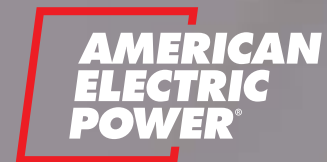


DELIVERING THE POWER OF OPPORTUNITY

2023 Corporate Sustainability Report



**Powering a
brighter, cleaner
energy future
together.**



We are pleased to share the latest progress on American Electric Power's environmental, social, and governance (ESG) and sustainability strategy, performance and impact. The 2023 Corporate Sustainability Report, *Delivering the Power of Opportunity*, provides an overview of AEP's sustainable growth strategy, which is focused on a clean and just transition; environmental compliance and stewardship; employee well-being and engagement; social justice and equity; and, strong and effective corporate governance. This report marks our 17th year of providing a comprehensive view of AEP's progress as a business and community partner, reflecting our longstanding commitment to stakeholder engagement and transparency. This report covers calendar year 2022, unless otherwise noted.



Internal Assurance

AEP Audit Services performed a limited review of selected company performance statements and disclosures within the 2023 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 2023

Board of Director's Statement

AEP Management and the Board of Directors recognize the role of environmental, social and governance (ESG) performance in creating long-term value for our investors and other stakeholders. We are committed to engagement as well as transparent disclosure on ESG issues. The Board regularly engages with management to oversee the company's ESG efforts and disclosure. The Board requests and receives frequent reports from management about the company's sustainability initiatives and regularly discusses issues related to ESG including human capital management; safety and health; climate change; diversity, equity and inclusion; and cyber and physical security 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 2023 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, investors and communities that we serve, as well as a transparent review of our performance in these commonly recognized measures of ESG. 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 2023 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; and AEP's strategic vision for long-term sustainable growth which is focused on leading the clean energy transition in an economically responsible manner for our customers and communities.

The Committee believes the 2023 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.



A handwritten signature in black ink that reads "Nicholas K. Akins".

Nicholas K. Akins
Executive Chair of the
Board of Directors



A handwritten signature in black ink that reads "Sara M. Tucker".

Sara Martinez Tucker
Lead Director of the AEP
Board of Directors



A handwritten signature in black ink that reads "Sandra Beach Lin".

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

Awards & Recognition

Business & Innovation

- FORTUNE – 2023 World's Most Admired Companies (*10th consecutive year*)
- Site Selection – 2022 Top 10 Utilities for Economic Development

Diversity, Equity & Inclusion

- 50/50 Women on Boards
- Bloomberg – 2023 Gender Equality Index (*fifth consecutive year*)
- Forbes – 2022 America's Best Employers
- Forbes – 2022 Best Employers for Women (*third consecutive year*)
- Forbes – 2022 Best Employers for New Grads
- Gallup – 2023 Exceptional Workplace Award (*fourth consecutive year*)
- JUST Capital – 2022 Top 100 U.S. Companies for Workforce Equity and Mobility
- American Clean Power Association – 2022 Diversity, Equity & Inclusion Award

Corporate Responsibility

- Burning Glass Institute – American Opportunity Index
- CNBC and JUST Capital – 2023 JUST 100 (*third consecutive year, #1 in the Utilities category*)
- Investor's Business Daily – 2022 Best ESG Companies
- Newsweek – Most Responsible Companies



AEP Company Overview – 2022



Number of Employees
16,974



Transmission
40,000 miles



Total Revenues
\$19.64 billion



Distribution
225,000 miles



Operating Earnings Per Share
(non-GAAP)
\$5.09



Total Generating Capacity
(Owned & PPA)²
30,202 MW



Total Assets
\$94 billion



Total Renewable Capacity
(Owned & PPA)³
7,108 MW



Market Capitalization¹
\$47 billion



Total Customers
5.6 million in 11 states



Rate Base
\$61 billion



Charitable Giving
\$41.1 million

¹As of February 2023

²As of March 2023. Capacity includes Energy Efficiency which represents avoided capacity rather than physical assets.

³As of March 2023.

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About AEP

At American Electric Power, we provide more than electricity to our customers – we energize possibilities. We’re redefining the future of energy by reducing our carbon footprint, empowering the communities we serve and developing the workforce of the future. All the while, we are delivering the reliable and affordable service our customers expect.



Our Mission: Together, with our customers, we are redefining the future of energy and developing innovative solutions that power communities and improve lives.



Our Vision: Powering a new and brighter future for our customers and communities.



CEO Message

Marathon running is a passion of mine. Training for a marathon requires dedication, mental and physical strength, patience and a community of support. It also requires caring for yourself – taking days off to recover, mend an injury and refuel your body to get back at it. Marathon runners know that training is the key to success. It not only determines the outcome of the race, but it shows just how committed you are and whether you put in the work.

At AEP, we have been training and preparing for the past 117 years to guide one of America's largest electric utilities into a new era. It is a privilege to lead this effort as AEP's 11th

president and seventh chief executive officer and continue our legacy of operational excellence. I am honored to succeed Nick Akins, AEP's former president and chief executive officer, who led AEP for 11 years and put us in a ready position for great things yet to come. We finished 2022 strong, reaffirming our long history of consistently delivering and exceeding our earnings guidance. This wouldn't be possible without the dedication and strength of the entire AEP team, who are the force behind ***Delivering the Power of Opportunity***.

Yet even with the success 2022 brought, I stepped into this role with a heavy heart. That's because we lost an AEP employee and a forestry contractor

while they were working on the job last year. We began 2023 with another tragic loss of an AEP lineman who died after being struck by a tree while working to restore power. This is heartbreaking and sobering, as these three members of the AEP family did not return home to their loved ones. It is unacceptable, and we owe it to each other to do better. Our safety journey is not a sprint; it's a marathon. We must build upon our deeply rooted safety culture and continue looking out for one another. We have to work harder to avoid distractions and make sure safety is a core value. One thing that gives me confidence is that 84% of our reporting locations didn't experience a safety event in 2022. So, I encourage the team to refuel and get back at it as we double down on our commitment to Zero Harm.

Our AEP family is the most important part of our business. We need their ingenuity, experience and thought leadership to support us in leading one of the largest clean energy transformations in the country. Our goal to achieve net-zero greenhouse gas emissions by 2045 will require an "all of the above" strategy that is focused on investing in our people, our communities and the grid. We are already making significant progress. We've achieved a 66% reduction in Scope 1 GHG emissions since 2005 and retired or sold nearly 13,500 megawatts of coal-fueled generation

“Our AEP family is the most important part of our business. We need their ingenuity, experience and thought leadership to support us in leading one of the largest clean energy transformations in the country.”

over the past decade. The pace of our transition, however, hinges on many factors, including economics, technology, affordability, reliability, and support from state and federal regulators. It will take a collective effort to get this right.

We're strengthening our focus on our regulated investments and de-risking the business through active management of our portfolio, including the agreement to sell 1,365 MW of unregulated contracted renewables. Our current plan to



add more than 15 gigawatts of new regulated renewable resources over the next decade, as part of our integrated planning process, will allow us to provide fossil-fuel free generation for the benefit of our customers. At the same time, the \$26 billion we plan to invest in our transmission and distribution systems over the next five years will help ensure the continued delivery of safe, reliable, and affordable power to serve our customers and communities. We also initiated a strategic review of some of our competitive operations to de-risk and simplify our business. These actions are consistent with our equity financing plan, operating earnings guidance and long-term growth rate of 6%-7%.

Our customers remain at the center of everything we do. We provide a crucial service, which is a responsibility that the AEP team takes very seriously. Major storms across our territory created some challenges in 2022, and our crews worked diligently to repair damage and safely restore service. Keeping our customers' lights on is a critical part of our job. It is also our responsibility to ensure our customers have equal access to clean and modern energy options because energy should never be a burden. In 2023, we will continue to work on improving customer reliability, accessibility and affordability. Advancing environmental and social justice will be a big part of our focus to ensure we continue to provide safe, clean, reliable and affordable energy to ALL of our customers.

“Our customers remain at the center of everything we do. We provide a crucial service, which is a responsibility that the AEP team takes very seriously.”



We are also going after new opportunities to capitalize on federal support for clean energy investments, including the bipartisan Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). Electric utilities are a linchpin to obtaining unprecedented public investments to drive the clean energy transition. These grants have the potential to upgrade infrastructure to improve resilience, expand access to high-speed broadband for our rural communities, and invest in clean energy technologies. We have established a team focused on evaluating grant opportunities and applying for funds. Winning these grants will provide a new opportunity to lower the cost to our customers and maximize benefits to disadvantaged communities.

Our industry is changing at a rapid pace. The last thing we want is for this transition to leave our employees or communities behind; it must be done in an economically and socially responsible manner to avoid detrimental impacts to our people and communities. We are committed to a Just Transition, which creates a path forward to help our workforce and communities prepare as we retire or sell coal plants and transition to a clean energy economy. This includes building a community of support by assisting our employees in developing new skills and finding other employment opportunities. It also involves partnership and collaboration to equip our local communities to thrive beyond this transition.

In addition, we are actively working with our states on the economic development front to drive expansion in our service territory. The pandemic and war in Ukraine reinforced the need to strategically address global and local economic challenges and insecurities. We're seeing the tangible benefits of our long-term, strategic economic development program, despite global economic uncertainty and inflationary cost pressures. Normalized industrial sales were up 4.5% largely because of our efforts. This includes the added benefits of attracting jobs, tax revenue and new residents, all of which provide cascading benefits to help keep customer rates low and our communities strong.

None of this would be possible without our AEP team. I am thrilled to be part of a team stacked with experience, talent and dedication. I am proud to serve as AEP's leader and encourage our team to continue to collaborate, take responsible and reasonable risks, leverage innovative thinking to identify new opportunities and solutions, and, most importantly, take care of ourselves and our fellow teammates because none of this matters without you. We have a lot of work to do, so let's get after it!

Julie Sloat
President and Chief Executive Officer
American Electric Power

Chief Sustainability Officer's Message

"I belong here."

Three simple yet powerful words. There were many standout milestones in 2022, but these three words frame it best. They remind us that our success hinges on being seen and seeing others; that we must embrace the future while honoring the past; and that a relentless commitment to our customers, communities and each other underpins our journey. At AEP, that's what we stand for and what is leading us forward

I am incredibly proud to serve as AEP's first Chief Sustainability Officer and even prouder of my colleagues who are blazing a trail every day behind the scenes, on the front lines and in

our communities to deliver on our promise: a brighter future for everyone. In 2022, we leaned into innovation and agility to eliminate barriers to success, challenged ourselves to embrace and celebrate our differences, and deepened our commitment to Zero Harm. We did this amid a sea of change – shifting economic winds, supply chain disruptions, a lingering pandemic, extreme weather events that tested our resilience, fierce competition for talent, growing demand for clean and affordable energy, and new regulations. We were not deterred; in fact, our resolve became stronger than ever.

At AEP, we believe that everyone deserves to be heard – our employees, customers, communities,

investors, regulators and other stakeholders. We have a proud history of engagement and transparency because we believe the voices of our stakeholders enable us to make more informed decisions and ensure our actions don't disproportionately impact any single community. In 2022, we enacted two new policies that fundamentally embed these principles into our daily work – environmental and social justice and human rights. These policies underscore our pledge to our stakeholders that their voices matter and that we hold ourselves accountable to listen with positive intent.

This is an exciting time for our industry and our company. The clean energy transition is transforming how we produce, deliver and consume electricity. We are also at the inflection point of a major shift, as one generation passes the baton to the next. AEP has more than a century of firsts to its credit, many of them engineering feats. But when Julie Sloat took the helm as President & CEO, she became the first woman to hold that position at AEP in our 117-year history. Also in 2022, Sara Martinez Tucker became the first woman to be named Lead Director of the Board of Directors, cementing another year of firsts for AEP.

We are very proud to carry on the AEP tradition as a catalyst for change.

I invite you to learn more about AEP in this year's Corporate Sustainability Report – from our decarbonization strategy and commitment to a Just Transition, to our volunteerism and philanthropic giving, the economic development driving growth in our communities, and our intentional focus to build a more diverse, equitable and inclusive workforce. And if data is what you want, please [visit our ESG Data Center](#).

To borrow from the past with a nod to the future – come join us on our journey and be part of the change that lights the future. **Because, yes, you belong here.**



Sandy Nessing
Vice President & Chief Sustainability Officer
American Electric Power

"At AEP, we believe that everyone deserves to be heard – our employees, customers, communities, investors, regulators and other stakeholders."



Strategy & Goals

AEP plays an important role in keeping our customers and communities connected. We deliver an essential service that enables businesses to thrive, homes to provide warmth and hospitals to care for those in need. We also provide a critical commodity that can accelerate advancements in technology and innovation to empower and improve lives.

We are committed to delivering this critical commodity in a safe, reliable and affordable manner, while working with our regulators to seek opportunities to provide our customers with clean energy options. This is reflected in our strategic vision for long-term sustainable growth, which is focused on leading the clean energy transition in an economically responsible manner for our customers and communities. We will do this by expanding our investments in clean energy options, technology and service offerings to enable equitable access to affordable and reliable electricity. We are also advancing how we work to drive financial and operational excellence by empowering teams to integrate technologies, analytics and risk mitigation tools for the benefit of our customers and communities.

Our strategy is influenced by several factors including fuel price volatility, changing customer preferences for cleaner energy options, and regulatory support to enable our investment in clean energy options. We leverage data-driven utility analysis to identify the lowest reasonable cost options for our customers, while ensuring we continue to provide customers with safe and reliable service. These factors are critical drivers of our clean energy transition, which is reflected in our \$40 billion capital investment strategy with an emphasis on transmission, distribution and regulated renewable energy.

Our ability to execute our strategic vision is dependent on the ingenuity and agility of our employees, who serve as critical enablers of long-term growth and success. They are the heart of our company, grounding us in our values of safety, community, culture and diversity. AEP's strategy focuses on cultivating an inclusive and high-performing culture where employees have the opportunity to thrive at work, at home and within their communities. We are committed to fostering a great place to work where performance reflects our employees' success and happiness.

AEP's Strategic Pillars



Affordable

Enable equitable access to affordable and reliable electricity



Customer & Community

Expand investments and service offerings



Clean & Reliable

Lead the transformation to a clean energy economy



Advance & Achieve

Advance how we work to drive financial and operational excellence



Engage

Create a high-performance culture where safety comes first and everyone matters

Sustainability Value Proposition

- Clean & Just Energy Transition
- Environmental Compliance & Stewardship
- Social Justice & Equity
- Governance & Oversight

Strategic Goals

- Zero Harm
- Strong, Diverse, & Inclusive Culture
- 6%-7% per Year EPS Growth
- Operational Excellence

Approach to Sustainability

At AEP, we are integrating sustainable business practices into our strategy to deliver clean, reliable and affordable energy to our customers, in partnership with our regulators and other stakeholders, while positively impacting the environment and society. 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 with 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. In addition, we map our efforts to the [United Nations Sustainable Development Goals](#) (SDGs) which provide a global blueprint to achieve a better and more sustained future for people and the planet, demonstrating the contributions AEP is making to create shared value for our customers, communities, investors and our company.

Our sustainability value proposition is guided by these key focus areas:



Clean & Just Energy Transition

We are committed to responsibly decarbonizing our operations by investing in cleaner energy options and modernization of the electric power grid in partnership with our regulators. This includes putting strategies in place to support our employees through the transition and collaborating with our communities for a sustainable future.



Environmental Compliance & Stewardship

We are committed to complying with all applicable environmental regulations and being good stewards of natural resources. Our goal is zero violations of environmental laws and regulations and zero enforcement actions.



Social Justice & Equity

We are committed to considering the social impacts of our operations and decisions and putting mechanisms in place that provide equitable access to clean and modern energy options. This includes meaningful engagement with customers and communities to ensure fair treatment and equitable decision-making.



Governance & Oversight

We are committed to strong governance practices that protect the long-term interests of our stakeholders. 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.

Monitoring ESG Risks & Opportunities

For more than a decade, AEP has been monitoring and managing material ESG-related risks and opportunities. We leverage insights from key stakeholders, third-party ESG ratings and rankings, and our materiality priority assessment to identify ESG issues, risks and emerging trends that could potentially have a significant impact on our finances and operations. This insight serves as critical input for our corporate strategy, risk management, disclosure and engagement efforts, and meets growing stakeholder expectations.

We developed a robust disclosure strategy to help drive our goal of being transparent and accessible. AEP's disclosure includes our annual Corporate Sustainability Report and ESG Data Center, which features a three-year trend on approximately 250 of the most requested ESG metrics. In addition, we publish several supplemental reports leveraging guidance from voluntary reporting standards and industry efforts in order to meet the unique needs of our stakeholders. This includes a GRI Report, SASB Report, TCFD Report, Edison Electric Institute (EEI) ESG Investor Report, and an EEI Customer Emissions Report. We also respond to multiple ESG surveys, ratings and rankings including, CDP Climate, CDP Water and EcoVadis Sustainability Ratings for Global Supply Chains.

Our Priorities – Focusing on What Matters

Since 2012, AEP has been conducting ESG materiality assessments to identify issues that matter most to us and our stakeholders. We conduct a high-level review of our priority issues on an annual basis and a deeper assessment every few years. We also continuously monitor the shift in priorities through dynamic materiality analysis to track externalities that may influence each issue, such as voluntary and mandatory regulatory developments, disclosure efforts of peers and other companies across the globe, and general public opinion.

In 2023, we are conducting our first ESG double materiality assessment to identify new or emerging issues that may impact our company as well as the potential impact our business and operations may have on the environment and society. This assessment is being conducted through Datamaran's Materiality Assessment tool, which leverages data-driven insights along with direct stakeholder feedback. Results from this assessment help inform AEP's business strategy and operations; influence our disclosure efforts; and help us identify stakeholder priorities to enhance engagement while shaping broader understanding of the impacts of AEP's operations.

The Datamaran platform provides AEP with valuable data-driven ESG insights that help reduce risk exposure, target and improve transparency, and identify emerging issues to inform our business priorities. In 2022, AEP invested in Datamaran to support the company's continued growth and development.

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:

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

Leveraging Double Materiality Insights

- Identify ESG/sustainability, gaps, risks and emerging issues to advance business priorities
- Target and improve transparency and disclosure
- Enhance stakeholder engagement
- Reduce risk exposure
- Ensure consistency across risk management, Board oversight and annual reporting
- Understand link between inward and outward impacts of an issue



Stakeholder Engagement

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), regulators and policymakers to better inform our efforts and decision-making. Not only does it expand our knowledge and understanding, but also helps mitigate risks and identify opportunities for collaboration. We are proud of our longstanding commitment to stakeholder engagement.

We engage with our stakeholders on a variety of issues. While our approach to engagement varies by each stakeholder group, we are committed to fostering an open and inclusive environment to discuss issues that matter most to our stakeholders. Climate change, including decarbonization and our transition to a clean energy future, continues to be the primary issue of interest among many of our stakeholders. This complex and multi-dimensional issue touches almost every aspect of our business, which requires us to engage with diverse stakeholders to discuss not only our path to a low-carbon energy future, but also the potential social and economic impacts to our local customers and communities.

Whether retiring an asset or investing in new infrastructure, such as transmission or renewable facilities, our efforts and impact extend across our service territory and within our local neighborhoods. This requires us to balance the needs of our human, cultural and natural resources with our community's need for reliable and affordable electricity.

We have a long history of engaging with landowners and local communities about new projects to inform them of the need, benefits, timeline and process. This is conducted through a variety of channels including mailings, door hangers, phone calls, one-on-one engagements and open houses. We also look for opportunities to be inclusive in our efforts, whether it is ensuring events are held at appropriate times to offer flexibility for community members to participate or providing translated materials at public meetings in areas with a high percentage of non-native English speakers.












We are committed to enhancing our inclusive engagement efforts. In 2022, we published 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. The goal of our environmental and social justice efforts is to ensure that we are 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. 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. [Learn more in the Environmental and Social Justice section.](#)



Investors	Issues We Engage On		How we Engage	
Employees	<ul style="list-style-type: none"> • Career development, training & advancement • Diversity, equity & inclusion • Compensation & benefits 	<ul style="list-style-type: none"> • Safety, health & well-being • Workplace culture 	<ul style="list-style-type: none"> • Employee webcasts • Employee Resource Groups • Annual culture survey & action plans 	<ul style="list-style-type: none"> • Performance review process • Employee development, training & education
Customers <i>Residential, Commercial & Industrial</i>	<ul style="list-style-type: none"> • Customer outages, bills, energy usage & payment assistance • Public safety awareness • Site selection/property searches 	<ul style="list-style-type: none"> • Reliability Improvements • Decarbonization strategy, emissions goals • Electrification, EVs, energy management & solutions 	<ul style="list-style-type: none"> • Webinars, newsletters, social media • One-on-one outreach • EEI Customer Carbon & Energy Report 	<ul style="list-style-type: none"> • Customer insight panels • Advisory, relocation & site selection services • Integrated Resource Plan (IRP) stakeholder process
Investors	<ul style="list-style-type: none"> • Financial performance • Climate risk & governance • Decarbonization strategy • Political engagement & lobbying activities 	<ul style="list-style-type: none"> • Cyber & physical security • Incentive compensation & goal setting • Social issues • Just Transition 	<ul style="list-style-type: none"> • Annual meeting of shareholders • Emails, phone calls, meetings & conferences • SEC filings • Quarterly earnings calls • Ongoing engagement with ESG-focused investors 	<ul style="list-style-type: none"> • Lead Director annual outreach • Climate Action 100+; average 2 meetings per year • ESG disclosure (CSR, CDP, TCFD, SASB, ESG Data Center)
Suppliers	<ul style="list-style-type: none"> • Supply chain management • Environmental, safety & health management • Human rights management 	<ul style="list-style-type: none"> • Supplier diversity • Supply chain resilience 	<ul style="list-style-type: none"> • Supplier Code of Conduct • Sustainability-related supplier surveys • EcoVadis Sustainability Assessment 	<ul style="list-style-type: none"> • Supplier Diversity Program • Supplier education
Communities	<ul style="list-style-type: none"> • Hunger & housing • STEM education • Diversity, equity & inclusion • Economic development 	<ul style="list-style-type: none"> • Community development • Infrastructure siting • Coal unit retirements & Just Transition • Energy access & affordability 	<ul style="list-style-type: none"> • Corporate giving & grants • Employee volunteerism • Economic development training programs • Community task forces 	<ul style="list-style-type: none"> • Public safety education • Landowner & property owner open houses • Townhall/community meetings • IRP Stakeholder Process
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> • Clean energy transition, renewables & asset retirements • Carbon emissions 	<ul style="list-style-type: none"> • Distributed energy resources • Electrification & EVs • Energy efficiency 	<ul style="list-style-type: none"> • Outreach via email, phone calls, meetings • Stakeholder Meetings 	<ul style="list-style-type: none"> • Regulatory proceedings (stakeholder forums tied to IRPs)
Policymakers/Regulators	<ul style="list-style-type: none"> • Clean energy transition • Energy reliability & affordability • Environmental performance • Cyber & Physical Security 	<ul style="list-style-type: none"> • Energy management • Electrification & EVs • Emergency response 	<ul style="list-style-type: none"> • Engagement with all levels of government • Industry & trade association advocacy • Regulatory proceedings 	<ul style="list-style-type: none"> • Education forums • IRP stakeholder forums • Lobbying

Performance Metric	Status	Governance		2022 Performance	UN SDG Mapping
		Leadership Oversight	Tied to Specific Executive Comp Goal		
Environmental					
GHG Emission Reduction: Reduce AEP's Scope 1 GHG emissions 80% by 2030 (compared to 2005 levels) and achieve net-zero Scope 1 and 2 emissions by 2045.	●	Yes	No	Achieved a 66% reduction in Scope 1 GHG emissions since 2005	          
Carbon-free Capacity: Grow AEP's carbon-free capacity as a percentage of our total generating capacity.	●	Yes	Yes	In 2022, 32% of AEP's total generating capacity was carbon-free	
Regulated Renewables: Obtain approval for 350 MWs of regulated renewables and file for 1,800 MW of new regulated renewables projects.	●	Yes	Yes	Received approval for 409 MW in regulated renewables and filed 2,148.5 MW of new regulated renewable projects.	
Fleet Electrification: By 2030, electrify 40% of our on-road fleet and 50% of our forklifts.	●	Yes	No	From 2020 thru 2022, electrified 5% of our on-road fleet and 40% of our forklifts	
Environmental Performance: Two or less environmental enforcement actions.	●	Yes	Yes	Two environmental enforcement actions were resolved in 2022	
Social					
Achieve Zero Harm: Zero employee and contractor fatalities.	●	Yes	Yes	Experienced one employee and one contractor fatality in 2022	
Employee & Contractor Safety: Achieve 10% employee & contractor DART rate improvement.	●	Yes	Yes	Experienced little to no improvement in employee & contractor DART rates in 2022	
Supplier Diversity: Achieve 15% of our total managed spend with diverse suppliers by the end of 2025 [includes Tier 1 (prime) and Tier 2 (subcontractors) suppliers].	●	Yes	Yes	Increased supplier diversity spend by 12%, exceeding our 2022 goal	
Employee Diversity: Measure employee diversity efforts through improvement in employee response to diversity, equity and inclusion questions in AEP's annual culture survey.	●	Yes	Yes	Improved employee response scores to DEI questions in annual culture survey	
Culture: Ensure an engaged, collaborative and appreciated workforce by measuring our culture journey through our annual employee culture survey.	●	Yes	Yes	Improved our Accountability Index scores in our annual culture survey and remained in top decile	
Customer Reliability: Complete 90% of our proactive, reliability driven projects to improve the minutes of non-momentary electric interruptions experienced by the average customer.	●	Yes	Yes	Completed 88% of our proactive customer reliability projects	

● On Target ● Partially on Target ● Target not Achieved

For more details on our progress, visit [AEP's 2023 Annual Meeting Proxy Statement](#).

Decarbonization

“Our goal to achieve net-zero greenhouse gas emissions by 2045 will require an “all of the above” strategy that is focused on investing in our people, our communities and the grid. It will take a collective effort to get this right.”

Julie Sloat

President & Chief Executive Officer

UN SDG Alignment:



Climate change and the drive to a low-carbon future are creating an unprecedented economic and cultural transformation. Through our efforts to diversify our generation portfolio, our investments to modernize the electric power grid, and our resolve to ensure a just transition that is inclusive, equitable and collaborative, we are confident in our ability to power a brighter and cleaner energy future for all. Our goal to achieve net-zero greenhouse gas (GHG) emissions by 2045 is a work in progress, but our commitment is unwavering.

We have the tools and technology we need today to achieve an 80% Scope 1 GHG emissions reduction by 2030 from a new 2005 baseline; the challenge facing our industry is the uncertainty in the timing of new and advanced technologies and alternative resources that will be needed to get all the way to net-zero. We are actively engaged and investing in industry research, development and deployment of solutions for the future while balancing the need for reliable and affordable 24/7 electricity for all customers. The Biden administration's unparalleled focus on climate change, infrastructure investment and support for underserved and disadvantaged communities further reinforces the need to power a clean and equitable energy transition. Our efforts reflect the spirit and determination of our workforce to do what's right for our customers, communities, investors and other stakeholders.

AEP's Climate Policy

At American Electric Power, we understand the importance of our role in decarbonization while also delivering clean and reliable electricity at competitive rates to our customers. Our goal to achieve net-zero GHG emissions by 2045 is compatible with and contributes to the objectives outlined in the Paris Climate Agreement. Our approach to accomplishing net-zero emissions includes significant investment in renewable generation and energy storage, supporting expanded grid development, exploring emerging low- and zero-emission generation technologies, and steadily reducing emissions over time. At the same time, we will continue to transition from higher-emitting fossil fuels to lower- and non-emitting resources in a responsible manner to ensure grid reliability and resilience are maintained throughout this transformation.

The pace and scope of our actions are influenced by many factors, including customer demand, regulatory and policy decisions, technology development, customer bill impacts, legal obligations, and stakeholder input. We are committed to working collaboratively with our customers, regulators, investors, employees, and other stakeholders to develop policies that enable a cost-effective and equitable transition to net-zero missions.

No single company or nation can solve the issue of climate change by itself. This will take collective action, and AEP recognizes its responsibility as an energy company to work toward a net-zero emissions future. A uniform set of policies and objectives across the nation is needed to make achieving net-zero GHG more feasible. Establishing consistent standards for federal, state and local regulators will make planning and executing a strategy more equitable and efficient.

GHG Emissions Reduction Goal 

Net-zero by 2045

Scope 1 & Scope 2 GHG emissions

80% reduction by 2030*

Scope 1 GHG emissions

Compared to 2005 levels

66% reduction

Scope 1 GHG emissions through 2022

We believe the following principles are essential to effective climate policy:

• **Reliability is priority number one**

Customers – from the smallest home to the largest industrial user – all depend on electricity. We must ensure the power they need is available to them when they need it.

• **Affordability matters**

Renewables frequently present as the best lowest-reasonable-cost resource to meet the capacity and energy needs of customers due to the fact that they are not subject to the fuel costs and price volatility that other generating resources endure. This is a positive benefit for customers and helps to maintain affordable and stable rates.

• **Making the right investments at the right time**

The transition to cleaner generation requires significant investment in every facet of electricity production and delivery. We are mindful of making the right investments in the right places at the right time to ensure customers' energy costs remain affordable.

• **Diverse generating portfolios are key to reliability**

Every type of generating resource has benefits and challenges so maintaining a diverse generating portfolio that includes renewable resources, nuclear and other non-carbon emitting technologies, as well as fossil fuels, is critical to

the stability and functionality of the grid. Fossil fuels provide critical support for maintaining a reliable grid for all customers when intermittent resources are unavailable.

• **Supporting communities that have been foundational to our nation's success for more than a century is imperative**

As traditional fuel sources are retired, we look for opportunities to utilize new technologies in those same areas. And when that's not feasible, we work with those communities to identify new uses for the sites.

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-net-zero-at-sp-global

Clean Energy Strategy

In 2022, AEP updated our net-zero GHG emission reduction goals from 2050 to 2045 and revised our baseline from 2000 to 2005. Our goal to reduce GHG emissions 80% by 2030 is now measured against the 2005 baseline and includes all Scope 1 emissions. AEP's future resource portfolio, supported by the Integrated Resource Plans we develop to meet the regulated capacity requirements within our operating companies, gives us confidence that we can meet these goals while also balancing risks and customer affordability. Through 2022, we achieved a 66% reduction in Scope 1 GHG emissions (inclusive of emission reductions that result from assets sold and retired), or a 62% reduction according to the GHG Protocol, which excludes reductions that result from assets sold. We remain confident we will achieve this goal.

AEP's Strategy for a Clean Energy Future:

- Building and enabling renewables
- Transforming our fossil fleet for a net-zero carbon future
- Scenario planning for the future to understand risks and opportunities
- Investing to ensure reliability, resilience, affordability and security of the grid
- Engaging in the public policy process
- Engaging employees and supporting communities

Climate change remains a top issue of engagement with many of AEP's stakeholders. We are asked for detailed plans for attaining net-zero, how we manage the transition cost for customers, and whether we can go faster. These are fair questions as the impacts of a changing climate continue to raise questions globally, with more frequent and severe weather events, wildfires, droughts and floods that are occurring. Within AEP's service territory, the most significant system-related impacts with a nexus to climate change are extreme weather events. Recent examples include the severe summer storms and subsequent heat wave that led to interrupting approximately 240,000 AEP Ohio customers at one time on June 14, 2022, and massive flooding in eastern Kentucky that caused significant loss of life and resulted in some of the worst flood damage in the state's history.

We are working with our regulators, policymakers, customers and other stakeholders to modernize, strengthen and transition the electric power system to support growing demand for clean energy at a pace that works for our stakeholders. We are doing this while maintaining reliability, affordability and equitable access to clean resources, in addition to ensuring adequate capacity is available to meet customers' 24/7 energy needs. As we transform our generation fleet, we are making significant investments

in our transmission and distribution systems to accommodate new technology, new forms of electricity generation and distribution, the advanced use of smart meters, the accelerating electrification of the economy, and more.

We are making significant progress. AEP already retired or sold nearly 13,500 megawatts (MW) of coal-fueled generation during the past decade. We have plans to stop burning coal at additional power plants over the next decade, representing approximately 4,800 MW of coal-fired generation. By 2032, remaining coal plants are projected to represent approximately 19% of AEP's nameplate generating capacity.

Post-2028, AEP expects to have 5 remaining coal-fueled plants in its portfolio. AEP does not plan to develop new coal assets and will continue investing in existing assets to ensure all environmental, safety and health compliance standards are met while continuing to provide our customers with reliable and affordable electricity through the lifetime of the plants.



AEP's Strategy to Power the Future

At American Electric Power, we understand the importance of our role in decarbonization while also delivering clean and reliable electricity at competitive rates to our customers. Our decarbonization strategy will require an "all of the above strategy" that is focused on investing in our people, communities and the grid.



Delivering consistent, strong performance



Operating attractive transmission and distribution assets



Leading the clean energy transition



Actively managing the business and portfolio

CapEx Strategy

\$40B Planned Capital Investment 2023-2027

Capital investment strategy emphasized investment in wires and renewables

Allocations:

\$26B / 65%
transmission & distribution investments



Plans to add 15 GW of renewables to grow regulated renewables to approximately 50% of our generating capacity by 2032

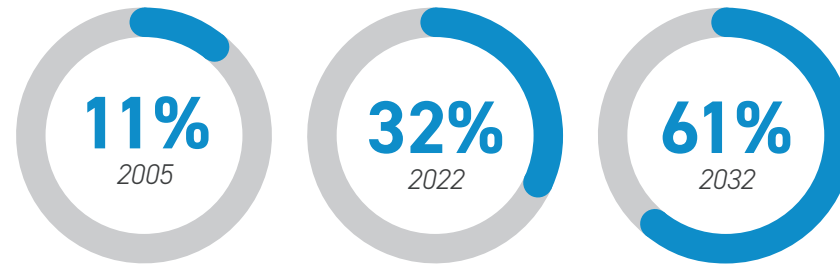
\$9B / 22%
regulated renewable generation



Approximately 22,600 MW of renewable generation is interconnected across the U.S. via AEP's transmission system

Carbon-free Capacity Strategy

Growth in AEP's carbon free capacity as a percentage of our total generating capacity.



AEP retired or sold nearly **13,500 MW** of coal-fueled generation during the last decade. Between 2023 through 2028 AEP will stop burning approximately **4,800 MW of coal** to generate electricity.

GHG Emissions Reduction Goal

Net-zero by 2045

Scope 1 & Scope 2 GHG emissions

80% reduction by 2030*

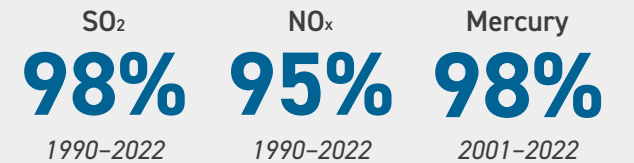
Scope 1 GHG emissions

Compared to 2005 levels

66% reduction

Scope 1 GHG emissions through 2022

Other Generation Fleet Emission Reductions



Direct annual emissions of SO₂ and NO_x from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

Capital Investment Strategy

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

Our capital investment strategy is critical in supporting our decarbonization and renewable energy strategy. From 2023 through 2027, AEP plans to invest \$40 billion in capital with an emphasis on transmission, distribution and regulated renewable energy. This includes investing \$26 billion in our transmission and distribution systems and \$9 billion in regulated renewable generation. We're strengthening our focus on our regulated investments and

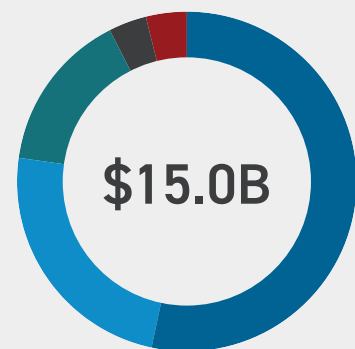
de-risking our business through proactive management of AEP's portfolio, including the agreement to sell 1,365 megawatts of unregulated contracted renewables in 2023.

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 22,600 MW of renewable generation is interconnected across the U.S. via AEP's transmission system. Our flexible and robust capital plan is designed to meet our customer needs and provide the ability to strategically shift capital to deliver on our 6%-7% earnings per share growth commitment.

Transmission Organic Growth Opportunity

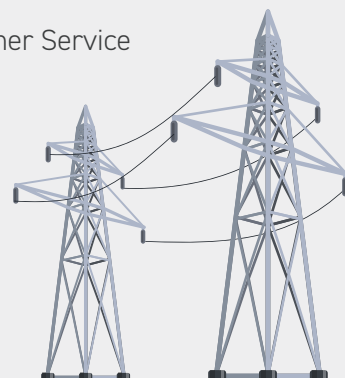
AEP has a long runway of organic transmission investment opportunities focused on improving system performance, increasing reliability and resiliency, and enhancing market efficiency.



2023-2027 Capex

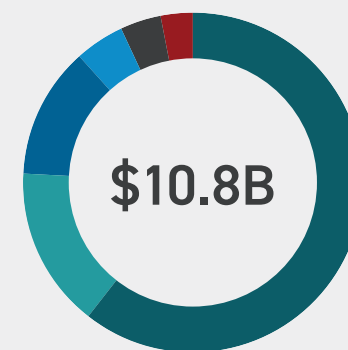
Drivers

- Asset Replacement
- Local Reliability
- RTO Driven
- Telecom / Technology
- Customer Service



Distribution Organic Growth Opportunity

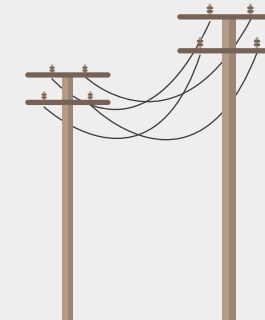
AEP's expansive, aged distribution system provides significant opportunity for investment, and we are developing a portfolio of projects to address system needs and ramping up our capabilities to execute these projects.



2023-2027 Capex

Drivers

- Capacity Expansion, Reliability & Modernization
- Customer Requests
- Automation & Technology
- Restoration & Sparring
- Advanced Metering (AMI)
- Rural Broadband



Diversifying Our Energy Portfolio, Modernizing the Grid

- With regulatory approval, add approximately 17 gigawatts (GW) of clean energy including 15 GW in regulated renewable energy over the next decade.
- Future capital needs support transition and grid modernization with approximately 90% of future investment slated for wires and renewable generation.
- Fully operationalized 1.5 GW North Central Wind Energy Facilities is delivering clean energy in Arkansas, Louisiana and Oklahoma and helping to lower customers' bills.
- Michigan regulators approved Indiana Michigan Power's (I&M) Powering the Next Tomorrow resource plan to add more than 2,000 MW of wind and solar energy, more than quadrupling its current wind and solar generation.
- Southwestern Electric Power Company (SWEPCO) has plans to add three new renewable energy projects totaling 999 MW by the end of 2025, pending regulatory approvals.
- Regulators in Louisiana and Arkansas approved SWEPCO's procurement of a 72.5 MW solar purchased power agreement (PPA). The facility is expected to be in service in 2025.
- Regulators approved Public Service Company of Oklahoma's (PSO) plans to add three new wind farms and three new solar facilities, totaling 995.5 MW of renewable energy by the end of 2025.
- Appalachian Power added its third solar project to its Virginia energy portfolio, received approvals for 209 MW of wind and solar facilities, and issued RFPs for more than 1,500 MW of wind, solar and battery storage.

AEP's Renewable Portfolio - March 2023

In megawatts (MW)

Hydro, Wind, Solar & Pumped Storage	Owned	PPA	Total
AEP Ohio	–	209	209
Appalachian Power	786	630	1,416
Indiana Michigan Power	56	450	506
Public Service Company of Oklahoma	830	1,137	1,967
Southwestern Electric Power Company	809	469	1,278
Competitive Wind & Solar	1,554	177	1,731
Total	4,035	3,072	7,108



Pathway to Net-Zero

The path to net-zero is not entirely clear for our industry. Many variables are still uncertain, such as the maturity of technology solutions and alternative resources needed to get all the way to zero. In addition, the path forward must be affordable and ensure reliable, 24/7 service to customers. We believe in an “all of the above” approach to achieving net-zero. This includes cost-effective, reliable technology solutions, effective public policies that account for the complexity of the work to be done, and best efforts to mitigate the economic, social and personal impacts of

the energy transition. The indispensable role electricity plays in decarbonizing other sectors of the economy also cannot be underestimated.


We are confident in our ability to achieve an 80% reduction in GHG emissions by 2030 relative to a 2005 baseline; we expect to have the technology and resources we need to reach this milestone. To support this effort, our current 5-year capital plan allocates approximately \$9 billion to invest in regulated renewables. The industry will rely heavily on renewables, natural gas, existing nuclear, energy storage (as it matures), and


energy efficiency. To get to a net-zero carbon emissions reality by 2045, many building blocks must fall into place across multiple sectors, including advancements in technologies such as small modular nuclear reactors, carbon capture and sequestration, and/or the safe, affordable use of clean hydrogen (produced with zero or near-zero carbon emissions) and/or advanced, large-scale energy storage technologies that can meet peak demand needs.


AEP participates in several research, development and deployment of low carbon initiatives through


the Electric Power Research Institute (EPRI). The Climate READi Power Resilience and Adaptation Initiative is EPRI’s latest effort to convene global thought leaders, scientific researchers and industry experts to create a common framework to address climate-related physical risks and adaptation. As the electric power grid decarbonizes and the economy electrifies, energy reliability and resilience are vital. It’s not possible, affordable or practical to harden every asset to withstand every severe weather event or condition. Taking a risk-based approach to assessing asset vulnerabilities and prioritizing resilient investments to mitigate


We have an achievable pathway to net-zero by 2045

- 

Planned retirement and disposition of select fossil units
- 

Adding solar, wind, natural gas and energy storage to our generation portfolio
- 

Building-out a resilient and reliable grid to efficiently deliver clean energy to customers
- 

Closely evaluating new technologies to further reduce or eliminate CO₂ emissions
- 

Procure carbon offsets to neutralize any remaining CO₂ emissions from our generation fleet

Near term → Long term

the risk is essential. This allows us to examine proactive measures to withstand and recover from climate-related physical impacts more quickly, as opposed to solely acting in a reactive fashion.

AEP is a founding partner of the Low Carbon Resource Initiative (LCRI), co-led by EPRI and the Gas Technology Institute. The project conducted an integrated modeling exercise to understand the technologies and strategies required to achieve economy-wide net-zero carbon emissions by 2050 in the U.S. The findings validate that an “all of the above” strategy is paramount. This includes:

- Flexible options for energy technologies and resources are essential to the affordability of reducing carbon emissions to meet the net-zero goal.
- Fossil fuels will remain in the mix with penetration of resource mix dependent upon the advancement of technology and resources such as hydrogen. At the same time, energy consumers will shift to low-carbon energy resources as electricity production transitions to low-carbon fuels.
- Energy efficiency and efficient electrification will contribute to lower energy consumption across transportation, buildings and industrial uses.
- Renewables, backed by new natural gas and/or hydrogen-fueled electric generating capacity,

are necessary to ensure resource adequacy and flexibility to provide reliable electricity.

- Existing nuclear power provides vital firm capacity to ensure reliable electricity in a net-zero carbon world and may be increased by new advanced nuclear technologies.

In addition to AEP’s R&D investments through EPRI, the company participates in startup accelerators where new technologies, including those related to decarbonization and the energy transition, are being tested and deployed. We have invested in Mainspring Energy, which manufactures fuel-flexible linear power generators. These generators can use traditional fossil fuels (propane/natural gas), but Mainspring also has successfully tested the use of ammonia and hydrogen as an alternative, cleaner fuel. Most of Mainspring’s deployments to date have been with commercial and industrial customers, such as grocery chains and logistics centers, but in 2022, AEP and Mainspring announced a pilot project to test their technology on the electric power grid. We are set to pilot this technology in Oklahoma, which will enable us to defer construction of new infrastructure assets that would otherwise be required to meet customers’ energy needs, saving customers millions of dollars.



Technologies We are Monitoring

Technology will play a pivotal role in decarbonizing the broader economy, especially as it relies more heavily on the electric power sector. Consequently, AEP is closely monitoring the development of low- and zero-carbon generation technologies, distributed energy solutions and electric vehicle deployment. In some cases, we are investing in the research. The following are examples of the technologies important to AEP's transition.

Carbon Capture and Sequestration (CCS)

Carbon capture and sequestration (CCS) can reduce emissions of carbon dioxide from fossil electric generating units or industrial processes by capturing it before it is released into the atmosphere. CCS technology, while promising, has not been widely deployed at a commercial scale. It is currently expensive relative to other options for low-carbon electricity (e.g., wind and solar), difficult to retrofit on existing plants, and inefficient in its use of energy. In addition, there are challenges with the sequestration of carbon that still must be resolved. However, if it matures and becomes more cost-effective, it could potentially support the long-term need for 24/7 resources, such as fossil fuels, to fill in the gaps when intermittent resources are not available.

Why this technology is important: AEP is actively monitoring developments regarding CCS technology and could potentially look to invest in such technology if there is: 1) a regulatory framework that could require its use; and/or, 2) it becomes cost-effective relative to other emission reduction options.

Distributed Solutions (DERs/DERMS)

AEP is exploring impacts of the growth in Distributed Energy Resources (DERs), such as solar photovoltaic, energy storage, and smart electric vehicle charging stations, as well as Distribution Energy Management Systems (DERMS). DERMS is a control system that acts as a switchboard for DER-related protocols and information to simplify the management of these disparate systems and feed information into other utility backend systems for planning, operations and customer engagement.

Why this technology is important: AEP needs to proactively develop a framework to manage the influx of DERs, leverage their potential benefits and evaluate investments in DER technology consistently.

Electric Transportation

Electric vehicle (EV) usage is set to exponentially increase across all customer segments in the next decade as automakers phase out internal combustion vehicles. Increased EV penetration will bring challenges and opportunities, including additions of substantial load growth, along with a need to manage grid impacts and meet new customer needs.

Why this technology is important: Our objective is to increase the number of electric vehicles throughout our service territory and provide charging options that optimize the use of the grid in a manner that benefits all customers.

Small Modular Nuclear Reactors (SMRs)

Small Modular Reactors (SMRs) are an emerging carbon-free dispatchable generation resource. They are advanced nuclear reactors that offer a lower capital investment, greater scalability, and siting flexibility. This type of power source can be an essential part of achieving carbon reduction in the power sector while maintaining a reliable grid. Wind and solar must be paired with storage to compete with SMRs as a carbon-free baseload replacement technology. Getting to net-zero by 2045 will require additional alternative technologies and resources that can provide 24/7 power, such as SMRs.

Why this technology is important: We believe new technology resources will be essential to reach our net-zero goal. Intermittent renewable energy requires back-up baseload generation support to ensure grid stability and reliability. Advanced nuclear technology (e.g., SMRs) is one of the emerging, zero emission, dispatchable generation resources that could be part of the net-zero solution. SMRs could also leverage existing fossil plant sites.

Long-Duration Energy Storage (LDES)

As the world comes to rely on more solar- and wind-generated energy, a means to provide back-up power will be required when these intermittent resources are not available. There are many long-duration energy storage (LDES) technologies under development to possibly help fill that gap. LDES comprises a group of technologies that can be deployed to store energy for prolonged periods and potentially scaled up to meet electricity demand for days or even weeks.

Why this technology is important: Today, both the market for valuing long-duration energy storage and the underlying technologies need maturation, including demonstration and deployment of LDES, for long-duration energy storage to reach its commercial potential. Industry R&D must focus on the development of cost-effective LDES technology that can also work with, or even displace, short-term storage to assure reliability over the course of a year. We continue to actively monitor developments in LDES technologies and are pursuing federal funding under the Infrastructure Investment and Jobs Act (IIJA) for an LDES demonstration project in our service territory.

Climate-Related Physical Risks & Resilience Efforts

We are at the beginning of modeling climate-related physical risks to help us identify our most at-risk assets. We have a good baseline from which to begin; our 2021 climate impact assessment identified the following physical risks as the most probable climate-related physical impacts to the AEP system:

- Ambient Temperature (extreme heat or cold)
- Precipitation Amount and Type (drought/flood/water level and ice/snow/rain)
- Severe Weather (lightning, hurricanes, tornados, damaging winds)
- Sea Level Rise
- Wind Speed
- Solar Irradiance (measurement of solar radiation that reaches a point of the earth's surface)

As we continue to model different scenarios to understand transition and physical risks and opportunities, we gain greater insights into where to prioritize investments to strengthen the system's resilience, as well as planning future system needs. This includes maintaining and upgrading our network of approximately 265,000 miles of distribution and transmission lines.

The investments we are making in our transmission and distribution systems are critical to addressing aging infrastructure and ensuring grid reliability and resilience for customers. Some of our transmission infrastructure dates back several decades – in some cases, more than 50 years. Regardless of how well we maintain our infrastructure, equipment naturally wears over time, which can decrease performance and condition and increase the risk of failure, outages

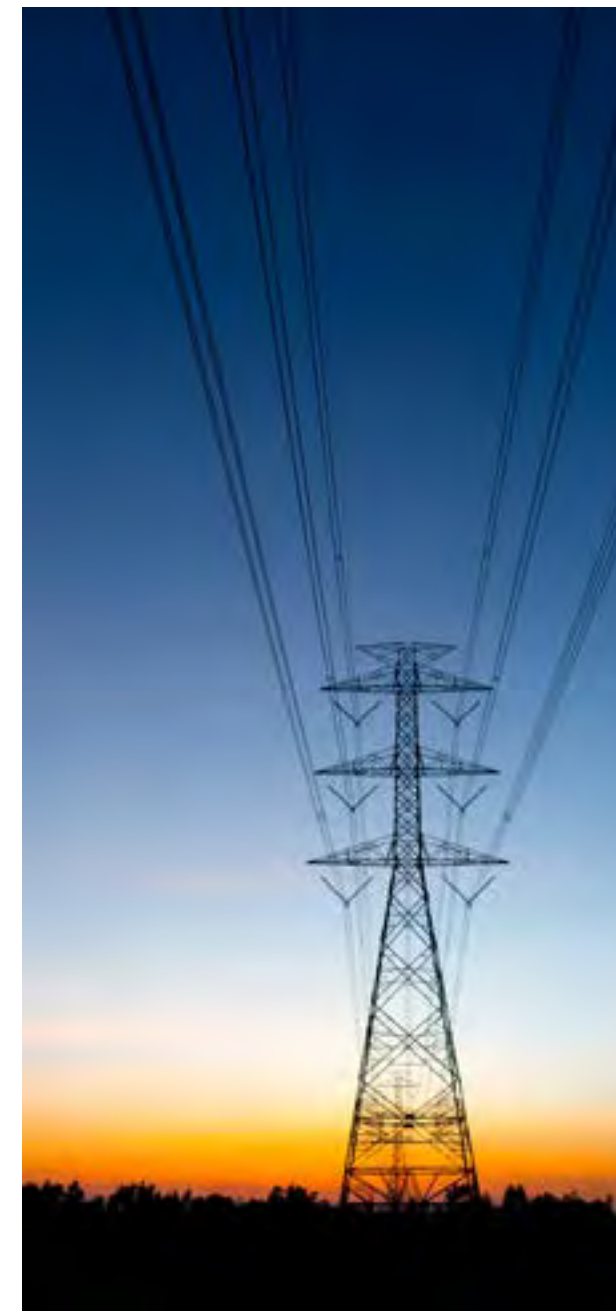


and efficiency loss. We have a long history of investing in grid reliability, resilience and security. Our capital investment strategy, changes to design standards for vulnerable infrastructure, increased automation and digitization, and efforts to have critical spare parts at the ready are all part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

customers' expectations for reliability and an optimal experience.

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 equipment is especially important as weather events become more severe and frequent, requiring access to critical assets to keep our customers connected.

AEP has more than a century of experience managing the grid through severe weather events. As these events become more extreme due to climate change, we are increasing our knowledge and situational awareness of how those physical risks can impact our customers. This informs our planning process as we consider which at-risk assets are high in priority and how best to harden them against future events. If there is a disruption, we rely on our Incident Command System principles to manage it, coordinating efforts across the company to manage resources, enhance communications and restore power as quickly and safely as possible.



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 and grid modernization, reduce carbon emissions, and support our local communities and regional economies.

AEP's management recently formed an executive-level climate change group to provide additional oversight on the company's transition pathway and decarbonization goals and strategy. This group is supported by multiple business unit-level teams that manage AEP's climate-related policy and regulatory priorities, system and resource planning, risk management and other essential tasks.

AEP measures its progress annually and is transparent about our efforts. Part of this includes holding ourselves accountable to achieving our



goal to add approximately 15 GW of regulated renewables to our generation portfolio by 2032.

Each year, we update our climate-related incentive metrics that are disclosed in the proxy statement. For 2023, these metrics include annual and long-term incentive compensation goals that encourage the development of regulated renewable generation. A portion of long-term compensation for the 2021-2023

and 2022-2024 periods is tied to increasing the percentage of carbon-free capacity in the generation mix over these three-year periods. These goals are aligned with our long-term strategy and commitment to invest substantial resources to reduce GHG emissions. We report our progress annually.

We are often asked to set science-based targets in accordance with the Science-Based Target initiative (SBTi). We have reviewed at length the process to certify carbon reduction goals as science-based targets, according to SBTi's methodology and concluded that SBTi is not appropriate for AEP. This is primarily because SBTi's current baseline methodology doesn't account for the progress AEP and others in our industry have made over the past decade. In addition, SBTi has a very prescriptive pathway for reaching the <1.5°C of global warming, which is determined by a third-party. AEP's decarbonization efforts are driven by several factors, including our future resource needs, technology advancements, customer demand, regulatory approvals and the cost to our customers. These drivers are important in ensuring our ability to deliver safe and reliable energy to our customers and communities. Because of these factors, we currently do not plan to have our carbon reduction goals evaluated or certified by SBTi.

We believe our goals are aligned with and contribute to the goals of the Paris Climate Agreement and that we are on a path to achieve our 2030 and 2045 carbon emission reductions through the addition of renewables to the generation mix, investments in new technology research, and planned coal unit retirements. Considering the importance of this type of carbon goal assurance among many stakeholders, we continue to work with our peers to identify alternatives to SBTi that may be more appropriate for our industry.

Carbon-Free Capacity Goal 

Growth in AEP's carbon-free capacity as a percentage of our total generating capacity

is tied to executive long-term incentive compensation.

Federal Support

Inflation Reduction Act

The Inflation Reduction Act of 2022 (IRA) has created new opportunities across AEP's service territory to capitalize on massive new federal support for clean energy. The IRA will provide almost \$370 billion in federal climate and energy spending across the next decade, directly affecting the pace of decarbonization while ensuring our customers' energy needs are met cost-effectively during this transition. The IRA has the potential to bring direct bill relief to customers from fuel costs, lower costs of renewable resources, and stability to investors by providing tax credits that enable capital investments in clean energy resources and technologies.

The IRA recognizes that technological advancements in all parts of the energy industry are needed to help accelerate the transition to a clean energy economy. One way the new law will do this is by extending important tax credits for wind and solar, while supporting other technologies including energy storage and zero-emission sources, such as small modular nuclear reactors (SMR). The law would also encourage electric vehicle adoption by raising tax credits for buyers of EVs and subsidizing charging/refueling infrastructure through 2032.

The bill's inclusion of hydrogen, SMRs, energy storage and other emerging technologies such as linear generators expand the opportunities for AEP to deliver clean, reliable energy to our customers while achieving our carbon reduction goals. The bill also creates many economic development and load growth opportunities, particularly in areas of our service territory that will experience fossil plant retirements through the remainder of the decade. The workforce development aspects and manufacturing incentives contained in the legislation would create growth opportunities for AEP while helping to ease the financial impacts of plant retirements in these communities. This directly supports AEP's Just Transition efforts and model.



Fulfilling the potential of the IRA relies heavily upon the industry's ability to efficiently site and permit new energy and transmission infrastructure. Transmission is the linchpin of the clean energy transition, yet it is undervalued for its ability to route power flows where needed, especially during extreme weather events.

Maintaining grid reliability and enhancing resilience of the electric power system are paramount to achieving a clean energy economy. Rolling blackouts in several states around Christmas in 2022 due to severe cold weather further underscored the critical importance of a modern grid that is resilient, has interregional transmission capacity and has the infrastructure and resources available to meet customers' growing energy needs on demand. Although policy and regulatory changes to support enhanced or mandated interregional transmission capacity still must be achieved, there is growing recognition that as weather becomes more extreme, today's grid is challenged in its ability to keep up with it.

The bill will also spur the manufacturing of components necessary to achieve the nation's clean energy goals and provide good clean energy jobs for communities that have powered our nation for decades.

Infrastructure Investment & Jobs Act

The Infrastructure Investment and Jobs Act (IIJA) – also known as the Bipartisan Infrastructure Law, or BIL – makes available \$1 trillion in infrastructure funds for several industries over a five-year period. The funds are mostly available in the form of grant programs administered by several federal agencies, as well as through states and tribal nations.

AEP and our electric industry peers are pursuing grants that align with our infrastructure investment plans and would allow us to make needed investments while lowering the cost to our customers. We are pursuing these grants to support our customers in maximizing the value of these opportunities for the communities that we serve, especially for low-wealth communities, communities of color and other historically disadvantaged communities.

Several IIJA grant opportunities allow utilities to apply directly to the federal agencies to support investments in renewable energy, grid reliability and resilience, security and broadband deployment. One near-term opportunity of interest is the Department of Energy (DOE) Grid Resilience and Innovation Partnerships (GRIP) program. The competitive GRIP program seeks to make the power grid more flexible and resilient to meet

future demand, integrate technologies, withstand extreme weather events and support the transition to renewable energy. The first round of funding for the GRIP program provides \$3.8 billion of competitive grant opportunities for 2022-2023, with a total of \$10.5 billion allocated over five years. Two of the three GRIP grant areas allow utilities to be the direct recipients of grant dollars. Federal funds cover 50% of the project costs, and the award recipient provides matching dollars.

IIJA also allocated approximately \$1 billion for direct utility grants to expand and extend middle-mile broadband infrastructure. The objective is to reduce the cost of connecting unserved or underserved areas to the internet backbone. Other direct grant opportunities and incentives are available in areas such as developing clean energy demonstration projects and improving grid reliability and resilience in rural/remote and disadvantaged communities. These grants also need to be matched with local funding sources, so utilities like AEP are serving as partners to help implement these grants. Numerous other IIJA grants and programs are available to our customers and communities in areas such as electric transportation, energy efficiency improvements, manufacturing incentives and economic development assistance.

IIJA provides an unprecedented public investment in our country's infrastructure and will drive the electric industry transition to clean energy

sources, deliver enhanced grid resilience and reliability, and support electrification of the economy. AEP looks forward to maximizing this opportunity to deliver on these goals.

Reducing Our Own Energy Consumption

AEP is committed to doing our part to operate more efficiently while reducing our carbon footprint through ongoing reduction of energy consumption within our operations. In 2022, we reduced our kilowatt-hour (kWh) usage, normalized for weather, by approximately 38%, compared with the 2007 baseline. This resulted in approximately \$5.2 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 16 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 more than of 360 electric vehicle (EV) charging stations at several of our facilities across our service territory, making charging accessible and efficient for our employees.



Just Transition

Industry transitions are not new. In fact, we have learned a lot from other industries that had to adapt to new technologies, processes and consumer behaviors to survive and thrive. These transitions happen over time, and for companies within those industries and the communities where they are located, the stakes are high.

The transition from a fossil fuel-dependent economy to a clean energy economy has practical challenges affecting people, communities and society at large. These challenges are particularly apparent in communities and regions dependent upon the fossil fuel industry for jobs, tax base, corporate philanthropic support and volunteerism. AEP recognizes these challenges and is committed to building upon its long history of caring for and supporting our employees and communities in areas where we have retired coal plants. This commitment is especially important as we plan to stop burning approximately 4,800 MW of coal at additional power plants over the next decade.

The drive to net-zero GHG emissions requires partnership and collaboration between public and private sectors to ensure communities are equipped to diversify their local economies and provide for their long-term resilience and sustainability. As a large owner and operator of

coal-fired generation, AEP is committed to being part of the solution as communities and workers transition for the future.

The nation's transition to a clean energy economy has tradeoffs that are very real, including a loss of jobs from plant retirements and a loss of tax payments that support education and public services. Power plants are at the epicenter of

a community's ecosystem and typically are the engine for local growth. Based on an economic impact analysis, we know that the average AEP-operated coal plant generates \$160 million in regional economic activity, \$63 million in labor income, and supports more than 700 regional jobs annually. This varies by plant size and region, but the impact is real and significant.



Economic Impact Summary – Average Effect of Coal Plant Retirement*

Typical AEP Plant	Estimated Impacts
Employment <i>Number of Jobs</i>	
Direct	216
Indirect	303
Induced	198
Total	716
Labor Income	
Direct	\$31.25M
Indirect	\$21.99M
Induced	\$9.30M
Total	\$62.54M
GDP	
Direct	\$95.20M
Indirect	\$48.73M
Induced	\$16.11M
Total	\$160.04M

Economic impact varies by plant size and geographic location. Labor income and GDP data is measured in millions (M).

Committed to Just Transition

The idea of “Just Transition” is that people and communities are not left behind as the nation moves to a clean energy economy. Coal-fired power plants and their workers are deeply rooted in their local communities. They pay taxes, spend wages locally, volunteer in the community, serve on local nonprofit boards and are involved in their local faith community. If they are unable to find jobs that keep them local, the social ecosystem supported by the plant and its workforce can be negatively affected.

Just Transition is rooted in labor and environmental justice movements that over a long history fought to phase out industries that harmed workers, community health and the environment – especially in low-wealth communities and communities of color. Advocates stress the need for strategies that enable thriving economies that provide good jobs, build strong and resilient communities, and facilitate racial justice and social equity. It is designed to ensure those who are impacted by the transition to a clean energy economy are not left behind.

At AEP, our commitment is to help our workers and our communities prepare for and make the transition to new skills, new industries, and new partnerships that enable them to thrive long after a plant has retired. Our power plants are the primary employers and tax-paying entities in many communities. We also serve and live in many of these communities, and we want them to be economically stable and successful, long after the plants cease operations.

The Pirkey Plant Experience

In 2021, AEP, Southwestern Electric Power Company (SWEPCO) and the Pirkey Power Plant near Hallsville, Texas, joined forces to develop a Just Transition model for plant retirements, based on proactive engagement, inclusion, collaboration and commitment to doing the right thing to support affected communities. This included forming the Pirkey Transition Task Force and partnering with the [Just Transition Fund](#), the only national philanthropic initiative focused solely on coal community transition. The Just Transition Fund serves as a hub to build, connect, and sustain the transition movement across the U.S. They brought technical experts who served as the facilitators and conveners of the Pirkey Transition Task Force. This allowed SWEPCO and the Pirkey Plant to be active participants rather than facilitating and leading the discussion.

The Task Force consisted of more than two dozen local and regional leaders, civic organizations, school districts and business owners. The group met monthly to gather data, identify priorities, conduct community outreach and develop a high-level action plan that community leaders could carry forward. The Just Transition Fund served as a neutral third party that helped to ensure that those who were impacted were heard and represented. We are appreciative of their support of this work with Pirkey Plant.

AEP launched a website – [AEPcommunitytransition.com](#) – to chronicle the journey of each plant scheduled for retirement and to serve as a platform to inform and educate stakeholders about the transition. It also provides tools, testimonials and other resources for communities to easily access. We documented our activities and created a playbook that other plants in the AEP system can use to get started. While the final chapter on the retirement of Pirkey has yet to be written, the Task Force completed a draft high-level action plan and continues to collaborate.

Concurrent with the community collaboration, AEP executive leadership collaborated to ensure impacted employees were considered for internal opportunities. Also, an internal workforce transition task force worked closely with plant employees to help them make the transition. This included one-on-one support, organized job fairs, training opportunities and exposure to other parts of AEP’s business. As of February 2023, of the 106 employees at the plant when the retirement was announced, close to 90% either took a new job within AEP or were able to retire. This includes four employees from the Pirkey Plant who accepted jobs operating the North Central Wind Facilities in Oklahoma. This success rate demonstrates AEP’s commitment to a fair and equitable transition.

What’s Next

We are preparing to take the lessons learned from the Pirkey Plant experience to develop a set of Just Transition principles. These will guide future plant retirements while providing the flexibility the plants need to work with their employees and communities. In addition, we will develop metrics to measure our progress and success, and we will learn from each experience. We also commit to report our progress annually in our Corporate Sustainability Report and on [AEPcommunitytransition.com](#).



“The power plant is closing down?!”

“While not the official statement, it was what rural East Texas leaders were hearing without fully grasping why or how that would affect them. Pirkey Power Plant [took] its last load of lignite and [produced] its last electron from that source in 2023. Marshall, Texas, a community of about 25,000 and the surrounding Harrison County will take the biggest brunt with the loss of high wage jobs and tax revenue intended for services and schools. Hundreds of jobs and millions in tax revenue are at stake.

Several local leaders, including this writer, were contacted by American Electric Power (AEP) and introduced to the Just Transition Fund (JTF), as a nonprofit that helps coal communities. None of us had heard of JTF before. We assumed they were a consultant AEP hired to help soften the blow for public relations.

“We need to engage and bring others into the conversation” is not a phrase commonly heard in the piney woods. Our area, more well-known for oil than coal, has historically been a center for blue-collar labor in manufacturing,

rail, and natural resource extraction. Self-sufficiency, conservative values, and hard work are positive cultural character traits. Doing resonates; talking doesn’t get it done. Yet, AEP and JTF persisted, and local leaders engaged.

What we were able to accomplish is the creation of a Workforce & Education Alignment Group (WE Align Group) composed of industry leaders, educators, and economic developers that would have various meetings where skills taught versus skills needed were discussed. We moved from 3 in attendance to over 100 in less than a year. The group brought regional partners, such as the Texas Workforce Commission and our regional workforce board, Workforce Solutions East Texas, and the East Texas Council of Governw ments (ETCOG). Acronyms abound, but these partners are critical in order to leverage the big training dollars. They also brought knowledge to an uninformed community. Due to relationships arising from our WE Align meetings, 2022 saw \$600,000 in high demand job training grants for our community and \$105,000 in equipment for our local school district.

The WE Align Group is now solidifying in order to form an actionable WE Align Council. The council is planned to be equal number in education and industry with the economic developer to answer a tie. The purpose is to direct EDC dollars to train local people for what local employers hire for. We are doing it because we understand that businesses drive the economy.

Thank you, AEP, for the advance notice and support. Thank you, JTF, for guiding our community in the right direction while promoting local human capital and local decisions. Thank you to our community, for putting something collectively bigger than separate interests, front and center.”



Rush Harris, CEcD
*Executive Director, Marshall
Economic Development
Corporation*



Electrification

As the transportation industry begins to decarbonize, AEP is working to support this unprecedented transition. AEP's goal is to provide electric vehicle (EV) charging options that optimize the use of the grid for the benefit of all customers. Our efforts to increase access to affordable charging infrastructure focus on working with regulators to create programs that benefit all customers – even those who do not drive EVs. This includes offering fleet and residential customers lower rates during off-peak hours when there is excess capacity on the grid. Increased consumption of electricity while renewables such as wind are at their peak, but overall electricity utilization is lower, is good for all customers. This drives down costs for all users of the grid, not just EV drivers. Overnight charging also allows us to extend the life of existing grid infrastructure, further benefiting customers.

Several of AEP's operating companies offer programs to support our EV customers. For example, I&M's [IM Plugged In program](#) has incentives for residential, workplace, fleet and multi-unit dwelling customers planning to install EV chargers. These include rebates for charging ports and/or "make-ready" incentives. In 2022, AEP Ohio completed its four-year pilot program and installed more than 350 EV stations across its service territory. Following this successful

pilot, the Company filed its first comprehensive EV Plan, which is awaiting regulatory approval, to keep pace with the rapidly expanding EV market.

Customers in Oklahoma who are interested in lowering their carbon footprint even further are able to combine PSO's residential EV charging incentives and rates with the WindChoice program. This program provides customers affordable access to carbon-free power for their home, business and transportation needs.

Funding from the Infrastructure Investment and Jobs Act (IIJA) began to roll out in 2022, including substantial support for electric transportation. AEP is proud to work with stakeholders and customers across our system to spread the word and assist with the industry transformation. Schools in our territories received \$67 million for 170 new electric school buses from EPA's first round of IIJA funding. Our employees are working with recipients and our internal transportation teams to support these fleet electrification projects. Many of these buses are being deployed to rural or under-resourced schools. AEP's Transportation Electrification team is committed to working with our schools to make sure these bus deployments are a success.

Internally, AEP continues to lead by example as we work toward electrifying our own fleet of vehicles. With the expanding EV market, we have updated our initial goal to electrify 100% of

our light duty fleet. Our goal now more broadly encompasses our entire on-road fleet, from sedans to Class 8 trucks. From 2020 through 2022, we electrified 5% of our on-road fleet, with a goal of electrifying 40% by 2030. During that same time period, we also electrified 40% of our forklifts and set a goal of 50% electrified forklifts by 2030.

Beneficial Electrification for Homes & Businesses

Electrification of the economy goes beyond transportation. Opportunities to move to clean, efficient electric technologies span the spectrum from industrial processes to home appliances. These technologies can accelerate the transition to decarbonization while saving customers money on their total energy costs. The 2022 Inflation Reduction Act (IRA) supports these goals through tax credits and rebates for income-qualified households and clean energy funding for businesses.

AEP is working with State Energy Offices to ensure existing utility-sponsored energy efficiency (EE) and beneficial electrification (BE) programs complement, rather than compete with any IRA-funded programs. We want our customers to be aware of, and take full advantage of, all available EE funding opportunities. At the same time, AEP continues to expand our efforts to help our customers realize both the environmental and financial benefits of utilizing electric technologies in their homes and businesses.

As part of Appalachian Power's EE program, rebates are available to customers for installing certain high-efficiency residential heat pumps, heat pump water heaters, and Level 2 EV chargers. Additionally, Appalachian Power has a BE pilot program in West Virginia that provides customers with the opportunity to switch from a non-regulated fuel source, such as propane or fuel oil, to a high-efficiency electric heat pump. Similarly, SWEPCO's energy efficiency rebates promote the benefits of heat pumps, heat pump water heaters, induction cooking, all-electric homes and other residential and commercial electrification technologies.

AEP Ohio is working directly with heat pump manufacturers, industrial process manufacturers, and EV charging station manufacturers to secure and jointly-market manufacturer rebates to customers. AEP Ohio also helps educate customers on the non-energy benefits of electric technologies such as reduced maintenance costs and avoided GHG emissions. This helps ensure customers make educated decisions on their equipment needs. PSO, SWEPCO and AEP Ohio also have active programs to educate customers on efficient industrial equipment, including forklifts, pipeline compressors, and induction and infrared technologies.

Environment

Whether through reclaiming former industrial land for outdoor recreation, reducing our water consumption, integrating conservation measures into new and rebuilt transmission lines, or responsibly managing our waste, we value and practice environmental compliance, stewardship and conservation across our service territory.

UN SDG Alignment:



At AEP, our goal is zero violations of environmental laws and regulations and zero enforcement actions. We strive towards this goal through our commitment to operational excellence which includes complying with all applicable environmental regulations and being good stewards of Earth's natural resources. Whether through reclaiming former industrial land for outdoor recreation, reducing our water consumption, integrating conservation measures into new and rebuilt transmission lines, or responsibly managing our waste, we value and practice environmental stewardship and conservation across our service territory.

Environmental Compliance

Through our operations, we are subject to various federal statutes including the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, and Endangered Species Act among many others. As the scope and stringency of environmental regulations evolve, our industry faces technical, operational and financial challenges including uncertainties with timing, cost and impact. To prepare for this evolution, we actively participate in the development of regulations to ensure that new requirements are well-informed, fair and achievable.

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

Environmental Compliance in Action

AEP's facilities and operations undergo environmental inspections during scheduled and unannounced visits from regulators to assess compliance with regulatory requirements, permits and recordkeeping. If an agency identifies a concern, we work with it closely to address the issue in a timely fashion.

To proactively ensure readiness, we verify compliance through internal environmental audits. Environmental audits may reveal potential gaps in performance that are related to regulatory

requirements and company procedures or policies. In 2022, Audit Services conducted 21 environmental audits, which included inspections of 51 locations.

In our Energy Delivery business, where a great deal of construction is taking place, project teams must also complete a mandatory environmental compliance-training program. This training ensures employees are aware of applicable regulations.

Environmental Performance

To encourage outstanding environmental performance, we set annual targets focusing on continuous improvement as we strive for zero violations and enforcement actions. Our Generation team leverages metrics to encourage self-reporting of events and improve environmental performance through our Environmental Performance Index (EPI). The EPI helps keep prevention top of mind and drives us to be more proactive in protecting the environment. This program has proven successful as we saw consistency and even a decrease in the number of EPI events from 2015 through 2021. In 2022, a new standard for environmental performance was adopted in Generation. This standard broadened the types of environmental events that are included in the EPI. For example, in addition to reportable spills, releases, and water discharge permit events, the EPI now includes air and land media events. An exceedance of any permitted limitation or failure to meet a regulatory deadline for sampling, inspecting, or reporting is

Environmental Compliance Goal

Zero violations
of environmental laws and regulations
and zero enforcement actions

counted toward the EPI. Under this new standard for 2022, we had 35 EPI events. This EPI influences a portion of the funding for short-term incentive compensation for all Generation employees. Strategies will be implemented in 2023 to develop a similar standard for environmental performance for the Energy Delivery business.

AEP's Generation organization instituted an Environmental Good Catch program to identify and prevent conditions that could result in a reportable environmental event. Similar in manner to our Safety and Health Good Catch program, once the condition is identified, employees can take measures to correct the situation. 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 employees own environmental stewardship – using knowledge sharing and lessons learned to prevent future non-compliance events. More than 300 Good Catches were identified in 2022, helping to ensure environmental compliance.

Biodiversity

Maintaining and improving the biodiversity of Earth's ecosystems is crucial for many natural processes including water purification, erosion control and pollination. There are numerous threats that can impact the variety and availability of our natural resources, including temperature change and severe weather events, such as extreme drought, major flooding and intense storms. This is why valuing wildlife by practicing environmental conservation and stewardship across our service territory is an important part of our operations.

As we build and maintain new and existing infrastructure, we are mindful of the potential impacts we may have on wildlife and ecosystems. This includes species protected under the Endangered Species Act and other legislation. 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.

Extraordinary Bat Mitigation Effort

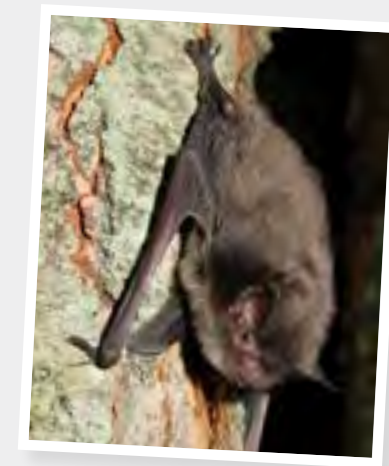
When AEP is siting locations to build important infrastructure such as transmission lines, we sometimes encounter areas that support endangered species. AEP is committed to following all federal and state regulations to protect these species and mitigate impacts to the natural environment. This is deeply rooted in our environment, safety and health philosophy and was demonstrated during a pilot study nearly 20 years ago.

During a major transmission line project in southern Virginia and West Virginia, AEP voluntarily made extraordinary mitigation efforts to protect the federally endangered Indiana bat. Through coordination with federal officials, a species recovery plan was developed to increase habitat for the bat and protect and enhance the biodiversity of all bat species in the project area. The plan consisted of:

- Construction of three upland ponds functioning as wetlands to provide drinking water and attract aquatic insect prey
- Installation of 30 artificial bat roost boxes to provide shelter for the bats along the right-of-way (ROW)
- Additional vegetation planted along the ROW to improve foraging

AEP, along with external partners, monitored the site for nearly 20 years after construction and found the mitigation efforts to be a major success for the Indiana bat and other native bat species. Research indicated that populations of all monitored bat species increased significantly. In addition, the number and diversity of bat species increased severalfold in the area.

Best practice mitigation efforts are an integral part of AEP's planning, siting and construction decisions. We also encourage partnerships with stakeholders. This study was published in an international research paper by [IntechOpen](#) and in a book about biodiversity.



Habitat Conservation Plans

One way we are addressing environmental and biodiversity impacts is by working with the US Fish & Wildlife Service (USFWS) in an effort to obtain an Incidental Take Permit (ITP), which allows for limited and unintentional take of certain endangered or threatened species during the construction of transmission projects. A planning document called a Habitat Conservation Plan (HCP) accompanies all ITP applications and includes methods to minimize or mitigate the impacts on covered species and their habitats allowed by the ITP. With the development of the ITP application and HCP for transmission activities, AEP and our customers may realize cost and time savings for future transmission projects by having a clearly defined approach when covered species or their habitats are encountered. AEP's continuing work on the ITP application and the accompanying HCP for future transmission projects is one of the largest efforts of its kind ever undertaken, currently covering 10 endangered species in our 11-state service territory. This effort focuses on industry best practices and defines actions needed to fulfill Endangered Species Act requirements. We are working closely with wildlife protection agencies in each of our states to ensure the HCP is consistent with their goals and covers the appropriate species.

AEP received a federal grant from the USFWS Cooperative Endangered Species Conservation Fund to assist in the application of the National Environmental Policy Act (NEPA). Certain federal actions, such as the issuance of the ITP, require that a NEPA document be prepared prior to USFWS making a decision to issue a permit. USFWS uses the NEPA process to evaluate the environmental and related social and economic effects of issuing the ITP. This is the final piece of the multi-species HCP that will apply to our entire transmission system for 30 years. If USFWS approves, the HCP will enable transmission construction activities that could potentially impact listed species to proceed without case-by-case agency consultation, provided the mitigation methods described in the plan are followed.

Regardless of the outcome, AEP will continue to work cooperatively with all resource agencies to ensure the continued compliance with the Endangered Species Act, protection of wildlife and, where possible and practical, the enhancement of wildlife habitats across our footprint.

Avian Protection Plan

For more than 50 years, the utility industry and conservation groups have collaborated to understand why and how birds collide with power lines. AEP voluntarily adopted a systemwide Avian Protection Plan to mitigate avian mortality, bird-related power outages and other risks associated with bird interactions with our assets.

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 bird diverters on power lines to prevent birds from flying into them.
- **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, by working with government agencies and nonprofits.

We engage with organizations such as the Renewable Energy Wildlife Institute's National Wind Wildlife Research Plan and the Electric Power Research Institute, which are conducting research on wildlife interactions with renewable assets.

Right-of-Way Conservation Research

AEP has been testing the feasibility of using native seed mixes, in place of turf grasses, for revegetation of disturbed areas from construction activities through research and multiple site demonstrations for several years. The goal of the research is to explore how to economically incorporate native vegetation into the ROW to meet coverage requirements while also promoting wildlife and biodiversity.

AEP partnered with EPRI and the Dawes Arboretum in Newark, Ohio, to support research to test the replication of restoration of utility ROW sites. Researchers are documenting rich biodiversity and monitoring habitat quality and succession of prairie development. Rare species, such as the American bumble bee, have 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 Arboretum study, seed mixes are being tested at sites in Ohio, Oklahoma and West Virginia. The seed mixes were developed according to regional needs and restoration requirements. This study focuses on the long-term feasibility of using native seed mixes during future construction projects. The results indicate

that the regional seed mixes were successful and complied with local storm water regulations for site stability and vegetation coverage. Due to the success of the study, AEP is phasing in a native seed mix campaign during 2023.

We are also demonstrating the use of native seed mixes at the AEP Transmission headquarters in New Albany, Ohio. AEP worked alongside community partners, including the Ohio Department of Natural Resources, Audubon Society, National Wild Turkey Federation and Pheasants Forever, to develop native seed mixes to support birds, pollinators, deer and turkey. Each seed mix was planted on a half-acre plot, covering a total of eight acres.



AEP partnered with the Franklin Park Conservatory, located in Columbus, Ohio, to foster pollinator awareness and education.



Pollinator Initiatives

At AEP, we are taking multiple measures to protect pollinators and promote their well-being. AEP participates in EPRI's Power in Pollinators Program to research the significant role electric power companies play in supporting pollinator habitats and raising the public's awareness of their importance to society. These efforts add to our knowledge of the feasibility and compatibility of supporting natural ecosystems on our properties and within our ROWs.

Our work to raise awareness about the importance of pollinators extends to our employees and communities. Each year, we organize an annual Pollinator Week campaign in concert with peer utilities. Through social media and internal communications, we share information about the ecological role of pollinators and AEP's efforts to facilitate pollinator population growth.

AEP also participated in a conservation initiative with the USFWS to develop a Monarch Butterfly Candidate Conservation Agreement with Assurances (CCAA). A CCAA is a formal agreement between the USFWS and at least one other party to address the conservation of a species before it becomes listed as endangered or threatened. Property managers voluntarily commit to conservation actions that will help stabilize or restore the species and possibly

avoid listing. A listing of the Monarch butterfly as threatened or endangered has been "warranted but precluded" by the USFWS. AEP continues to coordinate with the University of Illinois-Chicago, electric utility peers and other stakeholders to help protect this important and iconic butterfly.

Environmental Stewardship Recognition

In 2023, our Flint Creek Power Plant in Gentry, Arkansas, maintained its silver Wildlife Habitat Council Conservation Certification. The Flint Creek Power Plant has approximately 700 acres designated as wildlife habitat and is home to the 65-acre Eagle Watch and Nature Trail, which includes a half-mile walking trail and wildlife-viewing pavilions, all open to the public. The facility is also home to a pollinator garden, prairie restoration efforts and many environmental educational events, all of which are voluntarily hosted by plant employees.



Water Use & Management

Water is essential to producing electricity and is critical for many of our processes, including cooling equipment. Although approximately 88% of AEP's power-generating capacity in 2022 required water, we returned most of the water we use to its original source. Water consumption occurs when it is lost to evaporation primarily due to process cooling and flue gas scrubbing. This represents less than 3% of AEP's total water use. Our water withdrawal and consumption will continue to decrease through the addition of wind and solar assets since these energy sources do not require water input. Our water intensity will also decrease as we retire fossil-fuel generation capacity.

Water Use Reporting

Because we place a high value on transparency, we extensively report on our water management efforts. We do this through both required reporting, such as the U.S. Energy Information Administration and state-level water usage reports and voluntary efforts. For example, we annually disclose water data in our ESG Data Center and the CDP Water Survey.

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 2022, these plants conserved an estimated 1,100 million gallons of water, demonstrating the effectiveness of this management approach. As part of this process, Stage 1 (Mild Water Shortage) of the Knox Lee Plant drought contingency plan was implemented for two weeks during August 2022 at the request of the reservoir owner. This requires that we limit outdoor watering and minimize water use for nonessential purposes. The Pirkey Plant ceased operation in April 2023 as planned. Going forward, this will further reduce AEP's water use for power generation.

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 (IRWP) 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. A mobile lab that travels to schools was purchased with the funds, allowing several thousand students to receive lessons at their school or at the IRWP headquarters' learning center in Cave Springs, Arkansas.

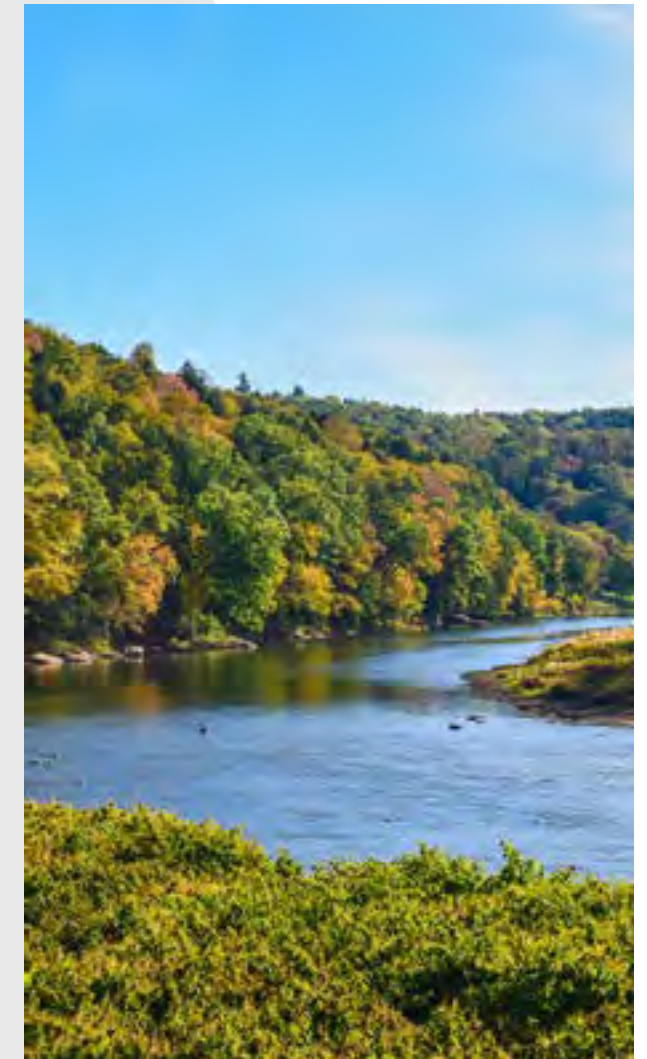


Surface Water Use

66% reduction
since 2013

Surface Water Consumption

82% reduction
since 2013



Waste Management

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 identify improvement areas to further reduce and divert waste from landfills through beneficial reuse or recycling.

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](#).

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 pieces of electric equipment. We removed and recycled approximately 11,800 pieces of electrical equipment in 2022, of which 708 contained PCBs at regulated levels.

While we had approximately 1,100 transmission and distribution equipment oil spills in 2022, none of the spills contained PCBs above EPA's most stringent 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, notify regulatory agencies as required, and restore areas to pre-spill conditions.

Coal Combustion Residuals

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. 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. Learn more about our CCR Rule Implementation Plans and review our compliance reports on our [CCR website](#).

2022 CCR Beneficial Reuse

Total CCRs Produced: 2,791,489 U.S. Tons

CCRs Beneficially Reused: 1,197,682 U.S. Tons/43%

Disposal Costs Avoided: \$20,131,599

Revenue Generated: \$12,084,787

Nuclear Waste Management

Nuclear energy plays an invaluable role in AEP's transition toward clean energy. Nuclear energy is currently AEP's largest source of baseload carbon-free generation capacity. It is crucial for

us to properly manage nuclear waste storage and decommissioning costs during the transition to a clean energy future.

AEP's Cook Nuclear Plant is committed to operating and adhering to all regulations under the U.S. Nuclear Regulatory Commission to ensure the safe use of radioactive materials for beneficial civilian purposes while protecting people and the environment. 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.

For more information on AEP's Nuclear Facilities, visit [AEP's 2023 10K](#).

Recycled Waste - 2022



Light Bulbs
38,746 lbs



Scrap Metal
37,563,314 lbs



**Electronic Equipment
(Computers & Phones)**
11,908 lbs



Batteries
64,645 lbs



Used Oil
389,894 gal

Not inclusive of all AEP facilities. Waste data does not include waste streams from competitive portion of business.

Social

“At AEP, we believe that everyone deserves to be heard – our employees, customers, communities, investors, regulators and other stakeholders. We have a proud history of engagement and transparency because we believe the voices of our stakeholders enable us to make more informed decisions and ensure our actions don’t disproportionately impact any single community.”

Sandy Nessing

Vice President & Chief Sustainability Officer

UN SDG Alignment:



At AEP, our top priority is to provide our customers with safe, reliable and affordable energy that is available at the flip of a switch whenever they need it. We are more than just an electric provider; we are the connectors of possibilities for our customers and communities. Whether it is working with our customers to identify ways to reduce their electric bills, advancing social justice within our communities or identifying opportunities to grow our local economies through economic development, we are here to keep our customers connected not only to the grid but to one another.

Customer Care & Support

AEP has been providing reliable electric service to our customers for more than 117 years. This includes supplying a critical source of energy that enables safety, comfort and today's modern amenities. It is our commitment and responsibility to deliver electric service to every customer within our service territory. It is also our commitment to provide our customers with equal access to clean and modern energy options, which is why we are investing in the grid to expand programs, digital capabilities and clean energy offerings that are affordable, inclusive and accessible to all, while being mindful to ensure that our clean energy transition doesn't leave our customers or communities behind.

Energy Affordability & Assistance

In 2022, U.S. households saw a dramatic increase in the cost of living, including the amount of money needed to pay for the basic common expenses such as food, housing and utilities. Unfortunately, electric utility companies were impacted by inflation as well, resulting in higher electric utility bills for customers.

The average price of electricity for the U.S. residential customer was up more than 10% in 2022 compared to 2021. This rate increase was largely due to higher fuel supply costs, such as natural gas. Fuel costs are a pass-through cost,

which means customers pay what we pay for the fuel needed to generate electricity as there is no mark-up or profit from the fuel we buy. In addition, extreme weather conditions put more demand on AEP's system to either heat or cool customers' homes and provide uninterrupted electric service.

We understand financial hardships can make it difficult for some of our customers to pay their energy bills, especially within our geographic

footprint where 95% 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 2022, we received more than 59,000 pledges totaling more than \$25 million in energy assistance from our self-serve agency websites, resulting in a record number of pledges and funding (income guidelines determine eligibility).

Energy Assistance Provided to Help Customers Pay Their Electric Bills

In millions

Operating Company	2020	2021	2022
Appalachian Power	\$40.1	\$71.1	\$67.7
AEP Ohio	\$13.1	\$12.2	\$77.9
Public Service Company of Oklahoma	\$14.4	\$14.4	\$26.1
Indiana Michigan Power	\$7.7	\$12.1	\$21.2
Southwestern Electric Power Company	\$8.4	\$12.9	\$15.2
Kentucky Power	\$7.8	\$12.2	\$10.1
Total	\$91.7	\$134.8	\$218.1

Funds provided by various company, community and government resources.

The funding available to support our energy assistance programs comes from a variety of sources, including the government, social service agencies, voluntary customer contributions and even our own employees. In light of the global pandemic, AEP employees created an assistance funding program that allows employees to make personal contributions to help customers pay their electric bills. In addition, government-sponsored energy assistance programs provided more than \$218 million in federal and private energy assistance to our customers across our service territory in 2022 – a 62% increase compared to 2021.

Throughout our service territory, we help connect customers with energy assistance programs. 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, the 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.

AEP's Customer Assistance Programs

Throughout our service territory, we offer creative solutions to help customers manage their energy use as well as pay their bills. Disconnecting customers is always our last resort. We help customers gain access to energy assistance programs and flexible payment options to help them maintain electric service without building up large past-due balances. Our efforts include:

- **Payment arrangements**
Breaking up past-due amounts into installments over several months
- **Payment extensions**
Giving more time to make a payment
- **Average Monthly Payment Plan (AMP)**
Evening out payments throughout the year to account for seasonal spikes
- **Budget Billing**
Offering budget billing, which calculates a 12-month average and bills the same amount each month in many states; mid-year and annual reviews are completed for possible adjustments and settlements
- **Neighbor to Neighbor programs**
Applying utility assistance grants to a customer's bill
- **Friends and Family Direct**
Allowing payments toward a relative or friend's electric bills
- **Payment assistance programs**
Offering winter heating assistance programs that assist low-income customers with reconnection fees and missed payments in all of our states; many of our states offer cooling assistance during the summer months
- **Pre-Pay (PSO Power Pay)**
Using pre-payment method that allows customers to pay in smaller amounts throughout the month; usage is calculated on a daily basis and is deducted from a pre-funded account
- **PIPP Plus**
Helping eligible Ohio customers manage their energy bills year-round with monthly payments based on a percentage of household income



Expanding Customer Access Through Broadband

We are expanding on our commitment to keeping the lights on to keeping our customers connected through broadband investments. A 2021 BroadbandNow Research Study indicates that up to 15 million Americans in states that AEP serves do not have access to broadband. 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 reliable 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 reliable broadband service to rural homes and businesses is costly because it requires building lengthy “middle mile” infrastructure to connect those homes and businesses to the network. As one of the largest electric utility companies in the U.S., we power millions of homes and businesses, including those in hundreds of small communities. In fact, most of AEP’s service territory is in rural areas. This requires an expansive network of

transmission and distribution lines to operate our electric system. In addition, we have a large private telecommunications network that spans our service territory.

With our network already in many places where middle-mile fiber is needed, we knew we had an opportunity to help bring broadband to underserved and 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 underserved and unserved rural customers. Appalachian Power completed the installation of middle-mile fiber in Grayson County, Virginia, in 2022, providing broadband access to more than 6,000 customers. Appalachian Power also filed a proposal to make broadband access available to nearly 15,000 customers in Bland and Montgomery counties in Virginia. In addition, construction is currently underway in West Virginia to make broadband access available to more than 13,000 customers in Logan and Mingo counties.

We believe middle-mile broadband is a right-now issue for all of rural America. The availability of high-speed broadband in remote areas enables access to basic human services such as health

care through telehealth and education while expanding career opportunities through remote work. It also enables innovation, expansion and e-commerce – all of which are vital to economic growth and development. We continue to explore 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 reliable 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.



Keeping Our Customers Connected

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, costly and inconvenient. During customer outages, we work to restore power as safely and quickly as possible. Part of this effort includes providing customers with the ability to contact us 24/7 through their channel of choice. Keeping our customers' lights on is our top priority, which is why investing in the electric grid is so important.



Unfortunately, weather can be unpredictable and very destructive. Several states within AEP's service territory experienced severe weather events in 2022, causing damage to AEP's system and customer outages. In June, Ohio was hit with multiple storms, including three tornadoes and a Derecho, bringing a line of strong winds of up to 80-90 mph. This caused massive destruction across the majority of AEP Ohio's service territory, including significant damage to high-voltage transmission lines that feed power to thousands

of customers in the Columbus metropolitan area. In addition to the storms, high temperatures put a major strain on the grid, causing some of the remaining transmission lines to become overloaded. As a result, AEP was required by the regional transmission organization, which coordinates the movement of electricity, to shut off power to portions of the grid to prevent equipment failure and a series of cascading customer outages.

Damage like this required a tremendous amount of planning, resources, logistics and equipment to restore power to our customers. AEP Ohio deployed more than 2,500 workers to help with the restoration effort, some traveling from as far as Texas and Canada. The effort was not easy, as crews worked 16-hour shifts in dangerous conditions and rural locations with tough terrain. The outages were also difficult for customers who faced extended periods without power during extremely high temperatures. This was especially challenging for our low-income customers who faced the added financial burdens of food insecurity, limited access to medical care and need for a place to stay cool.

There are always lessons to be learned after devastating events like this; however, one thing that remains unchanged is our commitment to our customers. We are working to identify opportunities for improvement to ensure we are mitigating the impact on our customers. Whether through proactive and constant customer

communications, equipping our customers with energy-savings tips, sharing storm preparedness and safety tips, or providing financial assistance to help customers pay their bills, AEP is committed to reducing the inconvenience and burden that power outages can cause. In addition, AEP Ohio has met with dozens of community leaders and customers across its service territory to discuss the challenges they faced, lessons learned and opportunities for improvement. This work continues.

We are also investing in the grid to make it more reliable and resilient for our customers to help prevent events like this from happening again. We are working to keep power lines clear of vegetation, replacing vulnerable infrastructure and investing in technology advancements to allow 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. This provides us with the location of the outage and the ability to prevent a domino effect of additional outages. We are also 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. Investments in Distributed Energy Resources (DERs), such as energy storage, are also critical to supporting local reliability and demand response for our customers and communities.

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. 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. 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. AEP operating companies work with state regulatory commissions to proactively manage vegetation in regularly scheduled maintenance cycles. We do this while balancing the rights of individual property owners with preventing customer outages by improving service reliability. During the past five years, we have spent approximately \$2.9 billion on vegetation management, including \$671 million in 2022.

Helping Our Customers Manage Their Energy Usage

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 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.

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. In 2022, AEP invested more than \$86 million in customer energy efficiency programs. As of January 2023, AEP has deployed smart meter technology to 72% of our customers through our 11-state service territory.

Convenient Customer Care & Support



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

- Customer Care Team available 24/7
- Social media engagement
- Two-way text
- Online bill pay, outage reporting and service request
- Automated phone system
- Aepril (digital assistant)
- Bill pay notifications
- Outage notifications
- High bill alerts

Customer Energy Efficiency Offerings



AEP offers our customers a robust set of energy efficiency programs to help them manage their energy usage. This includes:

- Bill comparisons
- Home weatherization, lighting, HVAC
- Home and business energy analysis
- Commercial and industrial equipment upgrades and process improvements

Recognition Our Customer Care & Support

- 2022 Cogent Syndicated Utility Trusted Brand and Customer Engagement Study "Customer Champion" (AEP Ohio)
- In the 2022 J.D. Power utility Experience Study, AEP shared the number one rank for customers evaluating the website across a variety of tasks and factors
- 2023 ENERGY STAR Partner of the Year Sustained Excellence for Energy Efficiency Program Delivery (AEP Texas, Appalachian Power Company, Public Service Company of Oklahoma & Southwestern Electric Power Company)

Environmental & Social Justice

AEP strives to advance environmental and social justice (ESJ) as part of our focus on providing clean, reliable and affordable energy to equitably benefit all of our customers. We define ESJ as meaningful engagement with customers and communities when we are making decisions and a commitment to consider the environmental and social impacts of our decisions, especially on low-wealth communities, communities of color and other historically disadvantaged communities, such as tribal communities, communities with language barriers and communities with high unemployment.

Our commitment to ESJ builds upon AEP's long history of engaging our stakeholders in the decisions we make when siting new transmission lines, building substations, developing customer programs and services, retiring power plants and planning for customers' resource needs. Our stakeholders bring vital experiences, knowledge and perspectives that help inform our decision-making.

The topic of ESJ has been highlighted in recent White House executive orders, in laws such as the [Infrastructure Investment and Jobs Act \(IIJA\)](#) and in federal government initiatives such as [Justice40](#). This ESJ focus also is growing among state and federal regulators and policymakers, investors and other key stakeholders who are

interested in addressing possible environmental and social inequities, particularly among historically marginalized communities.

Advancing Environmental & Social Justice

On January 1, 2022, AEP adopted a new [ESJ policy](#) to formalize and strengthen our commitment to proactive and meaningful stakeholder engagement, in addition to ongoing consideration of the environmental and social impacts of our decisions. The policy was created following extensive research and collaboration by a cross-functional AEP ESJ Advisory Team representing diverse aspects of our business. The Advisory Team sought input from internal and external stakeholders and conducted extensive benchmarking with industry peers to inform the policy. Throughout 2022, AEP focused on socializing the new policy with employees and providing education on the importance of ESJ.

Work has been under way in 2023 to develop a framework to help AEP employees operationalize and implement the company's new ESJ policy. The framework will include company-wide and business unit-specific implementation guidance for a variety of projects and activities impacted by ESJ. The framework also will include employee toolkits with

ESJ resources, employee education and training, measurement and tracking, change management, and disclosure and governance guidance.

ESJ in Action

Building strong relationships with the communities we serve lies at the heart of ESJ. Arlinda Darst, external affairs manager for AEP's Public Service Company of Oklahoma (PSO) subsidiary, has experienced the fruit of this firsthand, especially related to the area's tribal communities.

"We engage our tribal partners here in this region pretty much every day in a variety of different environments, objectives and programs," Darst said. "It's important to take intentional time to learn about each other."

Learning more about PSO's tribal partners allows company representatives to engage meaningfully with them using their tribal partners' preferred channels. It also helps PSO proactively consider their tribal partners' culture, values and concerns when PSO makes decisions that could impact them. "Whether it's about infrastructure, equity, employment or other topics, we want to be respectful and establish a trusting rapport where we consider the best interests of all parties," Darst said.

Why ESJ Matters to AEP

- ESJ reflects our cultural focus on doing the right thing every time for our customers by considering impacts to our communities and ensuring investment equity as we modernize the power grid.
- Proactive and meaningful engagement with stakeholders helps to foster the trust of AEP's employees, customers, investors, regulators and other key stakeholders.
- 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 commitment to efforts such as ESJ.

AEP's ESJ focus is guided by our strategic vision to promote a clean energy transformation; enable growth and increased prosperity for our communities; innovate for the benefit of our customers; build a modern, secure and resilient grid; and drive operational excellence.

PSO learns about its tribal partners by spending time with them in multiple forums, such as participating in collaborative groups where PSO and tribal representatives work together to address various community issues. One example is the Southern Workforce Board, which works to identify economic development, job training and apprenticeship opportunities in the community. Another collaborative, Oklahoma Southeast, brings together multiple partners across the region, including PSO and the economic development division of the area's tribal community, to foster economic development.

PSO also has partnered with tribal communities for special cultural events, such as the 2022 Choctaw Nation Labor Day Festival in Tuskahoma, Oklahoma. The event serves as the tribe's annual celebration of family, fellowship and traditions of the Choctaws,

Whether it's about infrastructure, equity, employment or other topics, we want to be respectful and establish a trusting rapport where we consider the best interests of all parties."

Arlinda Darst, External Affairs Manager, Public Service Company of Oklahoma

AEP's ESJ Policy

AEP will seek and consider input from potentially impacted parties in our decision-making processes as we:

- 1 Develop new infrastructure to power our communities,
- 2 Transition our existing generation fleet to cleaner energy sources; and
- 3 Deploy new programs, services and technologies

the nation's third largest tribe. During the festival, PSO representatives partnered with the Choctaw Nation Utilities Authority to promote energy efficiency and provide an opportunity for Louie, AEP's electrical safety spokesperson, to meet several tribal council leaders and members. "This was a great opportunity to build stronger ties with the Choctaw Nation," Darst said.

These are just a few examples of the many ways AEP employees demonstrate a commitment to ESJ and will continue to do so as the company progresses on its ESJ journey. "It comes down to getting to know others more personally, treating others the way we want to be treated and showing all of our communities how much we care," Darst said.



PSO partnered with the Choctaw Nation during the 2022 Choctaw Nation Labor Day Festival in Tuskahoma, OK.

Economic Impact

At AEP, we believe that we are only as strong as the communities that we serve. The economic vitality of our local communities is an important factor in doing business, which is why we are focused on capacity building and economic diversification to create long-term sustainable growth for our customers, communities and company.

Our economic and business development efforts are critical in identifying and attracting new commercial and industrial customers to AEP's communities. In 2022, we were able to identify

a total of 101 new customer projects which are projected to result in more than 8,700 direct jobs and another 14,000 indirect and induced jobs across our 11-state service territory. In addition to job development and the increase in the local tax base, our revitalization and development efforts help address economic challenges and insecurities that can have detrimental impacts not only to a local community but globally as well. This includes:

- Addressing the ongoing supply chain shortages and security challenges by reshoring companies

that produce critical supplies to the United States;

- Alleviating energy affordability by growing our customer base to spread fixed costs among a larger pool of customers;
- Supporting the efforts of our community partners to compete for federal and state funding for various infrastructure projects; and,
- Building workforce capacity and availability by providing training, education and financial support to ensure a competitive pool of local talent.

Committed to Meeting Customer Energy Needs

Decarbonization is a major focus of the industrial and manufacturing industries. Driven by mandates and goals to decarbonize their operations, our commercial and industrial customer base is undergoing a major transformation that includes automation and electrification of various aspects of their production operations. This activity is contributing to a dramatic increase in the energy intensity of manufacturing operations. In aggregate, the average new project site requires 400% more electric demand than in the past. This means that electricity availability, capacity and cost are becoming stronger factors in the location decisions companies are making.

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

“AEP is blessed to be located in the states that are considered the heartland of U.S. production. Driven by mandates and their own goals to decarbonize their operations, our commercial and industrial customer base is undergoing a major transformation that includes automation and electrification of various aspects of their production operations.”

Julie Sloat, President & Chief Executive Officer



reduces construction time, making AEP even more competitive in attracting business development opportunities while delivering benefits to communities in our footprint.

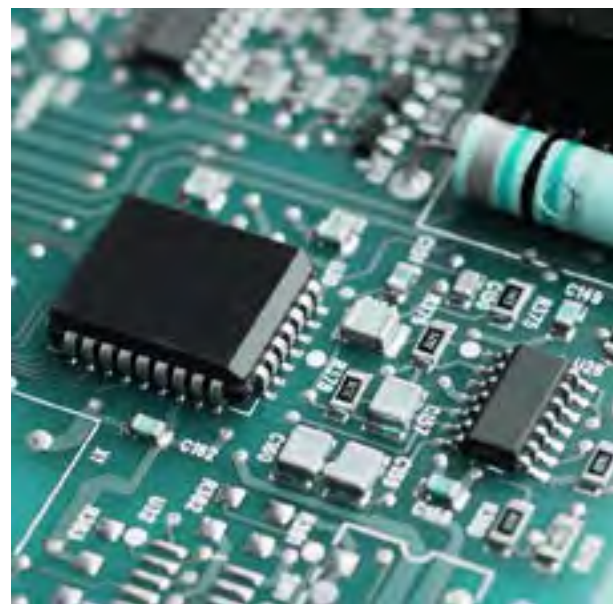
AEP leverages partnerships like NAATBatt and Li-Bridge to identify opportunities to competitively attract new industries that are on the trajectory for continued growth. NAATBatt International is an organization that advocates for growing advanced battery technology in North America, and Li-Bridge is a U.S. public-private partnership that bridges gaps across the domestic battery supply chain ecosystem. As energy storage continues to grow through technology development and the Infrastructure and Investment Jobs Act (IIJA) federal funding, it is important for AEP to leverage these relationships to compete for future battery-related investments.

Securing new business also means modernizing and enhancing the electric grid to meet the additional demand for energy. These investments provide energy reliability and resiliency for not only new commercial and industrial customers but also our residential customers located in the surrounding area. In addition to providing more reliable energy, growing our customer base also helps alleviate the burden of energy costs. Our efforts to grow the customer base, together with the multiplier effect of more jobs in our communities, enable AEP to spread these investment costs across a larger pool of

customers, resulting in more affordable energy rates for everyone.

U.S. Chip Manufacturing

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 make domestic manufacturing and sourcing competitive and attractive. In response, we are leading a strategic initiative centered on supporting U.S. manufacturing. In 2022, Intel announced a \$20 billion investment to build



two new semiconductor chip manufacturing operations in Ohio. This investment will boost the domestic production of microchips while reducing America's reliance on global manufacturing hubs. In addition, the project will create 3,000 Intel jobs and about 7,000 construction jobs. Dozens of suppliers are also expected to relocate close to the site, which has the potential to create thousands of additional jobs.

Workforce & Community Support & Development

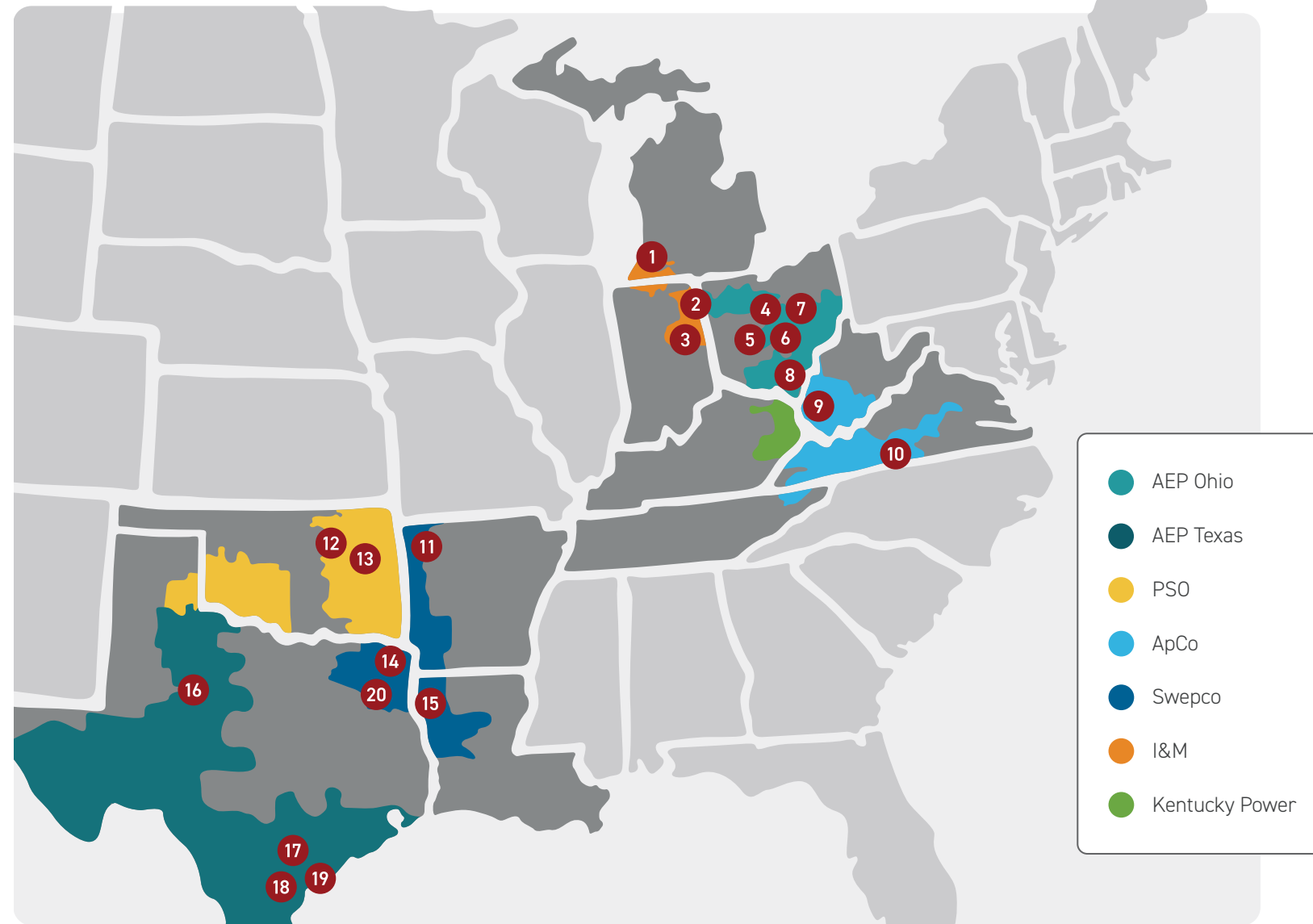
Beyond our involvement in attracting new business, a cornerstone of our economic and businesses development strategy has always been workforce and community development. Whether it is directly assisting with business attraction efforts, contributing to site readiness initiatives or providing training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

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. Due to the success and popularity of the program, AEP has customized the content for other communities across our system, including

Texas, Louisiana and Arkansas, with plans to support additional states in our service territory in 2023. More than 500 community leaders have benefited from this content since the launch of the course in 2022.

In addition, we are actively engaged in supporting the efforts of our community partners to compete for federal and state funding for various infrastructure projects, including the IIJA. Through our efforts, several communities located within our Appalachian Power service territory were awarded more than \$25 million out of a \$90 million Virginia Business Ready Sites Program Fund. These funds will help enable several communities to invest in infrastructure to enhance the competitiveness of potential commercial and industrial customer sites in their communities in an effort to ultimately attract new businesses and jobs.

Economic Development Project Highlights: 2021 thru 2022



- AEP Ohio
- AEP Texas
- PSO
- ApCo
- SwepcO
- I&M
- Kentucky Power

Future Impacts: 24,200 direct jobs & 36,600 indirect & induced jobs | 2,800 MW announced projects (from 2021-2022)

- | | | |
|---|---|---|
| <p>1 Crypto & Cloud Computing
Dowagiac, MI
</p> <p>4 Pet Food Manufacturing - Expansion
Columbus, OH
</p> <p>7 Semiconductor Manufacturing
New Albany, OH
</p> <p>10 High-End Plumbing Fixtures
Henry County, VA
</p> <p>13 Last Mile Delivery Center
Tulsa, OK
</p> <p>16 Cheese Manufacturing
Abilene, TX
</p> <p>19 Steel Manufacturing
Sinton, TX
</p> | <p>2 Aluminum Can Manufacturing
Muncie, IN
</p> <p>5 Data Center (Cyprus-Bldg. 1)
Franklin County, OH
</p> <p>8 Plastics Extrusion
Ironton, OH
</p> <p>11 Poultry Processing - Expansion
Springdale, AR
</p> <p>14 Communication/Energy Wire Manufacturing
Marshall, TX
</p> <p>17 Zinc Smelting Plant
Victoria, TX
</p> <p>20 Air Filter Manufacturing
Kilgore, TX
</p> | <p>3 Motor Vehicle Parts Stamping - Expansion
Marion, IN
</p> <p>6 Biopharmaceutical Manufacturing
New Albany, OH
</p> <p>9 Pipeline Transportation of Natural Gas - Expansion
Kenova, WV
</p> <p>12 Thermal Component Manufacturing
Tulsa, OK
</p> <p>15 Fulfillment Center
Shreveport, LA
</p> <p>18 Metal Pipes and Tube Manufacturing
Corpus Christi, TX
</p> |
|---|---|---|

Community Support

Giving back to our communities is foundational to our vision of powering a brighter future. AEP's Community Relations goal is to support and play an active, positive role in communities where we live and work. Volunteerism and corporate giving are key elements of reaching this goal and are ingrained into AEP's culture.



Charitable Giving

AEP strives to build strong relationships with organizations focused on making a difference in the communities that we serve. Providing financial support to nonprofit organizations within our service territories is just one way AEP works to power change across our footprint. In 2022, AEP and the American Electric Power Foundation

donated more than \$41 million to support over 1,700 community organizations focused on education, basic human needs, social justice and community vitality.

Social Justice Grants

The social and racial unrest that swept across the country in 2020 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. In response, the AEP Foundation established Delivering on the Dream, a social justice grant initiative, to support nonprofit organizations that are working to dismantle systemic racism and injustices in our communities. Delivering on the Dream was funded with an initial \$5 million which will be distributed over five years. Since the launch in 2020, the AEP Foundation has supported more than 30 organizations across our 11-state territory with more than \$4 million in grants. The grant recipients include historically black colleges and universities (HBCUs), mentorship programs for children of color, and legal representation groups for underserved communities, in addition to other programmatic trusts.

Examples of 2022 Social Justice Grant Recipients

African American Leadership Academy (AALA) – Tulsa Community Foundation

Oklahoma | \$75,000 Grant

The African American Leadership Academy works to bring attention to the pool of capable and civic-minded African American professionals in Tulsa. Program fellows consist of mid-level and above African American leaders, who gain access to resources and tools that will aid with their career development.

The Justice Vault

Ohio | \$100,000 Grant

Innovators with unique solutions to solving challenges presented by systemic racism and injustices in central Ohio pitch ideas to the Justice Vault. The Justice Vault consists of private and public community leaders/funders who analyze their ideas like investors. High-potential innovators are selected by the Justice Vault and awarded with funds to implement their ideas. The Justice Vault's goal is to create equity in central Ohio through a "change, not charity" mindset.

Leadership, Education, Advancement & Development (L.E.A.D.) Project – The Rogers Development Foundation of Rogers

Arkansas | \$50,000 Grant

Funds provided to L.E.A.D. are dedicated to the engagement of Hispanic/Latino high school students in the Rogers school district. Funds enable the school district and area chamber to work on efforts to increase Hispanic/Latino graduation rates and to help them develop career pathways.

Education

In 2022, AEP continued to designate a significant portion of our philanthropic giving to Pre-K through 12 and higher education with a focus on science, technology, engineering and math (STEM). Many 21st century jobs will require proficiency in STEM courses, and these jobs have a high likelihood of delivering a living wage, which can provide a pathway out of poverty. Examples of AEP's educational contributions include:

- The AEP Foundation committed \$100,000 to the YMCA of Central Stark County in Ohio for the creation of a new STEM program. Known as "STEM at the Y," the year-round program will focus on college and career readiness along with workforce development for minority populations. Students will study STEM subjects ranging from biology to robotics to computer programming.
- PSO announced a \$50,000 grant from the AEP Foundation to the Broken Arrow Public Schools Foundation in Oklahoma. The grant funds equipment and tools for state-of-the-art STEM programs at Vanguard Academy, which opened during the 2021-2022 school year. Vanguard Academy is a dedicated STEM school with labs and workshops for students in grades 9-12.
- The AEP Teacher Vision Grants program helps remove funding barriers to innovative learning by offering grants of \$100 to \$500 to educators. The grants support teachers from pre-kindergarten

I believe representation matters. Being able to allow more girls, especially girls of color, to see someone like me in this type of position is encouraging. It keeps me motivated."

Peggy Simmons
Executive Vice President, Utilities



through grade 12 who live or teach in the AEP service area or in communities with major AEP facilities. In 2022, AEP provided 137 grants totaling \$63,858 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.

- The AEP Foundation approved a fifth year of funding for the Radford University Summer Bridge Program, which enlightens and encourages rising sophomore, junior and senior female high school students by facilitating a week of exploration in STEM opportunities for high school females from Virginia and other states.

AEP contributed over **\$41.1 million** to support over **1,700 organizations**



- 27% Education
- 17% Community
- 12% Hunger & Housing
- 6% Diversity Equity & Inclusion
- 38% Other

AEP Giving Focus Areas



Education



Community
Vitality



Basic Human
Needs



Social & Racial
Justice

Basic Human Needs

Over the past several years, the COVID-19 pandemic exacerbated the strain on an already taxed human services sector. Between job loss, inflation and an increase in the cost of living, more people are relying on nonprofits to help with housing, food, clothing and healthcare. In 2022, the AEP Foundation contributed over \$4.8 million to help support basic human needs throughout our service territory and beyond.

- In 2022, the AEP Foundation provided financial support to the Appalachia Service Project, which helped repair or replace 260 homes over a three-year span throughout Appalachian Power's footprint, allowing residents to stay in their homes and on their properties.
- In 2022, employee volunteers across AEP's service territory, including employees located in Louisiana, Texas and Kentucky, donated their time during the holiday season to help serve meals at Hiway 80 Rescue Mission Ministries, Immanuel Ministries Inc., Helping Hands Food Pantry of Zapata, and Facing Hunger Food Bank, Inc.

Community Vitality

The AEP Foundation strives to improve the communities in which we live, work and play. We do this by supporting community projects that enrich the lives of all citizens. These projects can improve the community physically by beautifying space, maintain the culture of

the community or protect the natural resources around the community.

- Through an AEP Foundation grant, the City of Bridgman, Michigan, is building an accessible playground. Universal design standards including accessibility will be used to build a new, sizable, single playscape in a location that also offers seven acres of large green space, basketball courts, a fenced-in dog park, a pavilion with bathrooms, a walking track, and cornhole boards.
- The AEP Foundation provided a grant to the Big Bend Conservation Alliance to preserve El Cementerio del Barrio de los Lipanes, which is a sacred site to the Lipan Apache Tribe located in Presidio, Texas. This project will protect the site from residential encroachment while serving three purposes – prevent erosion of the burial mound, limit trespassing, and teach about the area's Indigenous history.
- The AEP Foundation provided a grant to the Watershed Conservation Resource Center (WCRC) to support the creation of The River Institute of Northwest Arkansas. The River Institute will focus on environmental protection; restoration of rivers, riparian areas, wetlands, prairies and floodplains; and education about the importance in protecting water quality, ecosystems and quality of life. This project will be located on a 98-acre property purchased by WCRC and the City of Fayetteville in an effort to protect and restore the wetlands, floodplain and other natural features of the property.

Volunteerism & Engagement

AEP employees are committed to giving back to the communities where they live and work. In 2022, employee volunteerism rebounded since the onset of the pandemic and increased by 52% compared to 2021. Employees at every level of the organization work to help AEP establish a visible presence in our communities by rolling up their sleeves to help build affordable, energy-efficient homes, participating in local cultural parades, coaching youth sports teams and tutoring students in math, science and reading. AEP's volunteerism efforts are spearheaded by AEP leaders who serve on the boards of more than 120 nonprofit organizations.

Employees across the organization took advantage of AEP's Make A Difference Grant program. These mini grants of up to \$300 are available to groups of active and/or retired employees who wish to organize service projects in their communities. In 2022, these grants were used to fund more than 50 employee-led Make A Difference Day efforts, including the preparation of meals for families at the Ronald McDonald House in Corpus Christi, Texas, and an educational field trip for 20 students to a science museum in Shreveport, Louisiana.

Charles Patton Volunteer of the Year Award

Longtime AEP executive and community leader Charles Patton, retired in 2022 leaving behind a legacy of excellence at AEP and of service to others. AEP honored his legacy by establishing the Charles Patton Volunteer of the Year award. The award recognizes an employee or team that best reflects the spirit of Patton's service. In addition to the recognition, the AEP Foundation will make a contribution to the charity of the award recipient's choice.



Supply Chain Management

Disruptions across global and domestic supply markets continue to impact AEP and the broader industry. There are a number of key drivers that are constraining the available supply of material, equipment and services needed for operations. Geopolitical issues have impacted commodity and energy prices across the globe and have had a ripple effect on our suppliers. While many manufacturers are operating at full production capacity, they have not been able to keep pace with growing industry demand. Shortages of raw material, component parts, and labor are also driving many of the constraints across the supply market. As an example, grain-oriented electrical steel used in transformer manufacturing and electric vehicles is very limited in the domestic market. This has contributed to the extended lead times for manufacturers to produce the transformer quantities needed across the utility market.

AEP is deploying multi-faceted procurement strategies to manage the ongoing supply constraints. We are securing additional sources of supply both domestically and globally to secure critical materials such as transformers, voltage regulators and circuit breakers. We are also leveraging demand forecasting and supplier relationship management with key

suppliers to be one of their customers of choice in a very competitive market. We continue to identify inventory strategies to ensure the material, equipment and labor are available to meet construction deadlines for day-to-day maintenance and repair and weather events, as well as support new business development.

AEP's strategic focus on supply chain preparedness and resilience has proven critical to mitigating supply chain disruptions. 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. AEP is a member of the Sustainable Supply Chain Alliance (SSCA) that focuses on advancing supply chain sustainability best practices within the electric utility industry.



Helping Ukraine Keep the Lights On

In 2023, AEP joined the Edison Electric Institute (EEI) in an effort to identify and provide transmission equipment to Ukrenegro, a Ukrainian electricity system operator, to help restore power across Ukraine. Ukraine's energy grid has suffered multiple Russian military attacks since October 2022. Airstrikes and drones have targeted power plants and substations, including critical stations, destroying as much as 50% of the country's thermal and hydro power generating capacity. More than 1,000 people have put their lives on the line to restore power around the clock. Rolling backouts have enabled Ukrenegro to maintain power grid balance during bitter cold conditions; however, the stockpile of electrical equipment and repair materials was running low. Through EEI, AEP was able to work with Ukrenegro to identify the needed parts and equipment that AEP had on hand and, through the U.S. military, ship the materials to Ukraine.

“For over a day, the enemy has been continuously attacking our country's energy facilities. Last night, the 17th drone attack took place in southern and southeastern regions. Unfortunately, thermal power plants and main network objects again were hit.”

The report from the Ukraine's national transmission utility states

Supplier Diversity

Diversifying our suppliers within our supply chain is a strategic focus at AEP. 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 addition, 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.

Our goal is 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. This goal is in alignment with AEP's companywide Diversity, Equity and Inclusion goals and is tied to leadership incentive compensation. In 2022, we achieved 12.04% diversity spend of our total managed spend [8.82% Tier 1 diversity spend and 3.22% Tier 2 diversity spend]. In 2022, we increased spending with diverse suppliers by over \$182 million compared to 2021.

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 Procurement Policy requires the acquisition of goods and services with an estimated value above the minimum competitive bidding threshold to solicit a qualified diverse

supplier. All bid events for which a diverse supplier does not exist are documented. For the acquisition of goods and services below the minimum competitive bidding threshold, the inclusion of a diverse supplier is strongly encouraged as a good business practice.

In 2022, six diverse businesses working in the areas of Generation, Transmission, Distribution and Technology participated in the inaugural class of AEP's diverse supplier mentor-protégé program: the Growing Opportunities to Leverage Diversity (GOLD) Program. Participants created and executed a development plan to build their capabilities in addressing the needs of the utility industry. Success came in many forms. Two suppliers with previous experience with AEP were able to increase their business 100% and 500% because of this program, enabling them

AEP's Supplier Spend Profile - 2022



\$8.5 Billion

Total corporate spend on goods and services



48 Percent

Total corporate spend on locally based suppliers

\$4.1 billion



\$1.3 Billion

Total corporate spend on goods and services from small businesses



\$887 Million

Procurement spend on goods and services from diverse suppliers

Includes Tier 1 & 2 spend



to participate in available bid opportunities. All participants provided feedback that working with a mentor and key stakeholders allowed them to better navigate doing business with AEP

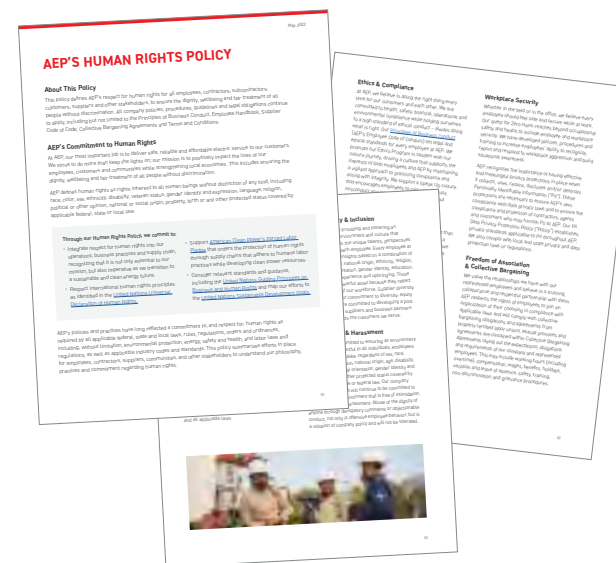
Supplier Code of Conduct

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.



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.

Request AEP's Scorecard



People

AEP's strategy focuses on cultivating an inclusive and high-performing culture where employees have the opportunity to thrive at work, at home and within their communities. We are committed to fostering a great place to work where performance reflects our employees' success and happiness and safety is our core value.

UN SDG Alignment:



Our employees are the pillars of AEP's success. Which is why we are focused not only on hiring, developing, progressing and retaining our employees but also on holistically supporting the financial, cultural and physical well-being of our workforce. This is done through effective and strategic human capital management, which is a critical enabler of business value. We are investing in our people to ensure we have the right practices and policies in place to provide a safe and healthy work environment; competitive and fair compensation and benefits; equitable access to career growth and development; and a supportive, inclusive and engaging culture. This is even more critical as we shift and plan for an ever-changing workforce.

Culture of Engagement

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. 2022 marks our ninth consecutive year of formally surveying employees about their experiences with culture at AEP, including the opportunity to provide feedback on their perceptions of the fulfillment they receive from their jobs. In 2022, 86% of our organization participated in the survey, and we continued to improve our performance remaining in the top decile compared to Gallup's overall company database. Additionally, in 2023, AEP received the Gallup Exceptional Workplace Award for the fourth consecutive year. This award recognizes organizations with engaged workplace cultures.

The culture survey provides a process for leaders to share results with their teams, facilitate

discussions to improve employee engagement and take actions toward that improvement throughout the year. AEP's Human Resources Committee of the Board reviews the culture and employee engagement results annually, providing additional oversight.

In addition to the culture survey, AEP provides leaders and employees with various culture-focused and engagement learning opportunities designed to provide resources on team building, communication and leadership.

Culture Goal ✓

Ensure an engaged, collaborative & appreciated workforce

by measuring our culture journey through our annual employee culture survey

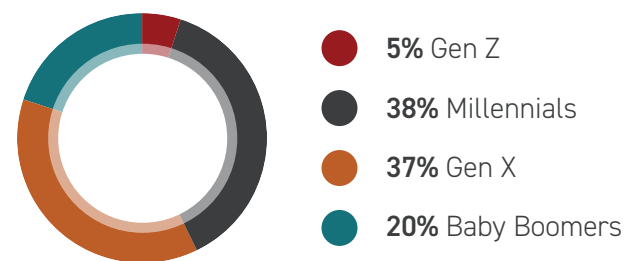


Workforce Development

As our company transitions toward a clean energy future, we are working to better understand the types of jobs and talent needed. We must consider several factors, including a changing and competitive job market; demographic and generational shifts; future employee retirements; and even where and how work gets done. We track and forecast the number of employees who plan to leave over the next several years. AEP's overall turnover rate is below 10%, including voluntary, involuntary and retirement turnover. Employee retirement presents the challenge of replacing legacy knowledge; however, it also creates opportunities to identify our future talent needs, diversify our workforce and leverage advancements in technology to shift more manual, resource-intensive and sometimes high-risk work to more automated processes.

We also must ensure that we are investing in talent capabilities that complement and support our customer base, especially as AEP continues to significantly grow our operations. For example,

AEP Workforce Demographics – 2022



Intel's \$20 billion investment to build two new semiconductor chip manufacturing plants in Ohio will require quite a bit of support from our AEP Ohio operations. This includes line workers, engineers, dispatchers and customer support to provide the service our customers expect. In response, we are identifying and hiring resources and making organizational changes so we are well positioned to support this growth as we continue delivering safe, affordable and reliable energy to all customers.



AEP has a growing co-op and internship program 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 2022, enterprise-wide, AEP provided 127 intern and co-op students with hands-on learning experiences across our operations.

One challenge we are addressing is the shortage of skilled labor, such as line workers. We are approaching this challenge through several workforce development initiatives focused on increasing the talent pool and eliminating barriers to hire line workers. For example, our Energy Delivery group and Public Service Company of Oklahoma (PSO) and Southwestern Electric Power Company (SWEPCO) Distribution departments have well established line worker internship programs through partnerships with local technical schools offering one- and two-year degrees in the electrical power field of study. Offering multiple recruiting paths, including internships, results in our ability to hire line workers at varying levels of skills and experience (i.e., Pre-apprentice through Journey) and increases the available pool of qualified candidates while optimizing training costs.

The PSO/AEP Diversity High Voltage Lineperson Scholarship Fund was established in 2022 to further diversify our field. This scholarship was created to provide a source of academic enrichment for female and minority students at Oklahoma State University Institute of Technology through PSO/AEP donations to the Oklahoma State University Foundation. Five recipients who are enrolled as full-time students and meet the academic criteria at OSUIT will be selected annually to receive a \$5,000 scholarship.

As part of a recruiting effort to address an industry-wide shortage of female line workers, in 2022, AEP Ohio partnered with local community non-profit agencies to pilot the Women in Linework (WiL) Program. The development program offered technical training, career readiness, mentoring, wrap-around support services and pre-apprentice educational assistance with the goal being full-time employment with AEP as a line worker upon completion. WiL is designed to remove barriers that hinder women from entering the field of line work. In 2023 and beyond, AEP Ohio will build on this foundation to establish future programs not only for women in Ohio but also for all underrepresented populations across the AEP enterprise.

In addition, we partner with federal 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 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 also 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.

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 Your 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.

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



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 sponsor programs and events that focus on employee education, career advancement and personal and professional development.

10% of AEP's employees are military veterans

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.

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



Our model and approach to learning is evolving as we focus on providing our employees with tools to excel in their careers. Employees have consistently asked for learning and development opportunities. Creating an efficient way to encourage employees' growth and development aligns with AEP's goal to equip our workforce and improve our employee experience. Career growth and development efforts include:

- **AEP's Targeted Development Program**
Focuses on developing the skills to support our business today and for the future. The programs allow AEP to develop a deeper, more diverse talent bench.
- **Transmission & Distribution University (TDU)**
Focuses on equipping employees with the right technical tools and resources to optimize learning and ensuring all employees are trained and qualified for work while giving them the opportunity to own their development.
- **Performance Reviews & Coaching**
Focuses on ongoing development, coaching and support to ensure employees are setting and achieving their professional goals and gathering performance feedback from their leader and peers.
- **Training**
Beginning in 2022, AEP provided all employees with access to LinkedIn Learning to empower them take charge of their development and

Leveraging Technology to Improve Work Processes

Technology and innovation are deeply rooted in the fabric of our culture at AEP. We view technology as an enabler to drive positive change for our employees, customers and communities. This includes empowering our employees to identify cost-effective and efficient solutions to better inform business decisions and keep our customers' lights on. Advancements in technology proved valuable in 2022, when AEP line crews were asked to help restore power to customers in Florida after the devastating effects of Hurricane Ian. Crews leveraged new devices such as better-equipped iPads, applications and tools that were implemented as part of AEP's multi-phase Field Mobility Project. This allowed for more efficient and effective communication providing the ability to easily assign crews to worksites, match crews' skillsets to job assignments, and overall speed up the restoration process. The project will continue driving process improvement and work to get crews the tools they need to be effective.

career growth. This includes access to an online video training library that offers 8,700 expert-led courses in technical, business, software, creative, and business skills. In addition, through our Learning Management System (KEY) our employees completed more than 951,000 hours of training to enhance their job skills and career development in 2022.

- **Apprenticeship Training**

To recruit, build and retain a highly skilled workforce, AEP offers apprenticeship training for high-demand technical jobs such as line workers. In 2022, AEP provided apprentice training to nearly 1,000 employees. In addition, AEP helps train apprentices from outside organizations that do not have internal training programs.

- **Educational Assistance**

Through our educational assistance program AEP will pay 100% of expenses for full-time employees, up to \$5,250 for undergraduate degree programs and \$7,500 for advanced degree programs for tuition, administration fees, books, and certain other mandatory expenses required for educational course work that the company recognizes as job-related or targeted for career development. Part-time employees are eligible for reimbursement up to \$2,625 for all programs.

- **Certification Programs**

AEP also provides reimbursement for certificates and certification programs up to an annual limit of \$5,250, debt-free grant opportunities, access to textbook rental discounts, and discounts on tuition from hundreds of colleges and universities, some of which also offer discounts to dependents.

- **Tuition Discount**

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.

In 2022, we invested more than \$3.2 million in employee education, supporting over 1,000 employees through our educational assistance program.



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 strives to support employees in achieving balance in their personal and professional lives. We offer a comprehensive set of employee benefits and regularly benchmark our offerings to ensure that we keep pace with our competitive labor

market and evolving employee needs. In 2023, after a review of our Parental Leave, AEP enhanced our benefit to provide six weeks of 100% paid maternity leave and an additional six weeks of 100% paid parental leave for both births and adoptions. This equates to a total of 12 weeks of paid leave for birthing parents. The expanded benefits will provide our employees with additional time to bond with their new child, focus on their wellbeing, and adjust to their new circumstances. It also ensures that we have a competitive and contemporary culture to attract and retain the diverse talent needed for future success.

“There is no better return than investing in the development of our employees. We are committed to providing the necessary resources that support our employees as they strive to realize their full potential. Programs such as LinkedIn Learning will help us to achieve that goal by providing current and relevant content and making it easier for all AEP employees to manage their development and growth.”

Phil Ulrich, Executive Vice President and Chief Human Resources Officer



AEP Employee Benefits

- 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
- Vacation
- Sick pay
- Training programs
- Legal services
- Vacation purchase program
- 401(k) with matching contributions
- Wellness program
- Employee Assistance Program
- Financial planning
- Maternity and Parental Leave
- 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.

Labor Relations

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 trusting, collaborative and respectful partnerships with our labor unions. Nearly one-fourth of our workforce is represented by labor unions. We invited employees to participate in our annual employee culture survey and in 2022 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.

AEP fully recognizes its employees' rights to join an organization of their choosing and the importance of complying with collective bargaining agreements (CBAs) from properly certified labor unions. AEP has negotiated CBAs for its represented employees and supports contractors' use of represented workers. These CBAs include terms such as work hours; total compensation, including wages, benefits, holidays, vacation, and leaves of absence; safety policies; training opportunities; non-discrimination policies; and grievance procedures. In February 2023, the National Maintenance Agreements Policy Committee (NMAPC) certified that AEP is in good standing with the NMAPC and the National Maintenance Agreements to which AEP is a signatory.

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 in addressing 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 in our transition toward a clean energy future.

We continue to support 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.

Organized Labor at AEP – 2022

Labor Unions	Employees
International Brotherhood of Electrical Workers	3,091
Utility Workers Union of America	448
United Steelworkers of America	220
United Mine Workers of America	85
International Union of Operating Engineers	2
Total	3,846

As of 12/31/2022

Safety & Health

Safety is deeply embedded in our culture and values at AEP. Our goal is Zero Harm – zero fatalities and zero injuries – because we care that everyone goes home in the same condition as when they came to work. This commitment extends beyond our workforce and contractors to protecting the public within the communities in which we work and live.

Safety And Health Goal 

Achieve zero harm

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

AEP puts Zero Harm at the top of our everyday focus. Unfortunately, we experienced both an employee fatality and a contractor fatality in 2022, the first such incidents since 2020. We experienced another tragic loss in 2023 when an employee was fatally injured while working on the job. These events reinforce the importance of our endless commitment to a strong safety culture and the work it takes to continue to operate safely amid myriad distractions. The loss of life is heartbreaking and unacceptable and we are committed to doing better in the future. We are

ramping up efforts to prevent Serious Injuries and Fatalities (SIFs), strengthen pre-job briefing effectiveness, focus on frequent and significant incidents and improve our defensive driving skills.

It's important to acknowledge progress on the journey to Zero Harm, but we also must recognize the challenges and setbacks, and address the risk associated with the work we perform. Our overall employee Days Away/Restricted or Transferred (DART) rate performance improved slightly in 2022 compared to 2021, while our contractors' DART rate worsened. For our employees, slips, trips and falls, along with sprains and strains, accounted for roughly two-thirds of the DART incidents. However, we did make progress and experienced a reduction in injuries linked to sprains and strains and had an overall 16% improvement in our severity rate. In addition, more than 84% of AEP's reporting locations completed the year without a DART event.

The commitment to achieving Zero Harm is exhibited at all levels of the organization. That includes our Board of Directors, who collectively 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 proactive safety activities, which is reflected in our annual performance metrics and incentive compensation.

“So many factors go into our pursuit of Zero Harm. As an organization, we must first have an undeniable belief that Zero Harm is attainable. That if we all work together, watch each other's backs and hold each other accountable, we can reach this goal.”

Chris Beam, Executive Vice President, Energy Services



Safety & Health Performance at AEP

	2021	2022
Employee DART Rate	.430	.424
Contractor DART Rate	.407	.438
Employee DART Incidents	75	76
Contractor DART Incidents	61	74
Employee Injury Severity Rate*	19.11	16.13

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.

Safety & Health Initiatives

One of the most effective ways to build a strong safety culture is through frequent information sharing. AEP is a learning-centric organization, and our culture reflects that through proactive safety initiatives and data analysis designed to identify and address performance gaps. This information is used to create our strategic goals to help keep our employees and contractors safe.

Two initiatives where this approach are most visible is our Good Catch and Coaching through Observation, Recognition and Engagement (CORE) Visit programs. More than 106,800 CORE visits were conducted with AEP and contractor teams in 2022, representing a 6% increase over 2021. Good Catches increased by 40% in 2022 compared to 2021, with the majority focused on stop-the-job Good Catches and submissions addressing slips, trips falls, sprains and strains.

We also seek to identify hazards and share best practices and lessons learned through our Audit Services team, which conducts safety and health audits throughout our service area. In 2022, the team completed 29 safety and health audits, which included site visits at 44 locations. The audit results are then shared in detail with leaders. The Audit Committee of the Board also receives updates.

Targeted CORE Visit Assessment

Pursuing frontline safety performance improvement can require a closer, more thorough review of every touch point in a work process. Through AEP's innovative Targeted CORE Visit Assessment process, root causes of ongoing safety issues are identified and then discussed to ensure employees and supervisors understand the safety hazards and appropriate company safety policies and procedures to prevent harm. Identifying strengths and opportunities allows AEP to make adjustments in its pursuit of Zero Harm. In 2022, through this effort, frontline leaders identified opportunities to reinforce key procedures and best practices related to high-risk work and are focusing our communication efforts to address these opportunities across the company.

SIF Program & Activities

Across the utility industry, there has been steady progress in reducing Occupational and Safety Health Administration (OSHA) recordable injuries, but improvement in the elimination of serious, life-changing injuries has plateaued. AEP set out to change that in 2020 and continues to build on its Serious Injuries and Fatalities (SIF) prevention program to identify and mitigate high-energy hazards. After introducing the SIF Safety Classification and Learning Model, developed by the Edison Electric Institute (EEI), AEP has followed with a series of training programs designed to

heighten employees' hazard-recognition skills and understanding of the direct controls needed to mitigate the hazards that protect us. That includes the introduction of "High Energy" icons used as visual cues to help employees remember to look for high energy hazards.

Special workshops were held and will continue into 2023 to add greater rigor to pre-job briefings, providing deeper counsel in integrating the SIF "High Energy" icons into these critical

conversations, and enhancing teams' ability to fully identify and mitigate hazards. Our efforts included a special video-based communications program that showcases how teams are using the SIF icons effectively and to demonstrate what good looks like in a pre-job briefing. These videos provided to the field also highlight the layers of protection that teams are building into their work plan to mitigate the risks associated with the high-energy hazards present at the site.



Safe Driving Strategies

We have more than 8,400 AEP vehicles on the road driving over 90 million miles annually. This makes driving the most significant risk our employees face every day. Several years ago, we began to sharpen our focus on reducing risks associated with driving. We did this by establishing a comprehensive, layered and sustainable strategy that centered primarily on changing behaviors. Much of that is focused on AEP's onboard cameras, which produce valuable data involving near-misses, accidents and other actions that can lead to critical coaching moments. The cameras work in conjunction with AEP's defensive driving training, providing insights into the curriculum.

In 2022, AEP began another phase of defensive driving training, kicking off a program that blends behind-the-wheel and virtual instruction for over 6,000 employees. In addition, a new initiative was launched targeting the prevention of vehicle rollover incidents, combining human performance improvement elements with onboard technology.

Our efforts to improve driver safety are continuous because the driving risk will never go away as long as we share the road with others. This is why we are focusing on what we can control to strengthen behavioral excellence on the road.

AEP's Safety Culture Extends to Our Communities

AEP's strong safety culture and commitment to Zero Harm extends beyond our workforce to protecting the public within our communities. A four-man line crew in Texarkana demonstrated their heroism in 2022 while working to extend service to a new development in Arkansas. Near the worksite, the crew heard an explosion and saw a man engulfed in flames from head to toe. The AEP crew immediately jumped into action, rendering life-saving aid. One employee used his own flame-retardant shirt to put the flames out, others helped remove the outer layer of clothing that was engulfed in flames, and another employee grabbed a fire extinguisher from the truck to put the fire out. Through the crew's quick action, the man was treated and released with second-and third-degree burns and has since made a full recovery.



A four-man crew in Texarkana was recognized with the Chairman's Life Saving Award for saving the life of a local landowner.

“In life, you never know where you might be placed to make a difference. This crew, these guys are heroes, they are first responders, they lead with their hearts and their actions epitomize our belief in people helping people.”

Brett Mattison, SWEPCO President & COO

Contractor Safety

Contractors continue to perform important work for AEP's Utilities, Energy Delivery and Generation teams. In 2022, their work accounted for nearly 34 million hours. Over the past few years, AEP has made considerable investments in time and energy to improve contractor safety, approaching the effort with the same commitment to Zero Harm as our own workforce.

In 2022, the overall contractor DART rate performance declined compared to 2021. Our Forestry contractors had a challenging year, experiencing an increase in overall injuries. Through a newly established approach to vegetation management – Future of Forestry Initiative – new controls are being created to align efforts in a Joint Injury Prevention Strategy. This is bringing increased oversight and focus on proactive activities.

AEP will continue its efforts to improve contractor safety culture and reduce injuries. That means maintaining momentum we made in 2022 with contractor engagement, which was in large part due to CORE visits. A greater focus has emerged that looks at leading indicators and identifies the at-risk behaviors associated with the hazards that are causing injuries to contractors. These insights lead to coachable moments that map directly to the outcomes AEP is seeking. Our

efforts strengthen the relationships we have with contractors, while creating more meaningful opportunities to work together on the risks and behaviors affecting the more than 850 contractor companies who work on AEP's behalf.

Public Safety

One of the fundamental ways we serve our communities is by working to keep them safe. Educating the public about staying safe around electricity empowers our communities to join our pursuit of Zero Harm.

Social media is an ideal platform for sharing stories about AEP's safety culture and touching on key issues. AEP published more than 1,700 safety posts across its Facebook, Twitter, Instagram and LinkedIn channels in 2022. A mainstay of that effort is our long-running #SafetySaturday series, which offers tips for storm preparedness, winter driving, contractor safety, avoiding overhead and underground lines, general electrical safety, and more.

Near the end of 2022, we began testing a new channel: YouTube. Short videos were aimed at connecting educators with available classroom safety resources and warning of holiday-season electrical hazards. Our pilot campaigns resulted in more than a quarter million video views. These encouraging results will lead to further testing in our efforts to engage and educate the public.

Meanwhile, we distributed more than 77,500 information packets to third-party contractors in 2022. The mailers include electrical safety tips, suggestions and resources, often printed in multiple languages. Recipients include skilled workers, tradesmen and laborers who might encounter our overhead or underground wires, such as those involved in agriculture, landscaping, excavation and private construction, among others.

Despite our efforts, two public fatalities occurred in 2022 in our service territory, each due to electrical contact. Though the number is down from 2021, any public fatality reinforces our already-strong commitment to educating our communities, bringing awareness to hazards they may face, and identifying new ways to keep everyone safe.



Workforce Safety & Security

We believe every employee should feel safe and secure while at work. That includes both in the field and office. Zero Harm must extend beyond occupational safety and health to include employee and workplace security. Numerous policies, procedures and training modules increase employees' ability to recognize, report and respond to security issues or workplace aggression.

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**
Employees participate in an interactive and virtual exercise to build situational awareness of their surroundings and identify ways to respond and protect.
- **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.

- **Customer Threat and Aggressive Behavior**
For our field employees, this includes de-escalation techniques when someone threatens the safety of our employees.
- **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. Members of our Enterprise Security team have become certified instructors for the Stop the Bleed® program and can now train and certify other employees in this life-saving skill.

Diversity, Equity & Inclusion

AEP is committed to cultivating a diverse, equitable and inclusive work 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.

Diversity, equity and inclusion (DEI) is a strategic priority for AEP. We established four key principles to guide our efforts, including setting objectives to increase the inclusion and advancement of underrepresented groups, including gender, gender identity, racial and ethnic minorities and differently abled; establishing leadership accountability around DEI outcomes; building and maintaining a workforce that reflects the communities we serve; and, supporting the communities we serve so they will prosper. 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.

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, pay equity and compliance with equal opportunity laws.

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](#)
- [Business Roundtable's Statement on the Purpose of a Corporation](#)
- [Edison Electric Institute \(EEI\) Advancing Racial Justice, Diversity, Equity, and Inclusion](#)

Building a culture where employees of all backgrounds feel welcome is a priority for AEP. In 2022, leaders and employees across the company worked together to help AEP achieve key DEI goals.

AEP's DEI Guiding Principles & Objectives

Principles	Objectives
Leadership Accountability	Establish leadership accountability around DEI outcomes <ul style="list-style-type: none"> • Continue to measure representation, talent development and movement at the enterprise and business unit levels • Refresh talent planning and review process • Increase communication across the enterprise about DEI progress
Diverse Workforce	Build and maintain a workforce that reflects the communities we serve <ul style="list-style-type: none"> • Increase the number of diverse leaders within development programs and successor pools
Inclusive & Equitable Workplace	Promote an inclusive culture where all employees can thrive <ul style="list-style-type: none"> • Increase DEI engagement through programming, mentoring and development • Measure ERG participation and effectiveness • Measure inclusion progress through annual employee culture survey
Community Well-Being	Support the communities we serve so they will prosper <ul style="list-style-type: none"> • Increase volunteerism and amplify community impact stories across service territories • Increase spend with small and diverse businesses in our communities

Updated as of September 2023

AEP Employee Representation

	Employees	Females	%	Minorities	%
Total Employment	16,974	3,455	20%	3,433	20%
Officials & Managers	3,124	556	18%	440	14%
Professionals	5,859	1,673	29%	1,283	22%

Updated as of December 31, 2022

AEP DEI Strategy in Action

- **Access To Opportunity Standard**

AEP understands the importance of increasing the depth of our diverse talent pool. To achieve this, the company committed to being more intentional in hiring practices and holding leaders accountable for results in this area. In 2022, AEP launched the Access to Opportunity standard. This standard will enhance AEP's efforts to increase representation of females and minorities within AEP leadership. The initiative standardizes hiring practices that many parts of the company had previously implemented. This includes having Talent Acquisition include minority and female candidates in hiring slates and ensures that hiring managers use interview panels consisting of diverse teams of AEP Leaders. This new framework allows AEP to measure how hiring actions are supporting the DEI strategy. All hiring managers and interview panelists are required to take the Mitigating Bias in Candidate Selection Process training, which launched at the end of 2021.

- **Inclusion, Diversity, Equity & Accessibility Summit**

AEP furthered DEI learnings through its first Inclusion, Diversity, Equity and Accessibility (I.D.E.A.) Summit in 2022. The event explored potential actions leaders could take to create change and advance DEI at AEP. Harvard University's Dr. Robert Livingston, one of the

country's leading experts on bias and racism in organizations, was the keynote speaker. Dr. Livingston utilizes a science-based approach to examine how businesses can create social change in their companies. AEP leaders received strategies and a framework on how to have conversations on bias and racism and all employees received access to Dr. Livingston's presentation. Dr. Livingston's materials were also used to develop new training at AEP.

- **Gallup Pulse Survey**

To learn more about employee sentiment regarding AEP's DEI efforts and workplace equity, AEP launched the company's first Pulse Survey in partnership with Gallup. The survey was sent to all employees and measured employee sentiment in several indexes including Career Equity, DEI Initiatives and AEP's Culture of Inclusion. Each survey index consisted of multiple questions designed to gauge employee perceptions. The results provided AEP with critical insight and takeaways that will inform future DEI efforts.

- **DEI Advisory Council**

AEP relaunched its DEI Advisory Council, which consists of decision-makers from across the company who own AEP's DEI strategy. The council meets quarterly to ensure the execution of key DEI initiatives across AEP. Other council priorities include planning and reporting on culture, workplace environment and DEI-related policies.

- **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. In 2022, we partnered with an external vendor to conduct an independent study to reinforce our pay equity efforts. AEP is committed to analyzing and addressing pay equity issues for female and minority employees annually.

- **Affirmative Action Program**

We remain committed to Affirmative Action and improving minority and women representation across all areas of our business. In 2022, AEP's Human Resources team developed 93 affirmative action plans for all AEP sites with more than 50 employees. In addition, we successfully passed five external audits conducted by the Office of Federal Contract Compliance Program (OFCCP) with zero violations. Each plan contains goals and guidance for leaders to help them diversify their workforce at their respective facility.

DEI Partners & Allies

Our diversity efforts are fueled through several internal and external initiatives, programs and partnerships. Through educational institutions, professional associations, community organizations, employee resource groups (ERGs), DEI Liaisons 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.

AEP is also focused on supporting local businesses who serve our communities. In 2022, AEP invested \$1 million in Adelphi Bank whose goal is to improve the lives of their customers by removing barriers to financial equity. Located in Columbus, Ohio, Adelphi Bank is committed to simplifying the complex world of finance and boosting financial equity by building meaningful wealth without inherent bias. Their efforts align with AEP's DEI strategic priorities, and we are proud to invest in a company that is removing barriers to enable equitable economic success.

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. ERG strategic priorities include recruiting and retaining diverse employees, identifying and participating in community volunteerism opportunities, building cultural competency among our employees and positively impacting the business.

“Our ERGs are an invaluable resource at AEP. They represent the voice and the heart of our employees by creating a community of support and a workplace culture that values diversity and inclusion. Our ERG members offer perspectives and contributions that enable progress at AEP and adds to the company’s overall success.”

Janelle Coleman
Vice President, Community Engagement, Diversity, Inclusion and President, AEP Foundation



ERGs played a critical role in AEP’s efforts to build an inclusive environment in 2022. Notably, AEP officially launched the Women @ Work Employee Resource Group, which focuses on providing women with the tools and resources for both personal and professional growth. This ERG also focuses on addressing gender-related barriers faced by women and is open to employees of all

genders to encourage learning and education about the obstacles women face in the workplace.

AEP’s ERGs also convened for the first ENERGY Experience. The event, led by AEP’s DEI team, focused on giving ERGs a platform to share initiatives, collaborate and learn about professional development resources. Each ERG was represented by its organization’s leadership. Leaders spoke about their respective ERG’s work and how employees can continue to engage through events and programming. Our ERG leaders also met with our outgoing and incoming CEOs during their annual CEO ERG Roundtable. This provided a chance for the ERGs to share 2022 accomplishments and learn about the Company’s plans for 2023, giving them important access to senior leaders.

ERGs at AEP

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

Another example of how AEP empowers employees to find a community of belonging is through employee-led affinity groups. Affinity groups provide a platform for employees who are committed to influencing positive change to connect on shared interests. For example, AEP’s Empowered Parents and Caregivers affinity group provides an open and supportive atmosphere for all employees who serve as caregivers. Understanding that variability exists within caregiving, the group recognizes the value of amplifying voices, the importance of a solutions-oriented network, and the magnitude of strength and comfort generated through shared experiences. The group works together to elevate meaningful conversations to enhance the work environment, policies and benefit offerings that impact working parents and caregivers. In 2022, they identified opportunities to increase or add dedicated lactation and wellness rooms at some of our facilities. This group aims to help attract and maintain an interconnected and diversified community of belonging and support.

Leadership Diversity

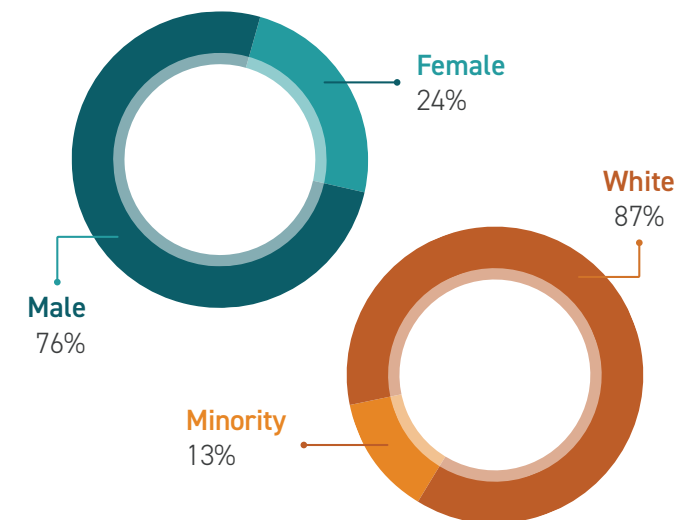
Leadership diversity lays the foundation for enabling a more inclusive workforce that breaks down silos and creates a trusting, engaging and collaborative work environment. We set specific objectives to champion the attraction and promotion of diverse leaders and are making progress. As of December 31, 2022, AEP’s executive/senior leadership comprised 24% women and 13%

racial and/or ethnic minorities, compared with approximately 22% and 12%, respectively, in 2021.

Recently, AEP achieved a pair of firsts with two leadership appointments. Julie Sloat became American Electric Power’s 11th president in 2022 and the company’s seventh chief executive officer in 2023. With this appointment, Sloat became the first woman to lead AEP in its 117-year history. In addition, Sara Martinez Tucker was appointed to serve as AEP’s first female lead director on AEP’s Board of Directors. These two historic appointments, in addition to increasing the diversity of our leadership team, represents the forward progress AEP is striving to achieve to be more reflective of the communities we serve.

Executive/Senior Leadership Diversity – 2022

Represents employees in an executive/senior level position.



Governance

Effective corporate governance is essential for ensuring a company operates with integrity, transparency and accountability in effort to create long-term value for its stakeholders. AEP is committed to establishing clear lines of responsibility, promoting ethical behavior, managing risk, and ensuring compliance with laws and regulations.

ESG Governance

Strong corporate governance plays an important role in ensuring ethical, fair and transparent business practices. Leadership and governance are foundational to building and strengthening sustained business value while balancing the challenges of a changing society and the interests of investors, management, employees and other stakeholders.

At AEP, we are committed to strong and effective corporate governance by ensuring our Board is diverse, independent and highly qualified with relevant skills and professional experience. This includes knowledge and expertise on important ESG issues that could potentially impact AEP's long-term strategy and value creation, such as human capital management; safety and health; climate change; diversity, equity and inclusion; and cyber and physical security.

ESG is integrated within AEP's operations and business strategy and therefore discussed by the Board of Directors and its committees throughout the year. This includes the Committee on Directors and Corporate Governance (Governance Committee) that oversees AEP's Corporate Sustainability Report and ESG performance, as well as political engagement. AEP's Vice President and Chief Sustainability Officer reports to the Governance Committee at least twice a year. In addition, the Lead Director of AEP's Board of Directors conducts annual governance outreach with some of our largest institutional shareholders.

The Chair of the Board and Chief Executive Officer also engage on these issues throughout the year with investors and other stakeholders.

AEP also has structured oversight to support sustainability, ESG performance and disclosure at the management level. This includes cross-functional management committees and councils that focus on ESG-related issues, including an Enterprise Sustainability Council (ESC) and a Corporate ESG Committee.



Board Fact Sheet

- ✓ Independent Lead Director
- ✓ Independent audit committee
- ✓ Independent compensation committee
- ✓ Independent corporate governance committee
- ✓ Board flexibility on its leadership
- ✓ Annual Board elections
- ✓ Director majority requirement & resignation policy
- ✓ Confidential voting policy
- ✓ Annual review of independence of Board
- ✓ Annual Board and committee evaluations
- ✓ Board orientation/education program
- ✓ Proxy access & universal proxy for Director nominations
- ✓ Director stock ownership & holding requirements
- ✓ Executive stock ownership & holding requirements
- ✓ Shareholders approve stock compensation plan
- ✓ Equal voting right policy
- ✓ Shareholders vote on executive pay
- ✓ Executive compensation based on performance
- ✓ Executive compensation for ESG performance
- ✓ Succession planning
- ✓ Policy on Board size
- ✓ Board independence requirements
- ✓ Board experience requirements
- ✓ Board diversity requirements
- ✓ Corporate governance documents publicly available
- ✓ Annual shareholder outreach program
- ✓ Charter does not contain poison pill

Board of Director information as of April 25, 2023

ESG Governance & Oversight

Board of Directors Board Committee Oversight							
<p>Audit Committee</p> <p>Oversees AEP's financial statements, financial reporting and internal controls over financial reporting, compliance, independent auditor, internal audits and managing major risks.</p>	<p>Directors & Corporate Governance</p> <p>Oversees Board qualifications and selection; Board independence, composition, size and committees; Board evaluation and education; Corporate Governance Principles; corporate compliance; Corporate Sustainability Report; and political engagement.</p>	<p>Executive Committee</p> <p>Acts on behalf of the Board of Directors in handling matters that need immediate attention.</p>	<p>Finance Committee</p> <p>Oversees monitoring capital requirements, capital deployment and financing plans and programs of AEP and its subsidiaries; and short- and long-term financing plans and programs of AEP and its subsidiaries.</p>	<p>Human Resources Committee</p> <p>Oversees CEO and senior executive goals, performance, salaries and compensation; employee incentive, long-term and equity compensation plans; benefit programs; culture and employee engagement; DEI strategy and performance; succession planning; and human capital risks.</p>	<p>Nuclear Oversight Committee</p> <p>Oversees management, operation, safety, reliability of nuclear operations; compliance with nuclear safety, operations and environmental law and regulations; and control or mitigation of nuclear risks.</p>	<p>Policy Committee</p> <p>Oversight of AEP's policies on major public issues affecting the AEP System.</p>	<p>Technology Committee</p> <p>Oversees AEP's IT strategy, investments and internal and external labor strategy; IT policies, standards and controls; information, cybersecurity and data privacy risk management; and response to address cyber, operational and other business disruptive incidents.</p>

Executive Leadership Team Executive/Senior Leader Working Committees & Councils									
Risk Executive Committee	Climate Change Executive Group	Reliability Compliance Strategy Team	Reliability Compliance Committee	Safety & Health Committee	Diversity, Equity & Inclusion Advisory Council	Social Issues Advisory Council	Environmental & Social Justice Advisory Team	Third-Party Risk Governance Committee	Executive Policy Advisory Committee

Vice President & Chief Sustainability Officer Cross-Functional Working Committees & Councils	
<p>Enterprise Sustainability Council</p> <p>Members represent all aspects of our business, serving as strategic ambassadors and providing guidance and support to ensure the success of our sustainable development strategy. They do this by integrating sustainability across the enterprise and in corporate strategy.</p>	<p>Corporate ESG Committee</p> <p>Representing cross-functional leaders across AEP, this team supports the fast-paced growth and evolution of ESG and focuses on how we manage our ESG performance and disclosure. This includes monitoring new and emerging issues and developing strategies for how we respond.</p>

Board Diversity

In addition to requiring directors to possess the highest personal and professional ethics, integrity and values, we also have criteria to ensure a diverse slate of director nominees. Diversity in experiences, gender, and racial and ethnic backgrounds, age and geography provide us with a broader perspective on issues both inside and outside of our company. It also enables our Board members to leverage each other's strengths and talents to ensure effective oversight of AEP's performance.

We receive recognition for our leadership diversity efforts at the board level and more broadly. AEP remains on the 50/50 Women on Boards for having three or more women on our board of directors – recognizing our commitment to gender diversity in leadership. In addition, in 2022, AEP's Board of Directors named Sara Martinez Tucker as its Lead Director, becoming the first woman to hold this role in AEP's history.

For more information on AEP's Board of Directors and its committees, visit our [2023 Annual Proxy Statement](#).



Skills, Qualifications & Experiences*	# of Directors
Senior Executive Leadership & Business Strategy: CEO or significant senior experience with an understanding of complex organizations, strategic planning, risk management, human capital management and corporate governance.	13
Finance or Accounting: Experience in accounting or finance, including oversight of financial reporting and internal controls of a company, and capital allocation.	6
Innovation & Technology: Management or oversight experience in technological trends, digital platforms, cybersecurity, and development of new technologies, including those that result from shifting energy policy and environmental regulations.	6
Regulated Industry Experience: Experience in the utility or energy industries, nuclear energy operations or in other highly regulated industries, including experience with the risks and public policy issues associated with the electric utility industry.	12
Government, Legal & Environmental Affairs: Experience in law, government, public policy or environmental affairs and understanding of effective strategies in these areas.	6
Industrial Operations & Safety Experience: Experience managing maintenance and growth investments of complex capital projects and oversight of safety-related programs and performance.	10
Customer Experience or Marketing: Management or oversight experience in consumer businesses, customer service and marketing.	5
Talent: Experience overseeing programs and performance related to employee development and the development of leadership skills and talents in others.	6
Risk Management: Experience overseeing or managing financial, operational and other significant risks that affect the Company.	7
Cybersecurity & Physical Security: Experience overseeing the security of business and operational technical systems and physical assets.	6

*Details a focus area or expertise a director has identified as core and on which the Board particularly relies. This summary is not an exhaustive list of directors' skills or contributions to the Board and does not mean additional directors do not have that qualification or skill.

Board of Directors Quick Facts

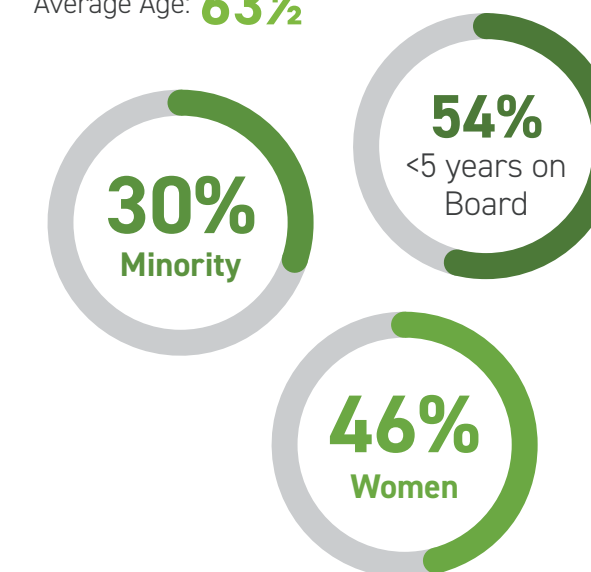


11 of our 13 directors are independent
(all directors except Chair and President & CEO)

Average tenure on AEP Board



Average Age: **63½**



Ethics & Compliance

At AEP, we are committed to health, safety, 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 issues, trends and goals. AEP's ethics and compliance partners include: Gartner, the Society of Corporate Compliance and Ethics, the Association of Corporate Counsel, the Deloitte Energy Ethics Roundtable and the Central Ohio Ethics Officer Forum. We also leverage peer benchmarking and encourage the discussion of leading practices to help inform AEP's policies and efforts.

Our [Principles of Business Conduct](#) place responsibility for acting legally and ethically with everyone – from executive leadership to 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. Significant updates were made to the Principles of Business Conduct to reflect AEP's ongoing culture transformation. These updates reflect our culture, goals, regulations and work structures.

The Ethics and Compliance (E&C) department strives to meet employees where they are and has pivoted to use virtual tools to increase employee engagement, especially as we saw an increase in interaction with our frontline employees. The Ethics department utilizes a variety of tools and resources to educate employees and encourage a culture of compliance.

For example, the E&C department regularly launches "Hotspots," a feature that provides a brief overview of specific ethics issues that are posted quarterly on the company intranet site to be used as discussion topics in employee meetings. Hotspots bring awareness to real-life issues that employees have faced while working at AEP. Additionally, E&C offers quarterly virtual sessions called "Coffee with Compliance" for employees to learn how ethics and compliance show up in an employee's daily work. These sessions accompany the quarterly Hotspots.

AEP's culture of trust and transparency requires a commitment from everyone at every level of the company to ensure we act with the highest level of ethics and integrity in every situation. AEP's Speak Up Policy communicates the importance of open dialogue and the expectation that all employees will report suspected misconduct.



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.



Employee Training

The E&C department provides in-person and virtual training educating employees on the Ethics program and the confidential Concerns Line. AEP's company-wide required Ethics & Compliance training includes:

- Federal Energy Regulatory Commission (FERC) Affiliate Restrictions
- FERC Standards of Conduct
- Principles of Business Conduct
- Conflicts of Interest and Annual Disclosure
- The Power of Respect
- Microaggression Training
- Rules of the Road (Ohio and Texas)

AEP's Sexual Harassment Prevention Workshop, "The Power of Respect," aligns with our safety culture of "See Something, Say Something, Do Something" to go beyond compliance and practice 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, more than 4,000 supervisors have completed this mandatory training.

AEP's "How to Address Microaggressions in the Workplace", is an instructor-led training program that teaches employees how to identify and address microaggressions in the workplace, how to encourage witnesses to be active bystanders and how to foster safe communication among employees.

Human Rights at AEP

AEP's [Human Rights Policy](#) demonstrates our long-standing commitment to, and respect for, human rights. The policy organizes new and existing expectations for employees, contractors, suppliers, communities and other stakeholders 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.



Political Engagement

AEP is committed to providing a resilient supply of safe, reliable and affordable power that fuels our economy, brings comfort to our customers and strengthens our communities. 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.

AEP identifies emerging policy issues that impact business strategies. We use internal subject matter experts to research and draft policy position briefs. The documents are reviewed and approved by the Executive Policy Advisory Committee. Once approved, the policy briefs on such topics as climate change, distributed resources and electric transportation, are used to guide discussions with external stakeholders such as policy makers and regulators in our ongoing efforts to educate and engage on topics important to our customers and business operations.

As AEP leads one of the largest clean energy transformations in the country, it's more important than ever to educate and engage with our lawmakers and regulators to advocate on behalf of our customers and our investors. Federal, state and local policies and regulations are part of the energy transition framework as we

change how we generate electricity, modernize the grid and incorporate new technologies.

Recently, several federal funding opportunities, including the bipartisan Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA), have presented utilities with the opportunity to potentially obtain grants to upgrade infrastructure to improve resiliency, expand access to high-speed broadband and invest in clean and renewable energy. Both pieces of legislation have implications regarding the investments we make to provide value to our customers while balancing costs with policy objectives and regulatory expectations.

AEP has taken a proactive stance to secure federal grants, targeting those opportunities unique to electric utilities and supported by key stakeholders in the states where we operate. The federal funding opportunities reinforce our role as a respected and sought-after voice on issues affecting the utility industry. We engaged with numerous commissions and lawmakers from around our service territory to provide expertise as an honest and trusted advisor about the impact of the IIJA and the IRA. We also answered questions from regulators, lawmakers and agencies seeking counsel about the dedicated state-level IIJA formula grants.

These efforts exemplify our commitment to serving as a champion on behalf of our customers. Engaging in the political process and advocating for reasonable legislation allows us to take part in the dialogue and remains a critical part of doing business. AEP 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 doing so, we comply with all applicable laws and are committed to conducting business in an ethical manner. We are guided by our [Principles of Business Conduct](#) as well as policies on [Political Engagement](#) and [Anti-Corruption](#). We have strengthened and enhanced our processes and practices governing political engagement under our political engagement policy. We consider legal compliance and ethical behavior as the starting point – not the finish line – for our expectations of our own lobbying and advocacy actions.

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 discloses its support of these groups, according to our policy. 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. The Board's Committee on Corporate Directors and Governance also receives semi-annual updates on AEP's political engagement activities.

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

AEP Political Activity Disclosure

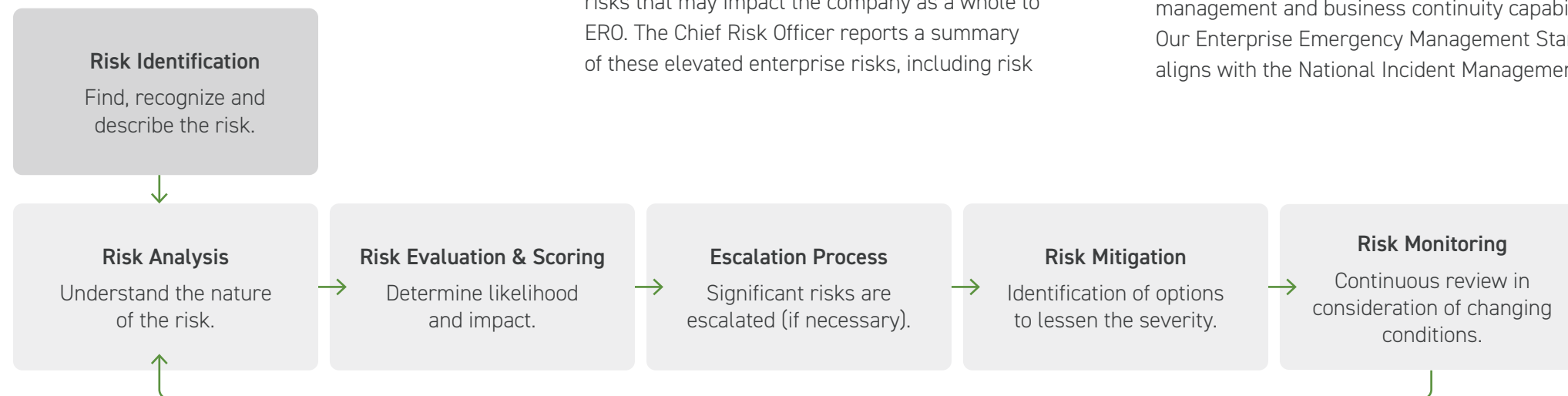
- [AEP Political Engagement Policy](#)
- [AEP Annual Report of Corporate Political and Social Welfare Organization Contributions and Trade Association Lobbying](#)
- [AEP Anti-Corruption Policy](#)
- [Federal Quarterly Lobbying Reports](#)
- [AEP Trade Association Climate Lobbying Report](#)

Risk Management

Risks and threats are an inevitable aspect of every business that require 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 and skilled labor shortage, 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, preventing and mitigating new potential risks

Risk Impact Assessment



and weaknesses. This is imperative to keep pace with the ever-changing environment. 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 Governance & 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 units report risks that may impact the company as a whole to ERO. The Chief Risk Officer reports a summary of these elevated enterprise risks, including risk

ranking and corresponding mitigation strategies, to the Risk Executive Committee and the Audit Committee of the Board. The risk summary is then discussed and reviewed by the Audit Committee of the Board.

Mitigating & Responding to Risks

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. Our resilience strategy aims to reduce the impact from an event and return to normal operations.

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 Enterprise Emergency Management Standard 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 the Enterprise Risk Oversight Committee 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 event 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. This includes developing all-hazards, functional-based plans 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.

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 threats. All of these risks have the potential to jeopardize reliability, safety and data security and require companies to implement leading security practices, policies and oversight to prevent, protect against or reduce the impacts of attacks. The need to protect the power grid from these threats is especially heightened during times of elevated geopolitical tensions.

Security Governance, Oversight & Regulations

Strong governance, oversight and regulations are vital to the strength and resilience of our bulk electric system (BES). The reliability of the BES – which includes both cyber and physical security – is highly regulated by the federal government through North American Electric Reliability Corporation's (NERC) Critical Infrastructure Protection (CIP) and Operations and Planning (O&P) Standards. Today, AEP is subject to more than 300 continually evolving applicable requirements within the NERC Standards. AEP's Chief Security Officer has oversight for cyber and physical security and serves as the NERC CIP senior manager, who is responsible for all NERC CIP compliance.

We take a risk-based approach to mitigate potential reliability risk, which includes both cyber and physical security. We continually assess and proactively increase the number and sophistication of controls to manage and prioritize evolving NERC obligations. We are regularly audited for compliance by ReliabilityFirst, Texas Reliability Entity and Midwest Regional Organization, which in turn are governed by NERC and ultimately by the Federal Energy Regulatory Commission (FERC), requiring us to maintain a state of audit readiness across AEP for all NERC Standards.

In addition to regulatory oversight, AEP has a multi-level governance structure that focuses on managing reliability and security risk across the entire system. AEP's Enterprise NERC Reliability

Assurance (ENRA) organization manages the NERC Compliance Program to ensure all applicable NERC Standards are being adequately addressed across the system to achieve a "one AEP" approach and operational excellence. In addition, AEP's Board of Directors in 2021 formed a Technology Committee that focuses on the review and oversight of issues related to setting information technology (IT) and cybersecurity strategies. This includes providing review and oversight of:

- AEP's IT strategy and investments, and large-scale IT replacements.
- AEP's technology framework and programs designed to manage and mitigate risks related

to cybersecurity, IT and associated operational resiliency, and oversee management's execution in alignment with this framework.

- AEP's 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 ensure compliance.

AEP is required to disclose the occurrence of events, including cyber events, that have had a material impact on its business or prospects in periodic or current reports that are filed publicly with the Securities and Exchange Commission. This reporting process is implemented by our Financial Reporting Team and, with respect to the periodic reports, reviewed by Audit Services.

Monitoring & Managing Cyber & Physical Security

Cyber threats are among the top risks companies face today. As businesses continue to rapidly digitize, both the opportunity for and the level of 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. Physical security is also becoming more



of an area of concern; the number of attacks on critical infrastructure reported in the national media has increased in recent years. Just one physical attack of an asset has the potential to cause outages to thousands of customers. In response to these attacks, NERC was ordered by FERC to complete a review of the effectiveness and applicability of current physical security rules. AEP will continue to monitor these developments as NERC completes the review of their standards.

AEP continually evaluates cyber and physical security risks enterprise-wide using our comprehensive security strategy known as "Defense in Depth." This strategy allows us to deal with threats in real time and 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 assets. This comprehensive approach enables us to make decisions based on the level of acceptable risk while informing priorities and resource needs.

AEP is a leader in security, and participates in industry- and regulator-hosted discussions. We engage with public utility commissions and governors' offices in many of our regulated states, frequently responding to questions on global security events and providing updates on our program and capabilities. Some of our engagements include:

- **Federal Engagement**

AEP is an active participant in the Electric Subsector Coordinating Council (ESCC), which serves as the principal liaison between the federal government and the electric power industry. The ESCC focuses on preparing for and responding to national-level disasters or threats to critical infrastructure through industry-only and industry-government engagements.

- **State-Level Engagement**

The National Governors Association provides AEP the opportunity to consult with state-level organizations on best practices around security and improve our coordination with government in responding to natural disasters as well as physical and cyber risks or attacks.

- **Collaboration and Information Sharing**

AEP is a leader in sharing threat information while collaborating with other utilities and critical infrastructure owners and operators. Securing the grid is a team activity requiring partnership across the energy sector. To achieve this, AEP actively shares threat data through the Cybersecurity Risk Information Sharing program (CRISP), supports other utilities in cyber incident response through Cyber Mutual Assistance (CMA), and proactively engages in both data sharing and sector exercises with the Electricity Information Sharing and Analysis Center (E-ISAC) to strengthen our defenses

through improved security. AEP also engages with the Cybersecurity and Infrastructure Security Agency's (CISA) Joint Cyber Defense Collaborative (JCDC). The JCDC is tasked with leading the development of the nation's cyber defense plans by working across the public and private sectors to help defend against cyber threats to U.S. critical infrastructure. AEP partners closely with the FBI through the Columbus field office. Through frequent briefings and intelligence sharing, we are supporting the safety and security of the nation while better protecting AEP's own assets.



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. Our mission is to protect AEP's assets and information, to enable the business to work securely and efficiently and to educate employees and contractors about their responsibility to keep AEP secure.

We provide awareness and training on enterprise security, NERC CIP compliance, and other trending initiatives to the AEP workforce. This includes:

- Security awareness, communications, and training that covers a wide variety of topics such as policies and standards, social engineering, situational awareness, 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 includes topics such as electronic and physical access management, phishing, data protection, and other areas as security needs are identified.
- New employees and contractors are required to complete assigned security training 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 annually for employees, contractors and supervisors with NERC CIP access. We also provide training on the NERC CIP Information Protection Program, which includes how to identify and protect BES Cyber System Information.

We leverage Security Champions, who are employees that support and promote security awareness and training by communicating cyber and physical security risks and impacts to AEP's business units and operating companies.

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



Data Privacy & Protection

We believe that strong data security and privacy protections, including using technology and internal policies and practices, are vital for effective and trusted interactions with our customers 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 this 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, customer and contractor PII. With the emergence of state privacy laws, we are expanding our protection efforts to encompass all customer and consumer data, beyond PII, to ensure AEP maintains compliance with these privacy laws and acts as a responsible steward of personal data in our possession. A hybrid workforce, including those who work on-site, in the field or at home, continues to create new vulnerabilities that require ongoing adoption of enhanced data security protocols for PII.

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 & 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, federal and global levels. We have a responsibility to advocate for prudent policies related to data access and consumer privacy regarding the collection, notice, use, misuse, disclosure, retention, destruction and loss of data.



Management & Governance of Physical & Cyber Threats

The reliability of the bulk electric system – which includes both cyber and physical security – is highly regulated by the federal government through North American Electric Reliability Corporation’s (NERC) Critical Infrastructure Protection (CIP) and Operations and Planning (O&P) Standards. In addition, AEP has internal governance, policies and management practices to protect our assets and the grid.

Threat	Threat Management	Governance
Ransomware	AEP’s Cybersecurity Intelligence and Response Center (CIRC) staff uses a number of tools to detect, block and analyze cyber intrusions.	AEP established a “Ransomware Playbook” to outline expected responses to potential ransomware threats.
Insider Threat	AEP maintains an Insider Protection and Prevention Program that leverages insights from security experts to develop a risk-based approach that continually identifies, assesses and ultimately protects our critical assets from insider threats.	A cross-functional team composed of Enterprise Security, Human Resources, Ethics and Compliance and Legal oversees AEP’s Insider Protection and Prevention program.
Phishing	AEP requires all staff (employees and contractors) to participate in an ongoing Phishing Awareness Program to test employees’ ability to detect malicious emails through periodic phishing simulations. Employees who fail a phishing simulation are subject to an escalating series of training courses and potential management intervention.	AEP’s Email Phishing Accountability Policy holds AEP employees and staff accountable for identifying phishing emails.
Supply Chain Security	AEP clearly defines security expectations of vendors in our Master Service Agreement and Security Supplement. Vendors are evaluated and assigned a risk rank on all purchases of services or technology that may access AEP assets to determine the depth and frequency of risk assessments. AEP is also a member of the Asset-to-Vendor for Power Utilities network to promote information sharing and reduce risk among electric utilities.	AEP has a Third-Party Risk Governance program comprising of representatives from Legal, Enterprise Risk Oversight, Procurement, Technology and Security, as well as a full-time team responsible for identification and management of third-party risks.
Power Grid (Asset) Vulnerability	AEP evaluates and classifies facilities based on their criticality and/or impact on operations to determine the level of physical security needed. This approach allows security controls costs to be built into capital projects. AEP’s robust spare parts program ensures we have the parts needed to quickly recover from an incident. In addition, AEP tests our operational response to potential power grid vulnerabilities or emergencies through GridEx exercises developed by NERC. These exercises allow us to practice our response to national-level emergency scenarios.	The AEP VulNEXT program is a comprehensive program to manage and address vulnerabilities. Oversight by the Chief Information and Technology Officer and other designated personnel provides governance to ensure the effectiveness and accuracy of program efforts.
Cloud-based Programs & Remote Connectivity	AEP has a well-designed and secure remote connectivity architecture that has not introduced significant risk. We also have a team focused on establishing a security strategy and roadmap for various forms of cloud computing consistent with industry best practices. 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.	AEP has established a team of five senior leaders who are responsible for guiding Cloud Security and Operations. The team meets at least biweekly to discuss issues, tactics and solutions to ensure secure and reliable operations of AEP’s Cloud implementations.

Data & Reports

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 over 250 operational, financial, environmental, social and governance data points. In addition, AEP produces several supplemental reports, including; GRI, SASB and TCFD; discloses material corporate policies; and additional financial disclosures. This demonstrates that we are listening to our stakeholders and addressing issues that are most relevant for our business.

ESG Data Center

Operational & Financial

Energy	2020	2021	2022
Owned Generation Capacity (MW)¹			
Total Owned Nameplate Generation Capacity	25,496	24,857	25,050
Coal	13,230	11,858	11,263
Natural Gas	7,684	7,615	7,613
Nuclear	2,288	2,296	2,296
Total Renewable Energy Resources	2,294	3,088	3,858
Hydroelectric	853	805	805
Solar	229	362	369
Wind	1,212	1,921	2,684
Other	0	0	20

¹2020 data includes capacity retired throughout the year. 2021 and 2022 reflects year-end capacity.



Energy	2020	2021	2022
Owned Net Generation (MWh)			
Total Owned Net Generation	76,459,882	82,567,070	78,674,590
Coal	38,184,507	45,052,460	37,058,587
Natural Gas	14,175,228	13,077,646	14,740,697
Nuclear	18,268,937	17,960,716	16,621,031
Total Renewable Energy Resources	5,831,210	6,476,248	10,254,275
Hydroelectric	1,121,235	860,163	623,425
Solar	535,200	745,647	840,748
Wind	4,174,775	4,870,438	8,790,102
Purchased Net Generation (MWh)²			
Total Purchased Generation	18,069,220	66,312,717	75,135,883
Coal	4,410,801	4,549,389	6,763,991
Natural Gas	4,355,732	2,969,042	1,151,496
Total Renewable Energy Resources	9,302,687	8,907,536	9,393,572
Hydroelectric	234,869	139,780	212,325
Solar	11,825	24,183	80,972
Wind	9,055,993	8,743,573	9,100,275
Other	-	49,886,750	57,826,824

²Purchased Net Generation reporting methodology was updated and is applied to both 2022 and 2021 data. 2021 data has been restated to align with this new methodology. Methodology now includes all purchased power from unknown and known sources.

Operational & Financial

Energy	2020	2021	2022
Owned & Purchased Net Generation (MWh)¹			
Total Net Generation for the Data Year	94,529,102	148,879,787	153,810,473
Coal	42,595,308	49,601,849	43,822,578
Natural Gas	18,530,960	16,046,688	15,892,193
Nuclear	18,268,937	17,960,716	16,621,031
Total Renewable Generation	15,133,897	15,383,784	19,647,847
Hydroelectric	1,356,104	999,943	835,750
Solar	547,025	769,830	921,720
Wind	13,230,768	13,614,011	17,890,377
Other	–	49,886,750	57,826,824
Facility Energy Performance			
Facility Energy Consumption (KWh)	125,005,335	104,334,588	100,582,993
Percent Reduction since 2007 Baseline	35%	38%	38%

¹Purchased Net Generation reporting methodology was updated and is applied to both 2022 and 2021 data. 2021 data has been restated to align with this new methodology. Methodology now includes all purchased power from unknown and known sources.

Grid Reliability	2020	2021	2022
Grid Overview			
Transmission Lines	~40,000	~40,000	~40,000
Distribution Lines	~223,000	~224,000	~225,000

Grid Reliability	2020	2021	2022
Reliability²			
System Average Interruption Duration Index (SAIDI) (Minutes)	231.80	238.50	269.90
System Average Interruption Frequency Index (SAIFI) - Number of Interruptions	1.47	1.47	1.54
Customer Average Interruption Duration Index (CAIDI) (Minutes)	158.00	161.80	175.00
Customer Average Interruption Frequency (CAIFI) (Minutes)	2.19	2.21	2.31
Average System Availability Index (ASAI)	99.96%	99.96%	99.95%

²Includes major storm events

Customer	2020	2021	2022
Customers³			
Residential	4,709,111	4,735,221	4,755,584
Commercial	721,900	732,211	736,491
Industrial	46,576	45,741	45,189
Other	30,183	30,294	30,599
Total	5,507,770	5,543,467	5,567,863

³Data as of November of data year

Operational & Financial

Customer	2020	2021	2022
Customer Energy Efficiency Programs & Smart Meters			
Percent of Smart Meters Deployed	60%	63%	72%
Total Investment in Energy Efficiency Programs	\$150,299,080	\$95,681,983	\$86,806,298
Incremental Annual Electricity Savings from Energy Efficiency Measures (MWh)	1,148,334	406,737	349,952
Annual Demand Savings (MW)	320	197	183
Avoided CO ₂ Emissions (Metric Tons)	477,475	204,621	202,287
Number of Residential Customers Participating in Energy Efficiency Programs	1,034,389	266,526	331,644
Customer Disconnects¹			
Customer Disconnects	265,204	418,328	497,774
Customer Reconnects within 7 Days	206,391	340,595	413,928
Residential Customer Disconnects	252,456	402,779	484,471
Residential Customer Reconnects within 7 Days	197,963	328,516	399,258
Customers Assistance			
Residential Energy Affordably Transactions	580,182	621,456	713,893
Energy Assistance Funds Provided to Low-Income Customers	~\$91.7 million	~\$134.8 million	~\$218.1 million
Number of Agency Pledges made Online	24,286	31,174	59,149
Amount Contributed to Agency Pledges for Energy Assistance	~\$6.7 million	~\$15.2 million	~\$25.6 million

Economic	2020	2021	2022
Financial Data			
Total Revenue	\$14.92 billion	\$16.79 billion	\$19.64 billion
Total Assets	\$80.8 billion	\$87.7 billion	\$94 billion
Total Annual Capital Expenditures/Investments (Nominal Dollars)	\$5,893 million	\$6,547 million	\$7,982 million
Employee Wages			
Amount Spent on Employee Wages	\$1.8 billion	\$1.95 billion	\$1.95 billion
Taxes Paid			
Local & State	\$1,303 million	\$1,391 million	\$1,530 million
Federal ²	\$70 million	\$69 million	\$246 million
Earnings Performance			
Earnings per Share (GAAP)	\$4.44	\$4.97	\$4.51
Operating Earnings per Share	\$4.44	\$4.74	\$5.09
Cash Dividends per Common Share	\$2.84	\$3.00	\$3.17
Economic & Business Development			
Jobs Supported by AEP's Economic & Business Development	29,808	37,899	22,998
Economic Development Contributions	\$1,901,036	\$1,350,022	\$1,177,399

¹Credit related service terminations were suspended during a portion of the 2020 year due to COVID-19 mitigation. This activity has since been reinitiated.

²Federal taxes paid significantly increased from 2021 to 2022 as a result of income tax activity.

Environment

Emissions	2020	2021	2022
Emissions Breakdown¹			
CO ₂ (MT)	44,369,322	50,790,329	45,079,826
SO ₂ (MT)	29,720	33,987	29,819
SO ₂ (US Ton)	32,761	37,465	32,869
SO ₂ (Lbs)	65,521,727	74,928,901	65,738,948
NO _x (MT)	23,990	26,926	25,775
NO _x (US Ton)	26,445	29,681	28,412
NO _x (Lbs)	52,889,173	59,362,878	56,824,435
Mercury Emissions to Air (Lbs) ²	213	256	191
Mercury Emissions to Air (kg) ²	96	116	87
Total Scope 1 GHG Emissions (MT CO₂e)	49,642,532	56,401,080	51,099,948
CO ₂ (MT)	48,807,820	55,612,321	50,678,735
N ₂ O (MT CO ₂ e)	194,305	225,739	200,497
CH ₄ (MT CO ₂ e)	141,581	163,629	146,796
SF ₆ (MT CO ₂ e)	498,826	399,391	73,920
Emission Intensity			
Owned + Purchased Generation Emissions Intensity (MT CO ₂ e / Net MWh)	-	0.530	0.522

¹Represents direct emissions from AEP owned Title IV Sources only.

²Based on equity ownership. Current year mercury emission data is preliminary.

Water	2020	2021	2022
Total Water Withdrawal			
Total Water Withdrawal (Millions of Gallons/day)	4,022	4,276	2,481
Total Water Withdrawal (Millions of Gallons/year)	1,471,962	1,560,629	905,689
Total Water Withdrawal (Billions of Liters/year)	5,572	5,908	3,428
Water Withdrawal by Source Breakdown			
Surface Water Withdrawal (Millions of Gallons/day)	4,017	4,272	2,476
Surface Water Withdrawal (Millions of Gallons/year)	1,470,203	1,559,368	903,816
Surface Water Withdrawal (Millions of m ³ /year)	5,565	5,903	3,421
Groundwater (m ³ /year)	5,324,059	3,975,163	5,075,675
Other (m ³ /year)	1,335,417	794,646	1,595,492
Water Discharge³			
Total Water Discharge (Millions of Gallons/day)	3,873	4,119	2,424
Total Water Discharge (Millions of Gallons/year)	1,417,526	1,503,402	884,841
Total Water Discharge (Billions of Liters/year)	5,366	5,691	3,349
Water Consumption⁴			
Total Water Consumption (Millions of Gallons/day)	140	161	58
Total Water Consumption (Millions of Gallons/year)	55,840	58,702	21,079
Total Water Consumption (Billions of Liters/year)	211	222	80

³All water discharge represents surface water discharge

⁴All water consumption is freshwater

Environment

Water	2020	2021	2022
Water Intensity¹			
Water Withdrawal Intensity (Gallons/net MWh) ²	21,870	20,736	13,493
Water Withdrawal Intensity (Billions of Liters/net MWh) ²	0.00007	0.00008	0.00005
Consumptive Water Use Intensity (Gallons/net MWh) ³	830	780	314
Consumptive Water Use Intensity (Billions of Liters/net MWh) ³	0.00000319	0.00000295	0.000001
Non- Consumptive Water Use Intensity (Gallons/net MWh) ⁴	41,590	37,917	13,183
Non- Consumptive Water Use Intensity (Billions of Liters/net MWh) ⁴	0.00008	0.00014	0.00005

Waste	2020	2021	2022
Facility Waste Generation⁵			
Recycled Scrap Metal Waste (Lbs)	40,685,181	39,321,951	37,563,314
Batteries Recycled (Lbs)	171,545	176,880	64,645
Electronic Waste Recycled (Lbs)	28,183	18,857	11,908
Light Bulbs Recycled (Lbs)	26,727	51,441	38,746
Recycled Used Oil (Gallons)	273,994	233,325	389,894

Waste	2020	2021	2022
Coal Combustion Products			
Total CCPs Generated (US Tons)	2,908,761	3,439,697	2,791,489
CCPs Diverted from Landfill (US Tons)	1,019,205	1,069,923	1,197,682
CCP Avoided Disposal Costs	-	\$17,829,733	\$20,131,599
CCP Revenues Generated	-	\$11,938,635	\$12,084,787
CCP Diverted from Landfill Percent	35%	31%	43%

Biodiversity	2020	2021	2022
Mitigation Required Acres Enhanced or Restored Supporting Natural Habitat & Biodiversity	29,750	29,752	30,180
Voluntary Acres Enhanced or Restored Supporting Natural Habitat & Biodiversity	251,060	251,115	253,668
Mitigation Required Acres Enhanced or Restored Supporting Pollinator Habitat & Biodiversity	24	27	107
Voluntary Acres Enhanced or Restored Supporting Pollinator Habitat & Biodiversity	246	260	262

¹Water 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.

²Based on total water withdrawal values/total MWhs

³Based on total of gallons consumed/total MWhs

⁴Based on individual total water use values/MWhs then all individual values averaged

⁵Not inclusive of all AEP Facilities

Social

Workforce	2020	2021	2022
Employee Type			
Total Number of Employees	16,864	16,688	16,974
Number of Full-time Employees	16,840	16,658	16,940
Number of Part-time Employees	24	30	34
Number of Represented Employees	4,015	3,836	3,846
Number of Veteran Employees	1,706	1,654	1,640
Percent of Veteran Employees	10%	10%	10%
Percent of Veteran New Hires	6%	7%	7%
Total Number of Professionals	5,600	5,701	5,859
Total Number of First/Mid Level Officials	2,943	2,982	3,142
Total Number of Executive/Senior Level Officials	232	229	225
Workforce Demographics			
Traditionalists (1945 & Before)	0.088%	0.07%	0.06%
Baby Boomers (1946–1964)	27%	24%	20%
Generation X (1965–1980)	37%	37%	37%
Millennials (1981–1996)	34%	36%	38%
Generation Z (1997 & Beyond)	1%	2%	5%

Workforce	2020	2021	2022
Workforce Diversity			
Total Female Employees	3,325	3,340	3,455
Percent of Female Employees	20%	20%	20%
Number of Female Professionals	1,535	1,604	1,673
Percent of Female Professionals	–	28%	29%
Number of Female Officials & Managers	494	517	556
Percent of Female Officials & Managers	–	18%	18%
Number of Female Employees in an Executive/Senior Level Position	44	50	54
Percent of Female Employees in an Executive/Senior Level Position	–	22%	24%
Total Minority Employees	3,187	3,240	3,433
Percent of Minority Employees	19%	19%	20%
Number of Minority Professionals	1,140	1,182	1,283
Percent of Minority Professionals	–	21%	22%
Number of Minority Officials & Managers	391	417	440
Percent of Minority Officials & Managers	–	14%	14%
Number of Minority Employees in an Executive/Senior Level Position	28	27	29
Percent of Minority Employees in an Executive/Senior Level Position	12%	12%	13%

Social

Workforce	2020	2021	2022
Employee Development			
Hours of Employee Training Tracked through Formal Training Programs (Hours)	775,500	719,528	951,320
Number of Employees who Participate in Tuition Reimbursement	-	575	1,033
Amount Spent on Tuition Reimbursement	2,042,634	2,003,269	\$3,256,579
Number of Employees Receiving Career Development Reviews	-	11,962	10,985
Percent of Total Workforce Receiving Career Development Reviews	71.66%	71.68%	64.72%
Number of Female Workforce Receiving Career Development Reviews	-	2,976	2,965
Percent of Female Workforce Receiving Career Development Reviews	-	89%	86%
Number of Minority Workforce Receiving Career Development Reviews	-	2,526	2,280
Percent of Minority Workforce Receiving Career Development Reviews	-	78%	66%

Workforce	2020	2021	2022
Employee Opportunities/Promotions¹			
Total Number of Opportunities/Promotions	787	1,376	1,482
Opportunity/Promotion Rate ²	4.7%	8.3%	8.9%
Total Opportunities/Promotions for Female Employees	175	312	363
Female Opportunities/Promotion Rate ³	22.2%	22.7%	24.5%
Total Opportunities/Promotions for Minority Employees	156	272	310
Minority Opportunities/Promotion Rate ³	19.8%	19.8%	20.9%

¹Employee lateral position changes within the organization are counted as opportunities

²As a percentage of total employees

³As a percent of total Opportunities/Promotions



Social

Workforce	2020	2021	2022
Employee Hires, Retention & Turnover			
Total Hires	-	-	1,919
Total Female Hires	-	-	490
Female Hire Percent of Total New Hires	-	-	25.5%
Total Diverse Hires	-	-	509
Diverse Hire Percent of Total New Hires	-	-	26.5%
Combined Voluntary & Involuntary Employee Turnover Rate¹	8.6%	10.0%	9.9%
Combined Voluntary & Involuntary Female Employee Turnover Rate ²	-	-	22.6%
Combined Voluntary & Involuntary Minority Employee Turnover Rate ²	-	-	21.5%
Total Employee Retention Rate¹	-	-	90.0%
Female Employee Retention Rate ³	-	-	88.9%
Minority Employee Retention Rate ⁴	-	-	89.5%
Apprentices, Co-Ops & Internships			
Transmission & Distribution Apprentices ⁵	807	886	993
Total External Apprentices ⁶	-	-	42
Total Co-op Students, Interns & High School Interns	-	112	127

¹As a percent of total employees

²As a percent of total Turnover

³As a percent of total female employees

⁴As a percent of total minority employees

⁵Data represents number of apprentices in program as of Q1 of the following data year

⁶AEP helps train apprentices from outside organizations that do not have internal training programs. These apprentices are Distribution line worker apprentices.

Safety & Health	2020	2021	2022
Public Metrics			
Public Fatalities due to Electrical Contacts	2	5	2
Employee Metrics			
Employee DART Rate	0.310	0.430	0.424
Employee DART Incidents	-	75	76
Total Employee Recordable Incident Rate (TRIR)	0.576	0.648	0.719
Employee Lost Time Incident Rate (LTIR)	0.245	0.333	0.312
Employee Injury Severity Rate	15.284	19.113	16.132
Total Employee OSHA Recordable Events	106	113	129
Employee Fatalities	0	0	1
Contractor Metrics¹			
Contractor DART Rate	0.410	0.407	0.438
Contractor DART Incidents	-	61	74
Total Contractor Recordable Incident Rate (TRIR)	0.927	1.026	0.941
Contractor Lost Time Incident Rate (LTIR)	0.246	0.213	0.296
Total Contractor OSHA Recordable Events	147	154	159
Contractor Fatalities	3	0	1
Employee & Contractor Metrics¹			
Employee & Contractor DART Rate	0.356	0.419	0.430
Combined Employee & Contractor DART Events	122	136	150

¹AEP Contractors includes Forestry

Social

Community Impact	2020	2021	2022
Charitable Giving			
Total Charitable Giving	\$38.5 million	\$35.1 million	\$41.12 million
Percent of Charitable Giving by State			
Arkansas	\$821,922	\$566,104	\$512,688
Indiana	\$3,476,058	\$2,596,583	\$2,693,796
Kentucky	\$792,337	\$507,482	\$467,104
Louisiana	\$649,722	\$806,143	\$1,609,359
Michigan	\$903,300	\$630,273	\$938,326
Ohio	\$20,489,327	\$20,852,676	\$25,873,681
Oklahoma	\$3,928,988	\$1,178,477	\$1,715,244
Tennessee	\$55,543	\$143,774	\$172,794
Texas	\$3,376,537	\$3,949,565	\$2,524,650
Virginia	\$1,343,901	\$1,329,610	\$1,379,206
West Virginia	\$2,102,905	\$1,386,292	\$1,503,902
Other	\$587,717	\$1,162,361	\$1,732,191

Community Impact	2020	2021	2022
Percent of Charitable Giving by area of Focus			
Education	31.7%	30.3%	26.9%
Community	13.7%	12.0%	17.1%
Hunger & Housing	14.3%	14.4%	11.9%
Safety & Health	11.1%	13.9%	7.3%
Arts & Culture	7.1%	8.1%	6.9%
Disaster Relief	0.3%	3.7%	5.5%
Diversity Equity & Inclusion	–	0.2%	6.3%
Other	21.9%	17.3%	18.4%

Supplier Diversity	2020	2021	2022
Total Supplier Spend	\$6.5 billion	\$6.7 billion	\$8.5 billion
Managed Spend (Procurement Spend)	–	\$5.78 billion	\$7.37 billion
Diverse Supplier Spend	\$653 million	\$705 million	\$887 million
Diverse Supplier Spend Percent ¹	10%	12%	12%
Local Based Supplier Spend ²	\$3.4 billion	\$3.4 billion	\$4.1 billion
Local Based Supplier Spend Percent ³	53%	51%	48%
Small Business Supplier Spend	\$993 million	\$964 million	\$1.3 billion
Small Business Spend Percent ³	15%	14%	15%

¹As a percent of total managed spend

²The term "locally" is used to describe businesses registered in the traditional 11 states in which AEP operates

³As a percent of total spend

Governance

Governance Overview	2021	2022	2023*
Director Gender			
Men	8	8	6
Woman	4	4	6
Director Age			
50s	3	2	3
60s	7	8	8
70s	2	2	1
Board Average Age	~64	~63	63.25
Director Tenure			
0-5 years	3	5	8
6-10 years	6	5	1
11-16 years	3	2	3
Average Years of Tenure	8	6.5	5.8
Director Ethnic Diversity			
White	9	9	8
Hispanic	2	2	2
African American or Black	1	1	2

*As of November 2023

Governance Overview	2021	2022	2023*
Board Meetings Held	7	6	8
Average Board Attendance	100%	97%	97%
Total Number on the Board of Directors	12	12	12
Number of Independent Directors	11	11	11
Separate CEO & Board Chair	no	no	no
Independent Lead Director	yes	yes	yes

*As of November 2023



ESG Reports & Policies

Supplemental Environmental, Social & Governance Reports

- [AEP's Climate Impact Analysis Report - A TCFD Report \(March 2021\)](#)
- [2023 GRI Report](#)
- [2023 SASB Report](#)
- [2023 TCFD Index](#)
- [2023 EEI ESG Investor Report](#)
- [2023 EEI Customer Emissions Report - Online Access](#)
- [2022 CDP Climate Report](#)
- [2022 CDP Water Report](#)
- [2023 EcoVadis Sustainability Scorecard](#)
- [2023 ESG Data Center](#)

Financial Disclosures

- [2023 Annual Meeting Proxy Statement](#)
- [2023 Annual 10K Report](#)
- [2022 Revenues from Coal](#)
- [2022 Coal Generation Rate Base](#)
- [Sustainable Finance Framework](#)
 - [Second Party Opinion](#)
- [2022 Report of Corporate Political & Social Welfare Organization Contributions and Trade Association Lobbying](#)

Corporate Policies & 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 AEP Policies

To help ensure the safety and security of AEP's employees and operations, several AEP policies are internal policies and not shared publicly. AEP employees have access to appropriate policies through AEP's intranet site.

- Speak Up Policy (including Anti-Retaliation)
- AEP Employee Handbook
- Conflicts of Interest and Annual Disclosure
- Gifts and Entertainment Policy
- Anti-Fraud Policies and Procedures
- PII Data Privacy Protection Policy
- Records Retention Manual
- Antitrust Guidelines
- FERC Compliance Manuals
- Security Information Classification Standards
- Appropriate Use of Company Assets
- Prohibition Against Pornography and Offensive Material Policy
- Social Media Policy
- Enterprise Policy Development & Maintenance Policy

Forward-Looking Statements

This report, made by AEP and each of its Registrant Subsidiaries (the "Registrants"), contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Many forward-looking statements appear in "Decarbonization," but there are others throughout this document which may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue" and similar expressions, and include statements reflecting future results or guidance and statements of outlook. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Forward-looking statements in this document are presented as of the date of this document. Except to the extent required by applicable law, management undertakes no obligation to update or revise any forward-looking statement. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are:

- Changes in economic conditions, electric market demand and demographic patterns in AEP service territories.
- Volatility and disruptions in financial markets precipitated by any cause, including failure to make progress on federal budget or debt ceiling matters; particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt.
- The availability and cost of funds to finance working capital and capital needs, particularly (i) if expected sources of capital, such as proceeds from the sale of assets, subsidiaries or tax credits, do not materialize or do not materialize at the level anticipated, and (ii) during periods when the time lag between incurring costs and recovery is long and the costs are material.
- The availability of fuel and necessary generation capacity and the performance of generation plants.
- The ability to recover fuel and other energy costs through regulated or competitive electric rates.
- The ability to transition from fossil generation and the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs.
- New legislation, litigation or government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or PM and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets.
- The impact of federal tax legislation on results of operations, financial condition, cash flows or credit ratings.
- Timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance.
- Changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation.
- The ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives.
- The impact of changing expectations and demands of customers, regulators, investors and stakeholders, including heightened emphasis on environmental, social and governance concerns.

The forward-looking statements of the Registrants speak only as of the date of this report or as of the date they are made. The Registrants expressly disclaim any obligation to update any forward-looking information, except as required by law.