	-	18%
Number of Female Employees in an Executive/Senior Level Position	40	44	50
Percent of Female Employees in an Executive/Senior Level Position	-	-	22%
Total Minority Employees	3,233	3,187	3,240
Percent of Minority Employees	18%	19%	19%
Number of Minority Professionals	1,128	1,140	1,182
Percent of Minority Professionals	-	-	21%

Number of Minority Officials & Managers	419	419	444
Percent of Minority Officials & Managers	-	-	14%
Number of Minority Employees in an Executive/Senior Level Position	25	28	27
Percent of Minority Employees in an Executive/Senior Level Position	11%	12%	12%
Workforce Demographics	2019	2020	2021
Traditionalists (1945 & Before)	<1%	0.088%	0.066%
Baby Boomers (1946-1964)	31%	27%	23.6%
Generation X (1965-1980)	36%	37%	37.2%
Millennials (1981-1996)	32%	34%	35.9%
Generation Z (1997 & Beyond)	<1%	1%	2.2%
Employee Development	2019	2020	2021
Hours of Employee Training Tracked Through Formal Training Programs (Hours)	1,130,628	775,500	719,528
Number of Employees Who Participate in Tuition Reimbursement	-	-	575
Amount Spent on Tuition Reimbursement	2,063,794	2,042,634	2,003,269
Number of Career Development Advancements	1,227	787	1,376
Development Advancements for Female Employees	250	175	312
Percent of Development Advancements for Female Employees	20%	22%	23%
Development Advancements for Minority Employees	244	156	272
Percent of Development Advancements for Minority Employees	20%	20%	20%
Number of Employees Receiving Career Development Reviews	-	-	11,962

Percent of Total Workforce Receiving Career Development Reviews	70.38%	71.66%	71.68%
Number of Female Workforce Receiving Career Development Reviews	-	-	2,976
Percent of Female Workforce Receiving Career Development Reviews	-	-	89%
Number of Minority Workforce Receiving Career Development Reviews	-	-	2,526
Percent of Minority Workforce Receiving Career Development Reviews	-	-	78%

Future Talent Pipeline	2019	2020	2021
Employee Turnover	8.68%	8.56%	9.97%
Transmission & Distribution Apprentices *	-	807	886
Total Co-op students, Interns & High School Interns	-	-	112

*Data represents number of apprentices in program as of Q1 of the following data year

SAFETY & HEALTH

Public Metrics	2019	2020	2021
Public Fatalities Due to Electrical Contacts	4	2	5
Employee Metrics	2019	2020	2021
Employee DART Rate	0.4120	0.310	0.430
Total Employee Recordable Incident Rate (TRIR)	0.673	0.576	0.648
Employee Lost Time Incident Rate (LTIR)	0.329	0.245	0.333
Employee Severity Rate	22.719	15.284	19.113
Total Employee OSHA Recordable Events	129	106	113
Employee Fatalities	1	0	0

Contractor Metrics*	2019	2020	2021
Contractor DART Rate	0.544	0.410	0.407
Total Contractor Recordable Incident Rate (TRIR)	-	0.927	1.026
Contractor Lost Time Incident Rate (LTIR)	-	0.246	0.213
Total Contractor OSHA Recordable Events	225	147	154

*AEP Contractors includes Forestry

Employee & Contractor Metrics*	2019	2020	2021
Employee & Contractor DART Rate	0.477	0.356	0.419
Combined Employee & Contractor DART Events	178	122	136

*AEP Contractors includes Forestry

SUPPLIER DIVERSITY

Overview	2019	2020	2021
Total Supplier Spend (Billions)	\$6.8 Billion	\$6.5 Billion	\$6.7 Billion
Diverse Supplier Spend (millions)	\$401 Million	\$653 Million	\$705 Million
Managed Spend (Procurement Spend)	-	-	\$57.8 Million
Percent Spend on Goods & Services from Diverse Suppliers*	7.40%	10.17%	12.18%
Local Based Supplier Spend (Billions)**	\$3.3 Billion	\$3.4 Billion	\$3.4 Billion
Percent Spend on Locally Based Suppliers***	49%	53%	51%
Small Business Supplier Spend (Millions)	\$882 Million	\$993 Million	\$964 Million
Percent Spend on Goods & Services from Small Businesses****	13%	15%	14%

*As a percent of total managed spend

**The term “locally” is used to describe businesses registered in the traditional 11 states in which AEP operates

***As a percent of total spend

****As a percent of total corporate spend

Governance

GOVERNANCE

Overview	2020	2021	2022*
Board Meetings Held	7	7	7
Average Board Attendance	97%	100%	97%
Total Number on the Board of Directors	13	12	12
Number of Independent Directors	12	11	11
Independent CEO & Lead Director	no	no	no

*Current- post Annual Meeting 4/26/22

Director Gender	2020	2021	2022*
Men	9	8	8
Woman	4	4	4

*Current- post Annual Meeting 4/26/22

Director Age	2020	2021	2022*
50s	3	3	2
60s	6	7	8
70s	4	2	2
Board Average Age	~66	~64	~64

*Current- post Annual Meeting 4/26/22

Director Tenure	2020	2021	2022*
0-5 years	2	3	5
6-10 years	7	6	5
11-16 years	4	3	2
Average Years of Tenure	8	8	6.5

*Current- post Annual Meeting 4/26/22

Director Ethnic Diversity	2020	2021	2022*

White	11	9	9
Hispanic	2	2	2
African American or Black	1	1	1

*Current- post Annual Meeting 4/26/22

2022 CORPORATE SUSTAINABILITY REPORT

At AEP, we understand the importance of providing clear, accurate and consistent data and information in a timely manner. AEP's 2022 Corporate Sustainability Report marks our 13th integrated report and 16th year of reporting on our ESG performance. This report gives a comprehensive view of AEP's progress as a business and community partner to build a brighter future together. Our 2022 report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, aligns with the Sustainability Accounting Standards Board (SASB) framework and references the reporting recommendations outlined by the Task Force on Climate-Related Financial Disclosures (TCFD).



2022 Corporate Sustainability Report



AEP was named to the JUST 100 2022 list for the second consecutive year, recognizing AEP's commitment to sustainability and transparency.

SUPPLEMENTAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTS

- [2022 GRI Report](#)
- [2022 SASB Report](#)
- [2021 EEI ESG Investor Report](#)
- [2021 EEI Customer Emissions Report - Online Access](#)
- [2021 CDP Climate Report](#)
- [2021 CDP Water Report](#)
- [AEP's Climate Impact Analysis Report - A TCFD Report \(March 2021\)](#)
- [2022 TCFD Index](#)
- [2022 EcoVadis Sustainability Scorecard](#)
- [2022 ESG Data Center](#)

FINANCIAL DISCLOSURES AND DOWNLOADS

- [2022 Annual Meeting Proxy Statement](#)
 - [2021 Annual Report](#)
 - [2021 10K](#)
 - [2021 Revenues from Coal](#)
 - [2021 Coal Generation Rate Base](#)

 - [Sustainable Finance Framework](#)
 - [Second Party Opinion](#)
 - [2020 Report of Corporate Political & Social Welfare Organization Contributions and Trade Association Lobbying](#)
-

CORPORATE POLICIES AND DOCUMENTS

- [Environment, Safety and Health Policy](#)
 - [Anti-Corruption Policy](#)
 - [Human Rights Policy](#)
 - [AEP Political Engagement Policy](#)

 - [Environment and Social Justice Policy](#)
 - [AEP Principles of Business Conduct](#)
 - [AEP Supplier Code of Conduct](#)
 - [Insider Trading Policy](#)
-

INTERNAL POLICIES

To help ensure employee safety and security, many AEP policies are internal policies only. All employees have access to all policies through the AEP intranet database.

- [Sexual Harassment Policy](#)
 - [Anti-Discrimination Policy](#)
 - [AEP's PII Data Privacy Protection Policy](#)
 - [AEP's Prohibition Against Pornography and Offensive Material Policy](#)
 - [AEP's Anti-Fraud Policy](#)

 - [AEP's Whistleblower Protection Policy](#)
 - [Travel and Entertainment Policy](#)
 - [Speak-up Policy](#)
 - [Social Media Policy](#)
 - [Phishing Accountability Policy](#)
-

BOARD GOVERNANCE POLICIES

- [AEP Code of Business Conduct and Ethics](#)
 - [Related Person Transaction Approval Policy](#)
 - [Board Policy on Recouping Executive Compensation](#)
 - [Policy on Shareholder Approval of Future Executive Severance Agreements](#)
 - [AEP's Principles of Corporate Governance](#)

 - [AEP Director Independence Standards](#)
 - [AEP Bylaws](#)
 - [Criteria for Evaluating Directors](#)
 - [Consideration of Candidates for Director Recommended by Shareholders](#)
-

ADDITIONAL LINKS

- [ESG for Investors](#)
 - [AEP's Board of Directors](#)
 - [Board Facts](#)
 - [AEP Leadership](#)
 - [AEP Political Engagement](#)

 - [Financial Filings and Reports](#)
 - [Stocks and Dividends](#)
 - [Events and Presentations](#)
 - [Community Transition](#)
 - [Social and Racial Justice](#)
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AEP'S 2022 ECOVADIS SCORECARD REQUEST FORM

Name

Company Name

Title

Email

Submit

STATEMENT OF AEP'S BOARD OF DIRECTORS

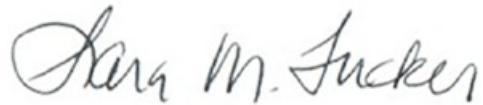
AEP Management and the Board of Directors recognize the role of environmental, social and governance (ESG) performance in creating long-term value for our shareholders and other stakeholders. We are committed to engagement as well as transparent disclosure on ESG issues. The Board receives frequent reports from management about the company's sustainability initiatives and financial reporting, policy matters and ESG performance. These issues are the subject of active discussion at Board meetings and Board committee meetings.

The AEP Board of Directors has assigned responsibility for overseeing the company's ESG/sustainability initiatives to the Board's Committee on Directors and Corporate Governance (the Committee). The 2022 Corporate Sustainability Report integrates financial with ESG/sustainability reporting to provide a comprehensive view of AEP's forward-looking strategic commitment to the environment, employees, shareholders and the communities that we serve as well as a transparent review of our performance in these commonly recognized measures of ESG performance. Stakeholders have expressed support and appreciation for AEP's leadership with this integrated approach to corporate reporting, as well as the company's commitment to transparency and engagement. The Committee fully supports this approach.

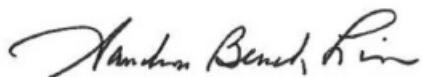
The 2022 Corporate Sustainability Report provides cohesive, proactive disclosure for our stakeholders. To ensure statements are appropriately stated, AEP's internal Audit Services team performs a limited review of selected company performance statements within the Report. This year's Report includes the company's ESG Data Center, which houses approximately 250 of the most relevant metrics AEP is commonly asked to disclose; AEP's Decarbonization Strategy; and new Environmental & Social Justice Policy and Human Rights Policy. These new policies demonstrate our

commitment to ensuring investment equity as we modernize the power grid and reinforce our respect for, and fair treatment of, all people without discrimination. In addition, the Report outlines AEP's financial and operational performance, while providing a forward look of the company's strategy to achieve net-zero carbon emissions by 2050.

The Committee believes the 2022 Corporate Sustainability Report provides a clear presentation of AEP's strategy and ESG performance. The Board has emphasized that management will continue to be evaluated by its success in executing the company's strategic plan, including its ability to respond to changing ESG risks and opportunities.



Sara Martinez Tucker
Lead Director of the AEP Board of Directors



Sandra Beach Lin
Chair of the Committee on Directors and Corporate Governance

2022 AUDIT STATEMENT

AEP Audit Services performed a limited review of selected company performance statements and disclosures within the 2022 AEP Corporate Sustainability Report.

Financial information was reconciled with AEP's audited financial statements and other sources as deemed appropriate. Nonfinancial statements were substantiated with press releases, internal communications, or source data from the business units. Forward-looking information was verified as consistent with public information disclosed by AEP.

Based upon our limited review, we believe the performance information contained within the report is appropriately stated, and that management adhered to the established processes in accumulating the financial and nonfinancial information.



Andrew Reis
Vice President Audit Services
May 16, 2022



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