



# Our Journey Forward

2024 Corporate Sustainability Report





# Forward Looking Statement

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 "Energy Transition," 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.

**We are pleased to share** the latest progress on American Electric Power's sustainable business practices, strategy, performance and impact. The 2024 Corporate Sustainability Report, ***Our Journey Forward***, provides an overview of AEP's sustainable growth strategy, which is focused on an affordable, reliable and just energy transition; environmental compliance and stewardship; employee well-being and engagement; social justice and equity; and strong and effective corporate governance. This report marks our 18th year of providing a comprehensive view of AEP's progress as a business and community partner, reflecting our longstanding commitment to stakeholder engagement, transparency and long-term value creation. This report covers calendar year 2023 unless otherwise noted.



## Internal Assurance

AEP Audit Services performed a limited review of selected performance statements and disclosures within the 2024 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.

A handwritten signature in black ink, appearing to read 'Andrew Reis'.

**Andrew Reis**

Vice President, Audit Services

April 2024

# Board of Directors' Statement

AEP Management and the Board of Directors recognize the significant role sustainable business practices play in the company's corporate purpose to create long-term value for our investors and other stakeholders. We are committed to meaningful engagement and transparent disclosure about our business performance. The company's purpose, to deliver safe, reliable and affordable electricity to meet customers' needs, is supported by its strategy for sustainable growth.

The Board regularly engages with management to oversee the company's sustainability efforts and disclosure. The Board requests and receives frequent reports from management about the company's sustainability initiatives and regularly discusses these issues including safety and health, human capital management, climate-related risk, culture 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 sustainability initiatives and disclosures to the Board's Committee on Directors and Corporate Governance (the Committee). The 2024 Corporate Sustainability Report integrates financial with sustainability reporting to provide a comprehensive view of AEP's forward-looking strategic commitment to our customers, employees, investors and communities that we serve, as well as a transparent review of our performance in these commonly recognized sustainability measures. 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 2024 Corporate Sustainability Report provides cohesive, proactive disclosure for our stakeholders. 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 a reliable and affordable transition to a low-carbon economy for our customers and communities.

The Committee believes the 2024 Corporate Sustainability Report provides a clear presentation of AEP's strategy and 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 sustainability-related risks and opportunities.



*Sara M. Tucker*

**Sara Martinez Tucker**  
Chair of the Board



*Sandra Beach Lin*

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



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# About AEP

At AEP, we are in the business of providing our customers with comfort and convenience – all through the flip of a switch. Whether it's keeping homes warm during cold winter nights or electric vehicles charged and ready for the morning commute, we are committed to delivering this essential service in a safe, reliable, affordable and environmentally compliant manner.

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## Message from AEP's President & CEO



### Dear Stakeholders,

It's no secret that the electric utility industry is undergoing transformational change. What is not changing, however, is our purpose to provide customers with safe, reliable and affordable electricity. Caring for our customers requires working with regulators, policymakers, investors and other stakeholders at a time of a broader transition to a low-carbon economy. Our challenge is to balance the increasing demand for cleaner energy with the need to maintain a diverse portfolio of resources to respond to unprecedented growth. We believe we can deliver on our purpose and reduce our own environmental impact in the long term, as long as our customer focus remains constant.

I am stepping back into the familiar role of CEO as AEP is undergoing our own transition. Although my tenure as CEO is temporary, I am honored to serve our company in this capacity. I have long admired AEP as a leader in

this industry, and I joined the Board in 2022 because I was impressed with the company's operations and the quality of the management team and Board. I am even more impressed two years later as the team continued to deliver and perform under extraordinary circumstances in 2023.

For example, AEP met or exceeded earnings guidance for 14 years in a row, and 2023 was no exception. In addition, we essentially kept O&M flat for the last 10 years while at the same time doubling our asset base due to our team's continuous focus on O&M efficiency.

Our disciplined approach to economic development resulted in an increase in commercial and industrial load in 2023 – bringing jobs and economic growth to our communities. This growth can potentially assist with customer affordability by spreading fixed costs across a broader customer base. It also enables economic diversification that positions our communities to be more competitive in a global economy.

Additionally, we made progress on our ongoing efforts to simplify and de-risk our business profile through portfolio management. We completed the sale of our 1,365 MW unregulated renewable portfolio and will use the sale proceeds to

strengthen our regulated businesses and our balance sheet. We also advanced our regulated renewables investment plan and have received regulatory approval for \$6.6 billion of new renewable projects throughout AEP’s service territory, representing a 70% achievement of our current five-year, \$9.4 billion regulated renewables capital plan.

While we made important progress, 2023 was a challenging year for the industry. From unfavorable weather, inflation, high interest rates, fuel price volatility, and supply chain constraints, AEP and other utilities faced significant headwinds. We operate in a capital-intensive industry, which is necessary to support the growing needs of our customers and communities. Modernizing the power system requires significant investment to enable new resources, implement the latest technologies, improve reliability and resiliency, and facilitate the two-way flow of information and electricity required by a modern grid.

Although these headwinds were challenging to the business, nothing was as difficult as the work-related fatalities that claimed the lives of two AEP employees and one contractor partner in 2023. A single loss of life is unacceptable to us, and we are learning from these events to prevent recurrences.

**“Grounded in our values and our commitment to continuous improvement, our employees will continue to lead AEP with agility and perseverance. Their inclusive and safety-first mindset enables them to support our customers and each other while continuing to meet our commitment of delivering long-term value to our shareholders.”**

We are taking a hard look at our safety culture and putting additional measures in place, including training, resources and tools to ensure we are operating safely every day. If our team can't come to work and return home safely to their families, nothing else matters.

As we reflect on what the future may hold, we embrace this opportunity to reinforce our focus on our customers and our employees. I assure you that our priorities remain the same starting with safety, which is our top priority. I am counting on our team to take the time to do each job safely and to look out for each other. We will also continue to remain focused on providing reliable and affordable power to our customers and working with our regulators to do so. The affordability of our rates has never been more important – to our customers, regulators and to AEP. That means we’ll continue to find ways to work together more efficiently and keep costs down.

We also remain committed to achieving our greenhouse gas reduction goals, including our 2045 net-zero target. It won't be a straight line to get there as many external factors could, and likely will, affect the path forward. Like our industry peers, we will face some hard decisions ahead but that does not diminish our commitment to the energy transition. In fact, it strengthens our commitment to a low-carbon future. We are confident we can balance the growing demand for cleaner energy with ensuring reliability and affordability, while also responding to the diverse needs of our customers and communities. The future is promising for AEP as we have a strong foundation from which to build.

I am committed to my role as Interim President and CEO, and I am confident that I can make a positive



difference while the Board works to identify a permanent successor. I also know that the depth of our talent will help us navigate through this time of transition. Our employees are the true drivers behind our ability to execute on our strategy. Grounded in our values and our commitment to continuous improvement, our employees will continue to lead AEP with agility and perseverance. Their inclusive and safety-first mindset enables them to support our customers and each other while continuing to meet our commitment of delivering long-term value to our shareholders.

My personal priority is to ensure AEP's employees, customers, regulators and shareholders experience a smooth transition to the next CEO as we continue Our Journey Forward.

Regards,

**Ben Fowke, III**  
Interim President & CEO  
American Electric Power



## Chief Sustainability Officer's Message



### Change. Growth. Impact.

At AEP, 2023 was a year of major change for our business, including managing economic headwinds, achieving record economic development in our 11-state service territory, and seeding lasting social impact in our communities. I am pleased to share with you this latest chapter in AEP's journey – our accomplishments and our vision for equitably delivering safe, reliable and affordable electricity in a low-carbon world.

In so many ways, 2023 gave us an unprecedented view into the future. From the devastation caused by extreme weather events and the growing demand for electricity, to bringing global supply chains closer to local business, we are deepening our understanding of our impacts and our responsibility to a sustainable future. The foundation is strong and our commitment to our customers, communities and investors is unwavering. And, proudly, our employees are leading the way forward.

With every decision we make, our commitment is to consider how our actions impact others. This means listening, engaging and being responsive – traits that are core to our culture and reflect our value of doing the right thing every time.

A high point of 2023 was the immense success of economic and business development in our states. Our team supported 92 projects that will bring jobs, local tax base growth, community revitalization and a new level of competitiveness in the global economy. Among them include data centers, a solar panel plant, an egg carton producer, an EV battery production facility and a massive liquefied natural gas facility that will be first to use carbon capture technology to reduce its carbon emissions by more than 90%.

We are seeing the fruits of our labor to build strong, healthy communities that are enabled by economic diversification and growth and helped by efforts to address basic needs. Our philanthropic giving is another way we help lift our communities. In 2023, AEP's total giving reached \$31.7 million to support local needs that include education, housing and food security.

Our responsibility to customers requires balancing the growing demand for electricity with a mandate to protect reliability and affordability. AEP's five-year capital spending plan includes major investments to modernize the grid and



expand our regulated renewable portfolio. These new generation resources help to reduce our environmental impacts while complementing our existing generation portfolio. These resources, together with technologies such as energy storage, help us deliver on our promise to maintain reliable, affordable service for all customers, enhancing the grid's resilience to climate-related risks.

We have been on this energy transition path for well over a decade; change has been measured and steady over time, and the impact has been significant. As we continue to work toward our 2045 net-zero greenhouse gas emissions goal, we are moving at a pace that meets the diverse resource needs of our customers and communities. We appreciate our many stakeholders who hold us accountable to being transparent and honest about our challenges as much as we are about our successes.

The growing demand for cleaner electricity will continue to pressure the entire system. The urgency of reliability, resilience and affordability will set the pace of transition. Success requires working together to meet today's energy needs in our states while preparing for the future and recognizing it may necessitate hard choices along the way.

Our purpose is to deliver safe, reliable and affordable electricity to our customers. Our responsibility is to do it sustainably and equitably,

**“With every decision we make, our commitment is to consider how our actions impact others. This means listening, engaging and being responsive – traits that are core to our culture and reflect our value of doing the right thing every time.”**

with intentional care for our employees, customers and investors, as we make the grid more resilient and our communities stronger. I invite you to read AEP's 2024 Corporate Sustainability Report to learn more about our journey.

**Sandy Nessing**

Vice President & Chief Sustainability Officer  
American Electric Power



# AEP Overview



**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.

**17,000**

**EMPLOYEES**  
Across the system

**23GW**

**OWNED GENERATION**  
Diverse generation fleet

**\$66B**

**RATE BASE**  
Strong rate base growth

**5.6M**

**CUSTOMERS**  
Throughout 11 states

**6GW**

**RENEWABLE CAPACITY**  
Owned and PPA

**\$31.7M**

**CHARITABLE GIVING**  
Across our service territory

**40k**

**TRANSMISSION MILES**  
Nation's largest electric transmission system

**225k**

**DISTRIBUTION MILES**  
One of the largest distribution systems in the U.S.

**\$97B**

**TOTAL ASSETS**  
Strong balance sheet

As of 12/31/23



An AEP Company



An AEP Company



An AEP Company



An AEP Company



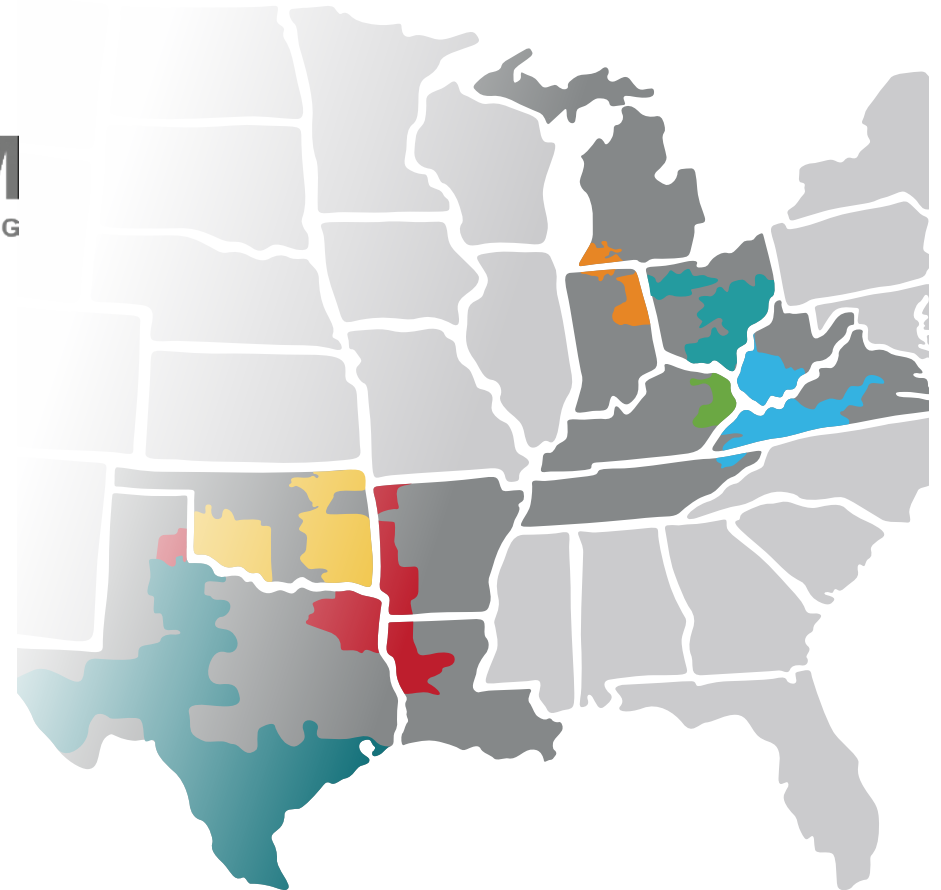
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An AEP Company





## AEP's Business Strategy

At AEP, we are in the business of providing our customers with comfort and convenience – all through the flip of a switch. Whether it's keeping homes warm during cold winter nights or electric vehicles charged and ready for the morning commute, we are committed to delivering this essential service in a safe, reliable, affordable and environmentally compliant manner. This is reflected in our business strategy to deliver consistent and strong performance; invest in our generation, transmission and distribution operations; and advance the growth and development of our employees to meet our customers' needs and lead our energy transition.

Our commitment to our customers is deeply rooted in AEP's culture. In 2023, we refreshed our company values and cultural norms – guiding how our employees work with our customers and each other to enable a safe and sustainable future. This also guides our corporate purpose and reinforces our commitment to creating long-term value for all of our stakeholders.

### Our Customers

- We consider the customer in all that we do
- We are reliable and easy to work with
- We support the communities we serve

### Each Other

- Safety is core - our own and others'
- We say what needs to be said and move forward as one AEP
- We believe everyone matters and celebrate our differences

### Our Future

- We are life-long learners, we adapt, continuously improve and innovate
- We align our actions with our words
- We create sustainable and secure energy resources

Every decision is made with our customers in mind, including our investment strategy. Our robust \$43 billion, five-year capital investment plan is designed to meet our customers' needs and deliver on our earnings commitment. We plan to allocate \$27 billion of capital to transmission and distribution investments to ensure reliable, affordable power and enhance service for our customers. As part of that plan, we're also transforming our generation fleet through the addition of diverse regulated resources to support the growing energy needs of our customers. We've received approval to add more fuel-free renewable resources to serve our customers,

representing \$6.6 billion of our planned \$9.4 billion regulated renewables capital plan. We also continue to make progress on our strategy to de-risk our business as we work through the final phases of the sales process for the AEP Energy retail and AEP OnSite Partners distributed resources businesses, which is expected to conclude by the end of the second quarter.

Our strategy is focused on balancing our energy transition efforts with customer capacity needs, system reliability, resiliency, security and affordability. The success of our strategy is influenced by several factors, including market conditions and demands such as inflation and interest rates; fuel price volatility; weather; customer preferences and usage patterns; economic growth; new tax incentives to support clean energy; and, state and federal energy policy positions. The success is also highly dependent on our state public utility commissions that are responsible for regulating AEP's operations to ensure our customers have safe, reliable and affordable energy. We believe it is more important than ever to continue to engage with our regulators and policymakers to listen and respond to their needs to ensure that our capital investment strategy best serves our customers, communities and investors.

This will be key to our ability to execute our strategy, especially as the demand for electricity, including cleaner energy options, continues to grow. In 2023, we saw growth in commercial and industrial load, primarily driven by data center development in Ohio and Texas and our commitment to economic development. We expect our load growth to continue as the global demand for data storage and processing continues to increase and the cost of borrowing levels out. Our efforts to invest capital and attract more economic activity within our footprint can potentially assist with affordability by spreading fixed costs among a bigger customer base.

To move our strategic initiatives forward, AEP announced a leadership transition plan in early 2024. Benjamin G.S. Fowke III, a member of AEP’s Board of Directors and the former chairman and CEO of Xcel Energy, Inc., was appointed interim chief executive officer and president. His deep knowledge of all aspects of the electric utility industry, including operations, finance, regulatory policy and sustainability, has been instrumental in helping shape AEP’s strategy. He is well-positioned to lead AEP forward while the Board conducts an external search for a permanent successor. In addition, the Board appointed Sara Martinez Tucker as non-executive chair of the Board.

## Responsible Business Practices

AEP is in the business of delivering safe, reliable and affordable electricity to our customers; that is our purpose. Our ability to do this is dependent upon our financial success, as well as non-financial, or sustainability, factors that can impact our operations, finances and reputation. Sustainability-related factors such as safety, workforce development, economic growth, affordability of our product, and customer satisfaction inform our decision-making process.

These insights enable AEP to identify and manage potential risks and opportunities in order to act in the best interest of our customers, communities, shareholders and employees. We are committed to integrating responsible business practices into our strategy to better enable long-term stability and business continuity.

Our responsible business practices are guided by these key focus areas:



**Affordable, Reliable & Just Energy Transition** – Keeping our customers, communities and employees top of mind, we are committed to a safe, affordable and just transition as we continue to deliver reliable energy. In partnership with our regulators, we will invest in modernizing our grid while balancing fuel cost volatility and capacity needs with managing customer costs and impacts to our communities as we make the transition to a cleaner energy economy.



**Environmental Compliance & Stewardship** – We are committed to always complying with applicable environmental requirements and being good stewards of natural resources.



**Social Justice & Inclusion** – We are committed to considering the social impacts of our operations and decisions and putting mechanisms in place that provide access to cleaner and modern energy options. This includes meaningful engagement with customers and communities to ensure fair treatment and inclusive 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 business operations.

# Monitoring Sustainability-Related Risks & Opportunities

For almost two decades, AEP has been monitoring and managing sustainability-related risks and opportunities. We leverage insights from key stakeholders, including investors, customers and regulators, to identify non-financial risks and emerging trends that could potentially have a significant impact on our operations, finances and reputation. We also assess the priorities of our stakeholders through a materiality assessment of sustainability-related issues.

In 2023, we conducted our first double materiality assessment to identify not only material sustainability issues that may impact our company, but also issues where we have the potential to impact the environment and society. We again leveraged data-driven insights to scan the sustainability landscape, including mandatory regulations and voluntary sustainability standards; industry priorities; general public opinion; and direct stakeholder feedback from internal leaders and external stakeholders. We continuously monitor the shift in priorities through dynamic materiality analysis to track externalities that may influence each issue along with shifting stakeholder expectations and other societal and environmental trends. These insights serve as an input for our corporate strategy and a control for our risk management process as well as the ways AEP influences, impacts and manages broader socio-economic risks and opportunities.

## Defining Material Sustainability Issues

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

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

## Leveraging Materiality Insights

- Identify sustainability-related gaps, risks and emerging issues to inform and 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.

## AEP's Priority Sustainability Issues

Based on 2023 Double Materiality Assessment

- Business continuity & crisis response
- Climate change risks & management
- Customer privacy & data security
- Cyber & physical security
- Energy reliability & resiliency
- Ethical corporate behavior
- Low carbon transition
- Management of legal & regulatory activity
- Safety & health
- Water management

*Listed in alphabetical order*



## Stakeholder Engagement

Understanding our sustainability-related risks helps us identify gaps and emerging issues and prioritize these issues in order to reduce risk exposure. It also helps us better target and improve our disclosure strategy by focusing on issues that matter most to us and our stakeholders. AEP's robust disclosure strategy helps drive our goal of being transparent and accessible.

Our disclosure includes an 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 to meet the unique needs of our stakeholders. This includes Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) reports, which both align with the new International Sustainability Standards Board (ISSB) and International Financial Reporting Standards (IFRS) General Requirements for Disclosure of Sustainability-related Financial Information (S1); and CDP Climate, which aligns with the ISSB Climate-related Financial Disclosures (S2). In addition, we respond to multiple ESG surveys, ratings and rankings, produce industry-specific reports and complete EcoVadis' Sustainability Ratings for Global Supply Chains.

Listening to and engaging with diverse stakeholders is deeply embedded in AEP's culture. We rely on the voices of our employees, customers, investors, communities, nongovernmental organizations (NGOs), regulators and policymakers to inform our strategy and decision-making. This collaborative approach fosters trust while strengthening lines of communication, transparency and accountability. It also provides a platform for mutual education, as we work to better understand our stakeholder needs while communicating AEP's strategy and performance. Additionally, stakeholder engagement serves as a proactive risk management strategy, helping us identify and address potential risks before they impact our business.

We engage with our stakeholders on a variety of issues. While our approach to engagement varies by stakeholder group, we are committed to fostering a transparent and candid dialogue about issues of mutual concern. Our transition to a cleaner energy future continues to be a major 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 share our path to a low-carbon energy future, as well as the potential social and economic impacts to our local customers and communities.

2023 marked five years of engagement with Climate Action 100+. This is an important channel of communication with stakeholders who are most focused on AEP's path to net-zero. Climate Action 100+ is an investor-led initiative with more than 700 investors representing \$68 trillion in assets. Its primary focus is to engage with large corporations on their efforts to reduce carbon emissions and climate risk. This engagement gives us the opportunity to hear their concerns and priorities as an investor-led group while giving us a platform to share our progress and the challenges we face on our decarbonization journey.

Whether we are retiring an asset or investing in new infrastructure, such as transmission or renewable facilities, our business has real impacts on people, the environment and local communities. We have to balance the needs of our human, cultural and natural resources with our communities' need for reliable and affordable electricity. We have a long history of engaging with landowners and local communities about new projects, including the needs, benefits, timelines and processes. We leverage a variety of channels including mailings, door hangers, phone calls, one-on-one engagements and open houses. We also seek to be inclusive by ensuring events are held at times that offer flexibility for community member participation and by providing translated materials at public meetings in areas with a high percentage of non-native English speakers.

In 2023, the Appalachian Power team enlisted a number of outreach methods, including hosting six in-person open houses and working with community members and local officials to gather feedback on the Stuart Area

Improvements Project. The proposed project would upgrade, replace and modernize aging distribution and transmission infrastructure to improve local reliability and prepare for future load growth in five surrounding counties. Following the public engagement process, and after months of review, the project team determined the proposed line routes. In reaching a decision, the team reviewed future land use, environmental impacts, and input gathered during landowner meetings, community open houses and virtual open houses. Input from the local community was essential to ensuring the line-routing process considered all potential impacts to the community.

We strive to enhance our inclusive engagement efforts, which are outlined in our Environmental and Social Justice Policy. This policy reinforces our commitment to consider environmental and social impacts when developing new infrastructure, transitioning our 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.

**Learn more in the Environmental and Social Justice section.**



## AEP's Stakeholder Engagement Efforts

Stakeholder	Issues We Engage On	How We Engage
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Career development, training &amp; advancement</li> <li>• Workplace culture &amp; inclusion</li> <li>• Compensation &amp; benefits</li> <li>• Safety, health &amp; well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Employee webcasts</li> <li>• Employee Resource Groups</li> <li>• Annual culture survey &amp; action plans</li> <li>• Performance review process</li> <li>• Employee development, training &amp; education</li> <li>• Annual talent review &amp; succession planning</li> <li>• AEP Ethics &amp; Compliance Concerns Line</li> </ul>
<b>Customers</b> <i>Residential, Commercial &amp; Industrial</i>	<ul style="list-style-type: none"> <li>• Customer outages, bills, energy usage &amp; payment assistance</li> <li>• Public safety awareness</li> <li>• Decarbonization strategy, emissions targets</li> <li>• Electrification, EVs, energy management &amp; solutions</li> <li>• Site selection/property searches</li> <li>• Reliability improvements</li> </ul>	<ul style="list-style-type: none"> <li>• Webinars, newsletters, social media</li> <li>• One-to-one outreach</li> <li>• Customer insight panels</li> <li>• Advisory, relocation &amp; site selection services</li> <li>• EEI Customer Carbon &amp; Energy Report</li> <li>• Resource plan stakeholder process</li> <li>• Customer Call Center</li> </ul>
<b>Regulators/Policy-makers</b>	<ul style="list-style-type: none"> <li>• Energy transition, resource planning</li> <li>• Energy reliability &amp; affordability</li> <li>• Environmental performance</li> <li>• Energy management</li> <li>• Electrification &amp; EVs</li> <li>• Emergency response</li> <li>• Cyber &amp; physical security</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with local, state &amp; federal government</li> <li>• Industry &amp; trade association advocacy</li> <li>• Regulatory proceedings</li> <li>• Education forums &amp; conferences</li> <li>• IRP stakeholder forums</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Climate risk &amp; governance</li> <li>• Decarbonization strategy</li> <li>• Just Transition</li> </ul>	<ul style="list-style-type: none"> <li>• Annual meeting of shareholders</li> <li>• Quarterly earnings calls</li> <li>• Emails, phone calls, meetings &amp; conferences</li> <li>• ESG disclosure</li> </ul>



## AEP's Stakeholder Engagement Efforts (continued)

Stakeholder	Issues We Engage On	How We Engage
Investors (continued)	<ul style="list-style-type: none"> <li>• Social issues (diversity, talent management, etc.)</li> <li>• Cyber &amp; physical security</li> <li>• Political engagement &amp; lobbying activities</li> <li>• Incentive compensation &amp; goal setting</li> </ul>	<ul style="list-style-type: none"> <li>• SEC filings</li> <li>• Annual governance outreach with the Board Chair</li> <li>• Ongoing engagement with ESG-focused investors</li> <li>• Climate Action 100+</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Environmental, safety &amp; health management</li> <li>• Human rights management</li> <li>• Supplier diversity</li> <li>• Supply chain resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Code of Conduct</li> <li>• Sustainability-related supplier surveys</li> <li>• EcoVadis Sustainability Assessment</li> <li>• Supplier Diversity Program</li> <li>• Supplier education</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Hunger &amp; housing</li> <li>• STEM education</li> <li>• Diversity, equity &amp; inclusion</li> <li>• Economic development</li> <li>• Community development</li> <li>• Infrastructure siting</li> <li>• Coal unit retirements &amp; Just Transition</li> <li>• Energy access &amp; affordability</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate giving &amp; grants</li> <li>• Employee volunteerism</li> <li>• Economic development training programs</li> <li>• Community task forces</li> <li>• Public safety education</li> <li>• Landowner &amp; property owner open houses</li> <li>• Townhall/community meetings</li> <li>• IRP stakeholder process</li> </ul>
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> <li>• Resource Planning</li> <li>• Carbon emissions</li> <li>• Distributed energy resources</li> <li>• Electrification &amp; EVs</li> <li>• Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Outreach via email, phone calls, meetings</li> <li>• Regulatory proceedings (stakeholder forums tied to IRPs)</li> <li>• Stakeholder meetings</li> </ul>

# Energy Transition

AEP has already made considerable progress toward reducing environmental impacts by making significant investments in both fossil fuel generation and renewables to deliver reliable, affordable energy to our customers and to strengthen the resilience of the electric power grid. Keeping this focus front and center will enable continued economic growth in our communities while addressing mandated environmental compliance and climate-related risks.

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## Energy Transition

Achieving a low-carbon economy by mid-century is a daunting challenge by any measure. It requires technological breakthroughs; navigating and working with partners and regulators in long-standing regulatory and market paradigms; and balancing investment across the power sector. AEP defines energy transition as meeting the generation resource requirements of the states in which it operates and the needs of customers who it serves. We anticipate that some of our states and customers will require less carbon intensive generation capacity and energy. AEP has already made considerable progress toward reducing environmental impacts by making significant investments in both fossil fuel generation and renewables to deliver reliable, affordable energy to our customers and to strengthen the resilience of the electric power grid. The increasing frequency and severity of extreme weather events in AEP's service territories have affected the level and duration of customer outages. While much work remains to transform the energy sector, the pace of progress ultimately will be determined by the need for reliability, resilience and affordability. Keeping this focus front and center will enable continued economic growth in our communities while addressing mandated environmental compliance and climate-related risks.

In recent years, record-breaking severe weather events have tested the resilience of the grid and exacted a significant financial and human toll. For example, according to the National Oceanic and Atmospheric Administration, 2023 was the single hottest year on record to date – fueled by a strong El Niño weather pattern that contributed to a massive heat dome over the South, Midwest and Great Plains. Following back-to-back severe storms in 2023, the electric grid experienced significant damage that left nearly a half million customers in four states in AEP's footprint without power. AEP is adapting its business practices and standards to these changing weather patterns to build a stronger, more resilient and reliable grid.

### AEP's Shifting Generating Portfolio

AEP has been on a long journey to transition its fleet while keeping in mind local and state energy policy and reliability. Since 2011, AEP retired, converted to natural gas, or sold approximately 14,000 MW of coal-fueled generation with more than 4,100 MW of additional coal plant retirements or fuel conversions expected by the end of 2028. Among the catalysts for this transition are the costs to comply with environmental regulations, aging infrastructure and fuel price volatility. We will continue to make prudent investments in the five remaining plants to ensure compliance with all environmental, safety and health mandates as these coal units are essential to maintaining the reliability of the grid. AEP's generation investments will be dictated by federal and state law and the needs of our customers without compromising reliability, resilience or affordability.

Consequently, we are taking a hard look at what is needed to ensure 24/7 dispatchable generation and delivery of electricity. AEP has identified 20 gigawatts of new generation opportunities over the next decade. This will likely be a combination of renewables, natural gas generation and storage to complement our existing generation portfolio. In addition, the industry is faced with new demands from regional transmission operators (RTOs) to have higher levels of capacity in reserve. Having a diverse resource portfolio is essential to a low-carbon future, enabling the industry to navigate the changing dynamics of supply and demand as well as the broader economy seeks to electrify.

AEP's renewable energy portfolio continues to grow as our investment strategy for cost-effective regulated renewables gains approval from our state regulators. Our current 2024-2028 capital investment plan, derived from AEP's Integrated Resource Planning analyses, includes \$9.4 billion of regulated renewable projects. To date, we have received regulatory approvals for approximately \$6.6 billion of these projects. In addition, federal tax credits for renewable generation have been extended which significantly reduces the costs of these projects.



## AEP's Renewable Portfolio - March 2024

In megawatts (MW)

Hydro, Wind, Solar	Owned	PPA	Total
AEP Ohio	–	209	209
Appalachian Power	801	630	1,431
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	102	427	529
<b>Total</b>	<b>2,598</b>	<b>3,322</b>	<b>5,920</b>

Data as of 3/31/24

Our primary purpose as a regulated electric utility is to generate and deliver reliable, affordable electricity to our customers. We believe that consistent with and subject to this mission, we can also achieve our greenhouse gas (GHG) reduction targets in parallel. AEP remains committed to working toward achieving an 80% reduction in Scope 1 GHG emissions by 2030 (from a 2005 baseline) and net-zero by 2045 (Scopes 1 and 2). These targets were established through the output of our Integrated Resource Plans (IRPs) and are reviewed annually. AEP's total Scope 1 GHG estimated emissions in 2023 were approximately 44.5 million metric tons, a 67% reduction according to the GHG Protocol, which excludes emission reductions that result from assets that were sold, or a 71% reduction from AEP's 2005 Scope 1 GHG emissions (inclusive of emission reductions that result from plants that have been sold).

While we continue to make progress, our ability to do so is dependent upon a number of factors outside of our control. This includes having regulatory support to execute on renewable resource plans, evolving RTO requirements, the advancement of carbon-free generation technologies, customer demand for carbon-free energy, potential tariffs, carbon policy and regulation, operational performance of renewable generation and supply chain costs and constraints, all while continuing to provide the most cost-efficient and reliable power to customers.

We have formalized the annual review of our GHG reduction targets to assess our progress and adjust, as appropriate. This review will be conducted annually and discussed with AEP's Climate Change Executive Group.

We are working with our regulators and policymakers to choose the energy solutions that meet their individual needs. AEP's future resource portfolio, supported by our IRPs, gives us a defined path toward achieving this.

### Our Pathway to Net-Zero



Planned retirement and disposition of select fossil units



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



Build a resilient and reliable grid to efficiently deliver clean energy to customers



Closely evaluate new technologies to further reduce or eliminate CO<sub>2</sub> emissions



Procure carbon offsets to neutralize any remaining CO<sub>2</sub> emissions from our generation fleet

Near term

→ Long term

## AEP's GHG Emissions Breakdown (MT CO<sub>2</sub>e)

Emission Scope		2021	2022	2023
Scope 1 <sup>1</sup>		56,401,080	51,100,144	44,453,919
Scope 2	Market Based	323,580	349,935	Data to Come
	Location Based	318,776	363,484	Data to Come
Scope 3	Total	35,589,477	41,759,164	Data to Come
	Category 1: Purchased Goods & Services	595,845	527,681	Data to Come
	Category 3: Fuel- & Energy-Related Activities	34,962,336	41,198,607	Data to Come
	Category 6: Business Travel	6,215	7,847	Data to Come
	Category 7: Employee Commuting	25,081	25,029	Data to Come

Scope 1: Emissions directly from owned & controlled sources	Scope 2: Indirect emissions from electricity purchased & used by the organization	Scope 3: Emissions from the supply chain & all other indirect sources
<p>Owned Generation    Fleet Vehicles    Transmission &amp; Distribution Maintenance</p>	<p>Office Facilities    Line Losses</p>	<p>Supply Chain Emissions    Purchased Generation    Employee Travel &amp; Commuting    Waste</p>

<sup>1</sup> Major decrease in scope 1 emissions from 2022 to 2023 is due to adverse weather that impacted the fossil fleet utilization.

\* Emissions data in accordance with the GHG protocol.

### GHG Emissions Reduction Targets

# Net-zero by 2045

Scope 1 & Scope 2 GHG emissions

## 80% reduction by 2030

Scope 1 GHG emissions Compared to 2005 levels

### GHG emission Reductions

Scope 1  
**67%**  
2005-2023

## Opportunities & Headwinds

AEP's generation mix is driven by our resource plans, customer demand, environmental compliance and legal requirements. Our IRPs are designed to develop a set of supply- and demand-side resources to guide the generation and supply of electricity in a way that balances affordability, sustainability, reliability and resilience. The availability of cleaner energy is important to current and prospective customers, helping to spur economic development and growth across our service territory that has a positive impact for all customers. By integrating renewables into our generation portfolio, we can remove some of the volatility of fuel costs. In addition to creating jobs and new tax revenue for local communities, new or expanded business growth enables the spread of fixed costs across a broader customer base – benefiting all customers. We remain committed to working with our regulators, policymakers and other stakeholders to choose the most cost-effective and reliable energy solutions to serve our customers.

AEP's energy transition is tied to:

- Continuing to invest in infrastructure to provide safe, reliable, affordable, and environmentally-compliant service.
- Diversifying our electric generation fleet to minimize costs and risks to customers.
- Investing in transmission and distribution to enhance reliability and resilience, and to accommodate changing resources, demand and advanced technologies.
- Working with our regulators, policymakers and key stakeholders to emphasize the importance of reliability, resiliency, security and affordability.
- Conducting scenario planning to understand future risks and opportunities and sharing this information with our regulators, policymakers and key stakeholders.
- Supporting and engaging with our communities.

The diversity of the states AEP serves also means there are a variety of views, preferences, needs and mandates to balance generation resources at a pace that considers customer reliability and costs. All of these views exist within AEP's service territory, and we must continue to work within the boundaries of each of our jurisdictions to satisfy what they deem to be in the best interests of their constituents.

External factors outside of our control have created new challenges. Higher interest rates, inflation and persistent supply chain constraints affect the availability of components and development of renewable projects and increase our cost to finance these and other projects. In addition, a number of renewable projects have been canceled by developers and other utilities, while tariffs on foreign components needed for solar panels and batteries have stalled delivery at the border. Local opposition to siting and building renewables, like large-scale wind projects, also pose a challenge. This is happening at a time of high demand for electricity by other sectors of the economy and growing demand for cleaner energy. The growth of data centers, the chemical and primary metals sectors, and electric vehicle charging infrastructure for major corporate fleets is compounding concerns over the adequacy of capacity resources to meet this demand. We continue to monitor and take an active role in the planning and infrastructure development processes in each of our regions to support resource adequacy and meet customer needs.

While technologies needed to help manage the intermittency of renewables continue to evolve, generating plants continue to be retired for a range of reasons, including age, cost to maintain and operate, market conditions, fuel costs and environmental regulations. This has led to growing



concerns about the industry’s ability to meet capacity (e.g., peak demand) and reliability needs. Regulators, policymakers, regional grid operators and utilities alike have raised concern. Across the country, some utilities are delaying plant retirements, dropping or adjusting their climate-related goals, converting coal plants to natural gas or building new natural gas plants to meet capacity requirements and protect the reliability of the grid. Natural gas provides a reliable 24/7 dispatchable resource similar to coal. It fills in the gaps when renewable generation is not present or sufficient for meeting real-time demand.

Today, natural gas is the largest fuel source for the power sector. The tradeoff is that heavier reliance upon gas for power generation could mean increased GHG emissions in the short-term. However, we remain confident that as technology and infrastructure catch up, emissions will decline at an accelerated rate. Natural gas and existing coal generation, along with a growing renewable portfolio, will provide a bridge to net-zero by protecting grid reliability and affordability for customers.

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**Natural gas and existing coal generation, along with a growing renewable portfolio, will provide a bridge to net-zero by protecting grid reliability and affordability for customers.**

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There are many factors that influence the decision to retire a generating unit, including ongoing cost and risk to current and future customers, age and condition of facilities, federal and state environmental requirements make it cost prohibitive to run the plant, and/or changing market economics, such as fuel costs. In making the difficult decision to retire a generating plant, we focus on balancing the plant’s remaining life and economic viability with other options for delivering power. This includes a mix of renewable energy with natural gas, nuclear and hydro-electric generation to provide reliable, secure and affordable energy to customers and benefit the environment.



# Modernizing the Grid

As the nation's electric grid undergoes a fundamental transformation, driven by changes on both the supply side and the demand side, transmission becomes increasingly critical. Transmission underpins the ability to respond to the growing demand for energy that fuels growth and economic prosperity. AEP works to maintain, enhance and expand its transmission system – the largest in North America – to serve the needs of customers. Today, it is facing new challenges as the system is used in new ways as aging generation is retired and as new intermittent and distributed resources – including renewables – are interconnected.

Driven by the impacts of extreme weather events, resilience has emerged as a core customer expectation. The push for resilience is driving further convergence and integration of critical networks, including transmission, distribution, natural gas, telecommunications, water, information technology, transportation, financial and others. Today, new renewable generation and large customer loads can go from concept to in-service in three to five years. In contrast, it can take a decade or longer to plan, permit and build transmission projects. Significant transmission investment will be needed to improve the resilience of the electric grid and to support growing customer demand. As we go through this process, it is important that we continue to partner with our states and stakeholders to understand their needs and how we can best achieve affordable, reliable, resilient and cleaner energy.

## 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.



Data as of March 2024

## Distribution Organic Growth Opportunity

AEP's expansive, aging 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.



## Physical Risk

The physical nature of the electric power grid makes it susceptible to weather events that can disrupt power to customers. In 2020, we studied climate-related physical risks, identifying those that are most likely to impact AEP's system. Currently, AEP's reliability and resilience planning efforts rely on local historical weather conditions, including wind speed, ice loading on wires, temperature extremes and precipitation and flooding. We follow industry standards for planning, design, operation and maintenance of our physical assets. These practices evolve with changing standards, and today's facilities employ modern and resilient designs that enable better performance during extreme weather events.

However, it is not possible, affordable or practical to harden every asset to withstand every potential severe weather event or condition. AEP takes a risk-based approach to assessing asset vulnerabilities to help us prioritize resilient investments. This allows us to examine proactive measures to withstand and recover from climate-related physical impacts more quickly rather than being reactive. In addition, we are in the process of enhancing our planning process with the inclusion of weather scenarios informed by future climate pathways to help us better prepare the grid for the future.

## Industry Resilience Efforts

The North American Transmission Forum (NATF) Transmission Resilience Maturity Model (TRMM) was created as a tool for utilities to use to objectively evaluate and benchmark their established transmission resiliency policies, programs and investments, in order to prioritize enhancements where they are most needed. AEP was one of the first utilities to pilot the TRMM. The TRMM is used by AEP to continuously evaluate the maturity of its transmission resilience program, to communicate its capability levels in meaningful terms, and to inform analysis used to identify transmission resilience investments.

Additionally, through the Electric Power Research Institute (EPRI), AEP participates in the Climate Resilience and Adaptation initiative (Climate READi) to identify climate-related vulnerabilities for the power sector, including health and safety, energy equity and ecological patterns. Now, in its second year, the project focuses on risk identification, adaptation and planning for extreme weather impacts and a changing climate. The outcome, expected in 2025, will be a comprehensive and consistent approach to assessing physical climate risk and a framework to address those risks while enhancing resiliency.



### 2023 Climate & Extreme Weather Events Affecting AEP

- U.S. Climate Extremes Index was 65% above average; ranked 11th highest in 114 years
- Extremes in temperatures (high/low) felt in Ohio Valley, Upper Midwest, Southeast, South
- Extreme heat – the “heat dome”
  - Texas and Louisiana recorded warmest temperatures on record
  - In Texas, Del Rio and Rio Grande reached 113F; San Angelo reached 114F – all time-heat records for each
  - Severe weather outbreaks left nearly a half-million customers without power in Louisiana, Texas, Oklahoma and Arkansas and caused “historic devastation” to the grid
- Louisiana recorded its eighth driest year on record with 74% of the state in severe drought in 2023
- Tornado outbreak in February caused damage in Texas, Oklahoma, Indiana and Ohio
  - 11 of 27 tornadoes in this outbreak were in Oklahoma



## Technologies we are Monitoring

Understanding these issues is also important to keeping our people safe and healthy. For example, prolonged exposure to high ambient air temperatures can result in heat stress and heat-related illnesses. In addition, vulnerable communities can face greater hardships from service disruptions as they may have fewer resources and limited ability to manage and recover. These types of human impacts are also included as part of the Climate READi project.

Our priority is to maintain and operate a safe and reliable grid that is resilient and adaptive, while maintaining affordability for all customers.

### Climate-related Physical Risks to AEP Assets

The following are the most probable climate-related physical impacts to the AEP system:

- Extreme temperatures (heat, cold)
- Precipitation amount and type (drought, flood, water level, ice, snow, rainfall)
- Severe weather (lightning, hurricanes, tornados, damaging winds)
- Sea level rise
- Wind speed
- Solar irradiance

There is no straight line or prescriptive path to a net-zero GHG emissions future as it is constantly evolving and changing. As few as five years ago, predictions were that certain technologies, such as energy storage, would be much more advanced by now and commonly in use on the grid. While progressing, many technologies remain in the early stages of implementation at utility scale. There are numerous building blocks across multiple sectors that must come together to enable a clean energy economy that is reliable, resilient and affordable for all customers. And, as states choose their own paths, we must be ready to adapt and meet their needs.

Emerging technologies and digital solutions are opening new doors while also changing the expectations of our customers and stakeholders. Technology will play a key role in both creating a more resilient grid and reaching net-zero, and we need support from policymakers and regulators to develop the technologies, reduce costs and deploy the technologies across the system.

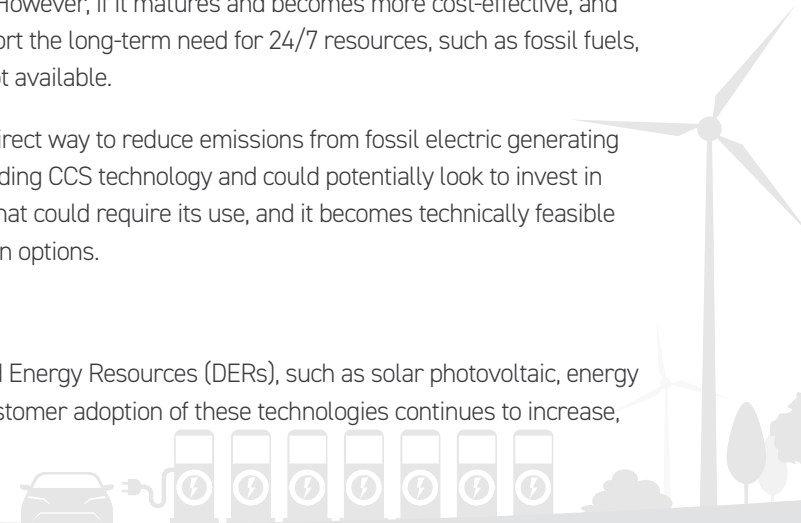
### Carbon Capture and Storage (CCS)

Carbon capture and storage (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, operationally complex and inefficient in its use of energy. In addition, there are challenges with the transportation, storage and long-term monitoring of captured carbon dioxide that still must be resolved. However, if it matures and becomes more cost-effective, and infrastructure is developed, 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:** CCS is the most direct way to reduce emissions from fossil electric generating units. AEP continues to monitor developments regarding CCS technology and could potentially look to invest in such technology if there is a regulatory framework that could require its use, and it becomes technically feasible and cost-effective relative to other emission reduction options.

### Distributed Solutions (DERs/DERMS)

AEP is actively planning for the growth in Distributed Energy Resources (DERs), such as solar photovoltaic, energy storage and electric vehicle charging stations. As customer adoption of these technologies continues to increase,



AEP is preparing to launch systems that will manage the impacts of these resources and maximize the value DERs can bring to an increasingly dynamic energy ecosystem. Implementation of the Advanced Distribution Management System (ADMS) will include Operational Distributed Energy Resource Management System (DERMS) functionality to provide real-time visibility of DERs and enhance the situational awareness of these technologies as AEP adapts to operating a DER-enabled grid. System improvements are underway to support the processing, tracking and modeling of DERs to ensure AEP can reliably connect DERs and model the new technologies in the distribution and transmission systems appropriately. AEP will also implement a Virtual Power Plant (VPP) platform with capabilities to aggregate and manage DERs and curtailable loads to provide operational flexibility, creating value across wholesale, transmission and distribution operations.

**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 projected to continue its growth across the country over the next decade, as new options across vehicle classes and price points come to market. While EV penetration in AEP's service territory overall is modest, EV growth would bring challenges and opportunities, including the addition of new and substantial load growth, as well as the need to manage grid impacts and meet new customer needs.

**Why this technology is important:** Our objective is to increase access to affordable charging infrastructure and to continue working with regulators to create programs that optimize the use of the grid in a manner that benefits all customers while meeting their needs. Electric transportation provides one of the largest long-term organic growth opportunities for electricity consumption the industry has experienced in the past generation. We need to adequately plan for and serve customers' electric needs now and in the future.

### Long-Duration Energy Storage (LDES)

As society increasingly relies on more solar- and wind-generated energy, 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 fill that gap, including various battery technologies and hydrogen. LDES comprises a group of technologies that can store energy for prolonged periods and be deployed to meet electricity demand for days.

**Why this technology is important:** Energy storage is essential for the flexibility needed to accommodate variable resources like wind and solar and will help to achieve a resilient and reliable grid. It can provide the ability to both withdraw energy from the grid during periods of excess generation and deposit energy during periods of insufficient generation. However, many LDES technologies are yet to be commercially proven. 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.

### Small Modular Nuclear Reactors (SMRs)

Small Modular Reactors (SMRs) have the promise of being a clean, reliable and dispatchable generation resource. They are next-generation nuclear facilities that are smaller and simpler to construct than traditional nuclear generation, potentially offering a lower capital investment and greater siting flexibility.

**Why this technology is important:** We believe new technology resources will be essential to reach our net-zero target. Intermittent renewable energy requires back-up dispatchable generation support to ensure grid stability and reliability. Nuclear provides clean, reliable and secure energy and is capable of operating 24/7, 365 days a year. Some states in our service territory have begun to embrace SMR technology development through enabling legislation.

## Climate Governance

Climate governance is a shared responsibility between management and the Board of Directors. At the management level, the Climate Change Executive Group ensures an integrated, enterprise-wide approach to understanding and managing climate risks and opportunities to inform public policy advocacy, evaluate and direct AEP's strategy and align actions with AEP's regulatory strategy.

The Board of Directors is actively engaged in working with management to oversee the company's planning and response to climate-related impacts. The Board understands the importance of climate change issues and its significance to our customers, employees, regulators, investors and other stakeholders. The Board regularly discusses climate-related issues, including GHG emission reductions, public policy, legislation and regulation, in the context of AEP's goal to ensure a durable and sustainable transition to a low-carbon energy economy. The Board's focus is to achieve this by balancing the energy transition with system reliability, resiliency, security and affordability.

In addition, the Board participates in outside educational activities to enhance their knowledge of climate-related issues, emerging trends and issues and updates on technological advancements. At other times, topical experts are invited to speak with the Board.

### Certifying GHG Targets

AEP is frequently asked to verify our 2045 net-zero target with the Science-Based Target initiative (SBTi). We have reviewed at length the process to certify carbon reduction targets as science-based targets, according to SBTi's methodology, and concluded that SBTi is not appropriate for AEP. Under SBTi's methodology, AEP would not be credited for the work done for more than a decade to transform its generation fleet and reduce GHG emissions. Although SBTi is not the right process

for AEP, we need to be responsive to those asking for more certainty that the targets we set are achievable and credible in that they are aligned with global climate goals.

AEP is one of nearly 30 electric utilities that are participating in a new, two-year project, spearheaded by EPRI, to establish a new methodology and validation option for target setting based on sound science. The methodology is designed to recognize the uniqueness of each company's assets, markets, regulatory structure, etc., and to provide the flexibility needed to respond as the future unfolds. We need to consider the uncertainties around policy and technology; account for multiple – and sometimes competing – objectives, such as our net-zero target, while maintaining reliability and affordability; and back a range of strategies that support resilience to different futures.

Most important to many stakeholders is that our targets are grounded in relevant science, align with global climate goals of limiting warming to 1.5 degrees Celsius to well below 2 degrees Celsius, are actionable (cost-effective) and account for transition risks. The project will include a collaborative forum and Advisory Stakeholder Coalition to provide diverse perspectives (e.g., finance, reporting, trade, environmental, etc.) and enhance credibility for this approach. We are committed to a robust stakeholder process that includes ensuring the final methodology aligns with the priorities and needs of the stakeholders in our states.

We believe our emission reduction targets are compatible with the goals of the Paris Climate Agreement, and we continue to work toward achieving our 2045 net-zero target through the addition of regulated renewables and possibly other non- and low-emitting resources, investments to modernize the transmission and distribution systems, planned coal unit retirements, and investments in new technology research. [Follow the progress of EPRI's SMARTargets™ project.](#)

## Just Transition

The nation’s energy transition 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, a tax base that supports public services such as education and safety, corporate philanthropic support and volunteerism.

AEP recognizes these challenges and is committed to building upon our long history of caring for our employees and communities in areas where we have retired power plants. We seek inclusive and collaborative partnerships between the public and private sectors to facilitate a Just Transition by ensuring our employees and communities are not left behind after a plant ceases operation. We want to empower communities to create and own their future while equipping employees with the skills needed to find new career opportunities.

To AEP, Just Transition matters because we care about our communities and workforce and want them to remain strong and vibrant long after a plant retires.

AEP recently developed principles to formalize our commitment to Just Transition. These principles serve as foundational beliefs that guide our efforts in areas where we may need to retire facilities in the future, with the understanding that specific transition activities could vary based on plant and community needs. The following principles, explained further at [AEPCommunityTransition.com](#), were developed based on external benchmarking and input from internal and external stakeholders.

### What’s Next

We have these principles to reference in any future plant retirements, in addition to incorporating lessons learned from our Just Transition experience in Texas. We also have developed initial metrics to measure our progress and success. We commit to report our progress in our annual Corporate Sustainability Report and on our dedicated website at [AEPcommunitytransition.com](#), where you can learn more about our Just Transition efforts in Texas.



#### AEP’s New Just Transition Principles

At AEP, we believe in facilitating a Just Transition that benefits our customers and communities, each other and the future.

##### Our Customers & Communities

- We strive to provide our customers and communities with safe, reliable and affordable power throughout our energy transition.
- We acknowledge the impacts of generation plant retirements on a community.
- We believe proactive, transparent engagement is vital to empower communities to create and own their future.

##### Each Other

- We will treat our workforce respectfully throughout our transition.
- We believe proactive partnership with employees can position them for future success.

##### The Future

- We believe a Just Transition requires responsible decommissioning and planning for the site’s future.
- We commit to continuously improve our Just Transition processes and to share updates on our journey with key stakeholders.



## Electrification

**AEP's electrification mission is to promote efficient electrification in our service territory and build innovative customer programs that optimize the use of the grid for the benefit of all customers.**

Opportunities to expand the use of clean, efficient electric technologies span the spectrum from industrial processes to home appliances. Innovations in electric transportation, Heating Ventilation Air Conditioning (HVAC), and industrial processes can help us reach our net-zero target while saving customers money on their total energy costs. AEP continues our efforts to help our customers realize both the environmental and financial benefits of utilizing electric technologies in their vehicles, homes and businesses.

As the transportation industry continues to electrify, AEP is working to support this transition. Our efforts to increase access to affordable charging infrastructure continue to focus on working with regulators to create programs that benefit all customers – even those who do not drive electric vehicles. 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 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 all customers.

Several of AEP's operating companies offer programs to support our customers in their electrification efforts. For example, AEP Ohio and Public Service Company of Oklahoma (PSO) offer non-demand rates for public EV charging. PSO also offers an off-peak non-demand rate for fleet charging and has rebates for residential, commercial/industrial and public Level 2 charging. Customers in Oklahoma who are interested in lowering their carbon footprint even further are able to combine PSO's residential EV charging rate with the wind program. This program provides customers affordable access to carbon-free power for their home, business and transportation needs. Indiana & Michigan Power (I&M) EV pilot programs began in 2019 and were extended in 2023 for an additional year in Indiana, pending a more comprehensive EV filing by June 2024. I&M began holding stakeholder meetings in late 2023 to prepare a suite of EV programs for both Indiana and Michigan customers. The new program proposals aim to leverage lessons learned and advances in technology and program design to improve

the customer experience and streamline programs to prepare for more customer interest in EVs across all segments.

As part of Appalachian Power's energy efficiency programs, rebates are available to customers for installing certain high-efficiency residential electric heat pumps, heat pump water heaters and Level 2 EV chargers. Additionally, Appalachian Power has a beneficial electrification 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 and offers rebates to customers for the purchase and installation of Level 2 EV chargers. Similarly, Southwestern Electric Power Company's (SWEPCO) energy efficiency rebates and incentives promote the use of a variety of residential and commercial electrification technologies including but not limited to, heat pumps, heat pump water heaters and induction cooking in the retrofit market. These same technologies are also promoted in all-electric homes in the new market. This helps ensure customers make educated decisions on their equipment needs as markets are influenced by federal tax credits for these technologies.

PSO and AEP Ohio have educational materials to

support customers in their efforts to electrify their equipment. Additionally, AEP Ohio helps educate customers on the non-energy benefits of electric technologies, such as reduced maintenance costs and avoided GHG emissions, helping customers understand bill and rate impacts of transitioning equipment to electricity from other fuel sources. AEP Ohio works directly with heat pump manufacturers to secure and jointly market manufacturer rebates to customers.

As federal funding through grants and tax credits from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act continues to make its way to customers, AEP is working across our system to spread the word and assist with the industry transformation. We are proud to work with our customers who have received some of these initial grants for projects ranging from school and transit buses to public charging stations. To further inform customers about these funding opportunities, in 2023, AEP developed a suite of marketing materials to educate commercial and industrial customers about programs for which they may be eligible. AEP aims to ensure our customers are fully informed about and can leverage all available funding opportunities.

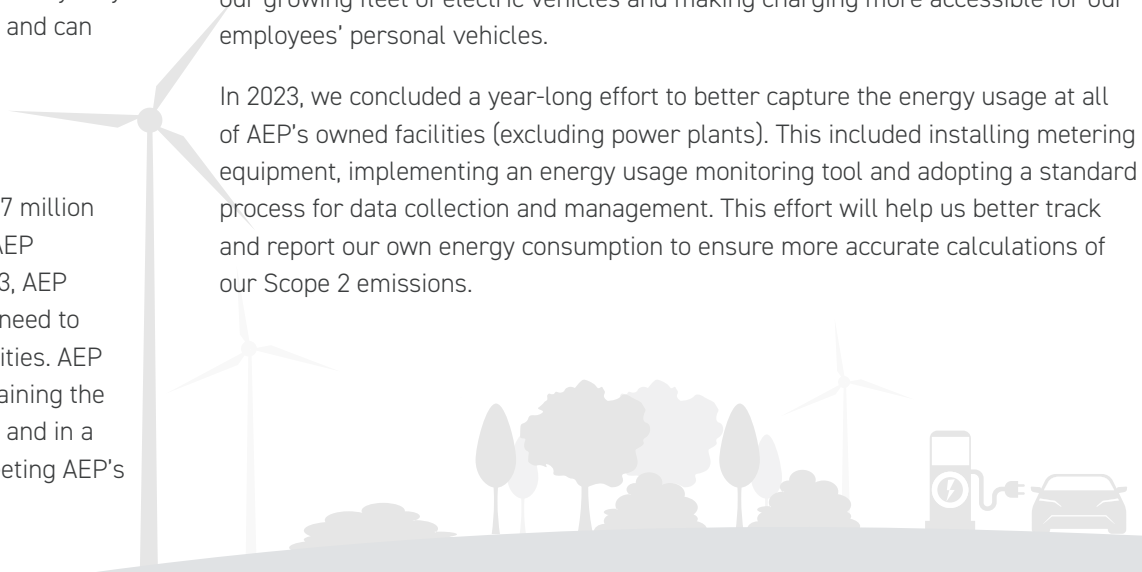
## AEP's Fleet Electrification Efforts

Internally, AEP has more than 7,000 vehicles on the road driving over 87 million miles annually to serve our customers. From 2020 through mid-2023, AEP electrified 5.6% of our on-road fleet and 36% of our forklifts. In late 2023, AEP paused its fleet electrification target for several reasons, including the need to reevaluate our strategy to reflect current market and supply chain realities. AEP remains committed to fleet electrification; however, the strategy for attaining the target must be reassessed to ensure it can be achieved cost-effectively and in a way that accounts for manufacturing and supply chain delays while meeting AEP's business needs.

## Reducing Our Own Energy Consumption

AEP is committed to enhancing operational efficiency, continuously reducing energy consumption within our operations, and minimizing the carbon footprint of our operations, otherwise known as Scope 2 emissions. We continue to make progress toward reducing our own energy consumption through energy-efficient equipment investments, such as new lighting, heating, cooling and control system installations and employee education. Today, we have 21 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 460 EV charging stations at facilities across our service territory, allowing us to charge our growing fleet of electric vehicles and making charging more accessible for our employees' personal vehicles.

In 2023, we concluded a year-long effort to better capture the energy usage at all of AEP's owned facilities (excluding power plants). This included installing metering equipment, implementing an energy usage monitoring tool and adopting a standard process for data collection and management. This effort will help us better track and report our own energy consumption to ensure more accurate calculations of our Scope 2 emissions.



# Environment

At AEP, we strive to always comply with applicable environmental requirements. We engage with regulatory agencies, industry associations and other stakeholders to provide input on proposed regulations to ensure fair and achievable requirements. We are committed to continuously improving our environmental performance and ensuring the long-term sustainability of our operations.

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## Environmental Compliance

At AEP, we strive to always comply with applicable environmental requirements. Through our operations, we are subject to various federal and state statutes and regulations, including the Clean Air Act, Clean Water Act and the 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. We engage with regulatory agencies, industry associations and other stakeholders to provide input on proposed regulations to ensure fair and achievable requirements. We are committed to continuously improving our environmental performance and ensuring the long-term sustainability of our operations.

AEP has made, and continues to make, significant long-term investments to comply with environmental regulations and reduce our impact on the environment. For example, we reduced our annual emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) by approximately 98% and 96%, respectively, compared to 1990 emissions, and reduced our mercury emissions by approximately 98% since 2001.

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 both scheduled and unannounced visits from regulators who assess compliance with regulatory requirements, permits and recordkeeping. If deficiencies are identified during inspections or audits, we take immediate corrective action to address the issue and prevent future occurrences. This may involve implementing new procedures, providing additional training, or making necessary repairs or upgrades to equipment or infrastructure.

To ensure robust compliance, we verify environmental performance through internal audits. Environmental audits may reveal potential gaps in performance that are related to regulatory requirements and company procedures or policies. These audits can also produce recommendations for improvements. In 2023, Audit Services conducted 22 environmental audits, which included inspections of 57 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 to ensure employees and contractors are aware of applicable regulations. Additionally, to protect sensitive resources throughout our territory, our teams implement processes before, during and after construction activities to avoid, minimize or mitigate potential impacts.

## Environmental Performance

To encourage outstanding environmental performance, we set annual targets that focus on continuous improvement as we strive to achieve our environmental compliance goals. 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 our actions to protect the environment.

This program has proven successful as we saw consistency in performance and achieved a decrease in the number of EPI events from 2015 through 2021. In 2022, we expanded 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 events in addition to any exceedances of permitted limitations or failure to meet regulatory deadlines for sampling, inspecting or reporting. Under this new standard, AEP experienced approximately 25 EPI events in 2023 compared to 35 in 2022. EPI performance is factored into a portion of the funding for short-term incentive compensation for all Generation employees. Beginning in 2023, AEP began implementing and tracking metrics for



## Biodiversity

environmental performance for Energy Delivery and other business units. We will continue this implementation process in 2024.

AEP's Generation and Environmental Services organizations also have an Environmental Good Catch program to identify and prevent conditions that could result in a reportable environmental event. In a manner similar to that of 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. More than 300 Good Catches were identified in 2023, helping to ensure environmental compliance.

Biodiversity and the preservation of the natural environment are becoming more prominent issues among investors, customers and other stakeholders. According to the United Nations, over half of the global GDP is dependent on natural processes such as 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, including wind, solar and transmission, we are mindful of, and manage the impacts we may have on wildlife and ecosystems including animals protected under the Endangered Species Act and other legislation. As various rulings and permitting programs are developed, AEP works alongside regulators to ensure rulings are streamlined, are fair, and can enable both the energy transition and the protection of wildlife and habitats. 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. AEP follows a hierarchy of avoidance, minimization and then mitigation to guide our efforts and impacts if projects have the potential to encounter environmentally sensitive areas.

### Employees Help Osprey Find Safe, New Home

AEP's environmental protection mindset extends to all employees, including line workers. In March 2023, line workers in Kingsport, Tennessee, noticed an osprey pair had built a nest and taken up residence on a pole near the service center. The crew agreed this was not the ideal location to raise an osprey family.

The crew made an extraordinary effort to relocate the birds to a new location where they could live out of danger. A new pole was installed nearby, and the crew gathered sticks to begin a new nest for the birds. A PVC pipe was then mounted on the top of the other pole, to act as a deterrent to encourage the birds to move. As planned, the osprey moved into the nest on the newly installed pole.

The relocation was a success until early August when the crew noticed the nest had been destroyed during a thunderstorm. The team quickly brought in a bucket truck and rebuilt the nest for the osprey. The birds soon settled back into the nest and remained for a few more weeks before migrating. This example showcases the importance of environmental stewardship and protection to AEP and to our employees.



## Protected Species & Habitat Conservation Plans

One way we are addressing impacts to protected species is by working with the U.S. Fish & Wildlife Service (USFWS) 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 the species and habitats covered by the ITP. With the development of the ITP application and HCP for transmission activities, AEP and our customers will 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 ITP and corresponding 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.



**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.**

### AEP's Mitigation Hierarchy



#### Avoid

Our first response is to avoid sensitive, protected, and at-risk areas and areas of high biodiversity, including relocating projects to an area with less impact.



#### Minimize

If such areas can't be avoided, we work to minimize the impact, such as pausing wind turbine operation during bird migrations.



#### Mitigate

Our last resort is to implement mitigation efforts to restore, create, enhance, or preserve sensitive areas that were unavoidably impacted. This may include setting aside shoreline habitat or planting native seed mixes instead of conventional turf grasses.

## Avian Protection

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 linear 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.

AEP owns and operates wind facilities, which have the potential to impact birds and bats. One of the many aspects we consider when evaluating these facilities is adherence to the U.S. Fish and Wildlife Service's Land-based Wind Energy Guidelines. We also 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 long-term feasibility of using native seed mixes, in place of turf grasses, for revegetation of areas disturbed by 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 Right-of-Way (ROW) to meet vegetation coverage requirements while also promoting biodiversity of pollinators and other wildlife.

Seed mixes are being tested at sites across AEP's service territory, including Ohio, Oklahoma and West Virginia. The seed mixes being tested were developed according to regional needs and restoration requirements. At these sites, researchers are documenting rich biodiversity and monitoring habitat quality and succession of prairie development. Rare species, such as the American bumble bee, have also been documented at the research sites. These results indicate that the regional seed mixes are successful and complied with local storm water regulations for site stability and vegetation coverage.

Due to the success of the studies, AEP is working with landowners to plant native seeds for post-construction land restoration. For example, AEP is currently using native seeds in the approximately 200-mile Rio Grande Valley Transmission Improvements Project. For the project, AEP plans to use native seed mixes developed by the Texas Native Seeds Program at Texas A&M Kingsville's Caesar Kleberg Wildlife Research Institute. The native seed mixes will be used where it is practical and preferred by the landowners.



**AEP's partnership with EPRI and the Dawes Arboretum in Newark, Ohio, to support native seed mix research was featured during the 2023 EPRI Pollinator Power Party. This platform brings together peer utilities, NGOs and community members to share information about the ecological role of pollinators and the efforts of Electric Utilities to facilitate pollinator population growth.**

## 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 of designated wildlife habitat that 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.



### Monarch Butterfly Candidate Conservation Agreement with Assurances (CCAA)

AEP participated in a conservation initiative with the USFWS to develop a Monarch 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. AEP continues to coordinate with the University of Illinois Chicago, electric utility peers and other stakeholders to help protect this important and iconic butterfly.

AEP is also part of an industry advisory team to develop a Conservation Benefit Agreement (CBA) that promotes the conservation of multiple species of bumble bees native to the United States. The CBA is a companion agreement to the Monarch CCAA and is building upon its successful conservation measures by improving and sustaining habitat and sustaining or increasing populations.



## Water Use & Management

Water is essential to producing electricity and is critical for many of our processes, including cooling equipment. Although approximately 90% of AEP’s power-generating capacity in 2023 required water, we returned most of the water we used 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 2% of AEP’s total water use. Our water withdrawal and consumption will continue to decrease through the additions 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 required reporting, such as the U.S. Energy Information Administration and state-level water usage reports, as well as through 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 can greatly impact 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 2023, these plants conserved an estimated 700 million gallons of water, demonstrating the effectiveness of this management approach. The Pirkey Plant accounted for much less water use due to its retirement in March 2023.

#### Surface Water Use

**48%** reduction  
since 2013

#### Surface Water Consumption

**83%** reduction  
since 2013



#### StreamSweepers – Clinch River Clean-Up Project

To help manage our watersheds, we support various restoration efforts, including the StreamSweepers Clinch River Clean-Up Project led by the American Climate Partners. This program began in 2016 when unique biodiversity and water quality issues arose during various tests performed on the river which flows through Southwest Virginia and Northeastern Tennessee.

The StreamSweepers project was created to clean and remediate damage that occurred to the river and support and improve local economies through jobs and education. Over the past five years, Sweepers removed over 7,780 tires and nearly 90 tons of trash and debris from 60 miles of the Clinch River. This program has provided jobs and diverse training for young adults and veterans annually. The AEP Foundation has been a proud supporter of this restoration effort since 2022 and has committed \$150,000 to it over three years.

## Waste Management

We manage many types of waste resulting from the process of providing electricity, operating office buildings, performing construction, and repairing and replacing equipment. We look for opportunities to reduce and divert waste from landfills through recycling and beneficial reuse of coal combustion residuals, which make up AEP's largest waste stream.

### Toxic Release Inventory

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.](#)

### PCBs

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 more than 18,500 pieces of electrical equipment in 2023, of which approximately 1,000 contained PCBs at regulated levels.

While we had a little over 900 transmission and distribution equipment oil spills in 2023, only five 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 our 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.

### E-waste

AEP works alongside our e-waste vendors to follow a structured approach for managing the lifecycle of laptops, desktop computers, monitors and many other e-waste streams to ensure responsible disposal and maximize their useful life. Once a device reaches the end of its useful life, it is returned to the AEP Technology Depot at our corporate headquarters, where it undergoes preparation for disposal. Our partnership with certified third-

### Recycled Waste - 2023



#### Light Bulbs

32,978 lbs



#### Scrap Metal

53,375,947 lbs



#### Electronic Equipment

~240,000 lbs



#### Batteries

156,654 lbs



#### Used Oil

1,163,247 gal

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

*\*E-waste increased dramatically in 2023 as a result of restarting our computer lifecycle program post Covid.*

party e-waste vendors ensures secure disposal of devices. These vendors destroy data, break down devices and resell any valuable equipment and provide credit back to AEP for future e-waste pickups. In 2023, this program diverted approximately 250,000 pounds of e-waste material from entering the landfill and allowed AEP to avoid approximately \$100,000 in disposal costs.

In addition, AEP reserves some devices with a useful life left to donate to non-profit organizations in need. Recent donation recipients include the Mid-Ohio Food Collective and Step Ahead Tech, to which we contributed 24 and 15 computers, respectively, to support their initiatives.

## 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.

CCRs have long been approved for use in concrete, wallboard and a variety of construction materials. While this benefits other industries, it also provides a source of environmental and financial benefit to us. Through beneficial use of CCRs, we reduce environmental impacts by avoiding the need to landfill the material while creating a revenue stream that helps to offset other operating costs. Although not all CCRs can be put to beneficial use, nearly half of the material is kept out of landfills and ash ponds. AEP is continuing to monitor CCR rules and regulations being developed by the U.S. EPA and states while we are implementing strategies to comply with existing requirements. Learn more about our CCR Rule Implementation Plans and review our compliance reports on our [CCR website](#). For additional disclosure on CCR rules and regulations affecting AEP, please see our [SEC Form 10-K](#).

### 2023 CCR Beneficial Reuse

**Total CCRs Produced:** 2,285,380 U.S. Tons

**CCRs Beneficially Reused:** 1,024,890 U.S. Tons/45%

**Disposal Costs Avoided:** \$17,266,243

**Revenue Generated:** \$11,037,713

## Nuclear Waste Management

Nuclear energy plays a vital role in AEP's transition toward a clean energy future. Nuclear energy is currently AEP's largest source of baseload carbon-free generation capacity. As we advance in the clean energy transition, it becomes increasingly crucial to harness the benefits of nuclear power while also managing nuclear waste storage and tackling decommissioning costs. Balancing these aspects is critical to ensuring AEP's commitment to environmentally responsible energy practices while meeting our customers' energy capacity needs.

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, located 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 placed 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 Energy 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.

We are committed to investing in the long-term viability of this clean energy resource. Cook's two units that separately generate power are licensed through 2034 and 2037, respectively. As we near the license term, we are beginning the process of determining whether to seek approval for a 20-year license extension. Though those current license dates are a decade away, the process for extending the license of a nuclear plant is lengthy and requires much advance work.

As the grid continues to evolve, we are evaluating ways to optimize how we make, move and deliver energy. This includes monitoring developments in new generation technology such as advanced small modular nuclear reactors (SMRs). SMR technology is considered to provide clean, reliable energy opportunities that can improve grid resilience and promote energy independence. It offers many advantages when compared to larger nuclear plants, such as a smaller physical footprints and reduced siting restrictions, and they are also more cost-effective.

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

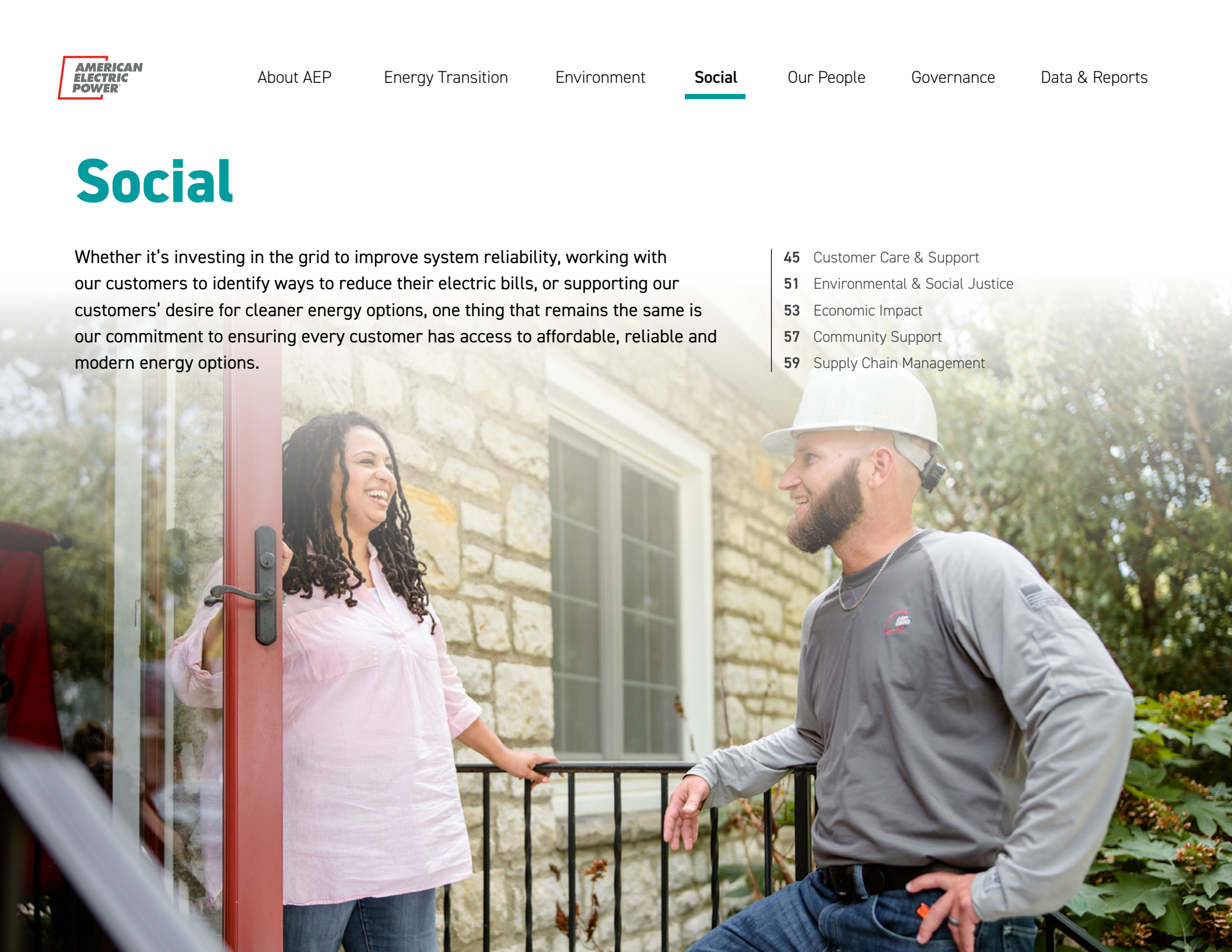




# Social

Whether it's investing in the grid to improve system reliability, working with our customers to identify ways to reduce their electric bills, or supporting our customers' desire for cleaner energy options, one thing that remains the same is our commitment to ensuring every customer has access to affordable, reliable and modern energy options.

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## Customer Care & Support

AEP has been providing our customers with safe and reliable electric service for more than 118 years. This includes supplying a critical source of energy that enables safety, comfort and today’s modern amenities. Whether it’s investing in the grid to improve system reliability, working with our customers to identify ways to reduce their electric bills, or supporting our customers’ desire for cleaner energy options, one thing that remains the same is our commitment to ensuring every customer has access to affordable, reliable and modern energy options. We also understand that our customers’ needs and expectations are evolving, requiring us to shift and change to meet their demands. Our investments in the power system are focused on meeting these demands by expanding customer programs, digital capabilities and cleaner energy offerings while being mindful of the impacts that our energy transition has on our customers and communities.

### Energy Assistance Provided to Help Customers Pay Their Electric Bills

In millions

Operating Company	2021	2022	2023
Appalachian Power	\$71.1	\$67.7	\$40.7
AEP Ohio	\$12.2	\$77.9	\$14.8
Public Service Company of Oklahoma	\$14.4	\$26.1	\$19.2
Indiana Michigan Power	\$12.1	\$21.2	\$13.0
Southwestern Electric Power Company	\$12.9	\$15.2	\$16.3
Kentucky Power	\$12.2	\$10.1	\$6.6
<b>Total</b>	<b>\$134.8</b>	<b>\$218.1</b>	<b>\$110.6</b>

*Funds provided by various company, community and government resources. The 2023 decrease in assistance is due to government funding support returning to pre-Covid levels.*

## Energy Affordability & Assistance

Although inflation slowed in 2023, the cost of common expenses such as food and fuel remained high, putting a strain on household incomes and their ability to meet their basic needs. Unfortunately, inflation impacted electric bills, too, as our costs to serve customers increased. Although the average price of electricity for the U.S. residential customer increased by 2% in 2023, this was layered on top of the 14% increase that occurred in 2022. This was primarily due to higher fuel supply costs, such as the cost of natural gas. Fuel costs are a pass-through cost to customers, meaning they pay only what we pay for the fuel needed to generate electricity, as there is no mark-up or profit added. 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 with median incomes below the national average. At AEP, we are committed to keeping our customers connected and providing access to additional assistance if needed.

In 2023, we received close to 53,000 pledges totaling nearly \$19.7 million in energy assistance from our self-serve agency website, a 25% decrease from our record amount of funding in 2022 (income guidelines determine eligibility). The funding for our energy assistance programs comes from a variety of sources, including the government, social service agencies, voluntary customer contributions, and even our own employees, who during the pandemic created an assistance funding program called Friends & Family Direct that allowed employees to make personal contributions to help customers pay their electric bills. In addition, government-sponsored energy assistance programs provided more than \$110.6 million in federal and private energy assistance to our customers across our service territory in 2023 – a 49% decrease compared to 2022. This decrease was a result of scaled-back supplemental funding from the CARES Act and American Rescue Plan, which were primarily distributed in 2022.

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 Public Service Company of Oklahoma’s (PSO) Shine a Light project, close to 1 million energy-efficient light bulbs have been distributed to customers over the past 10 years. This equates to more than \$3 million in energy savings.

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**AEP recently launched a new online tool to educate and engage customers on programs through which they are likely to qualify for assistance. Approximately 1 million email alerts were sent to low- and moderate-income customers in December 2023 and January 2024 to notify them of this tool.**

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### 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 access energy assistance programs and flexible payment options so they can maintain electric service without building up large past-due balances. Our efforts include:

- **Payment arrangements** – Breaks up past-due amounts into installments over several months.
- **Payment extensions** – Gives more time to make a payment.
- **Average Monthly Payment Plan (AMP)** – Evens out payments throughout the year to account for seasonal spikes.
- **Budget Billing** – Some states offer budget billing, which calculates a 12-month average and bills the same amount each month. Mid-year and annual reviews are completed for possible adjustments and settlements.
- **Neighbor to Neighbor program** – Applies utility assistance grants to a customer’s bill.
- **Friends and Family Direct** – Allows payments toward a relative’s or friend’s electric bills.
- **Payment assistance programs** – All our states offer winter heating assistance programs that assist low-income customers with missed payments. Many of our states offer cooling assistance during the summer months.
- **Pre-Pay (PSO Power Pay)** – With this pre-payment method, customers pay in smaller amounts throughout the month. Usage is calculated on a daily basis and is deducted from a pre-funded account.
- **PIPP Plus** – Eligible Ohio customers manage their energy bills year-round with monthly payments based on a percentage of household income.



## Keeping Our Customers Connected

Our priority is to keep the lights on 24/7, year-round. At times, however, power outages, whether planned or unplanned, can negatively impact our customers. Whether due to a storm damaging power lines or substations, a vehicle hitting a pole, or a tree falling on a power line, outages can be disruptive, costly and inconvenient. Additionally, regular maintenance and system upgrades sometimes require briefly shutting off power to allow our workers to safely and efficiently restore service or do maintenance.

No matter the type of outage, we work to restore our customers' power as safely and quickly as possible. We also want our customers to be aware of, and prepared for, potential disruptions to their service, especially when severe weather is expected. We proactively deliver important information they will need, such as storm preparedness tips, safety information and ways to conserve energy when demand is high. Customers have several ways to stay connected with us, including through text and email updates as well as social media. They can also follow our restoration progress by monitoring real-time outage maps.

Unfortunately, weather can be unpredictable and destructive. Several states within AEP's service territory experienced severe weather events in 2023, including extreme heat in Louisiana and Texas and tornados in Ohio, Indiana and Oklahoma. These events caused extensive damage to AEP's system and customer outages. Several AEP states, including Texas, experienced record-high temperatures during a 2023 heat dome that put a strain on AEP's system. In 2023, the Electric Reliability Council of Texas (ERCOT), which manages the flow of electric power to more than 26 million customers in Texas, set an all-time peak demand record for electricity in August. To prevent rolling blackouts and maintain reliability, ERCOT and AEP Texas encouraged customers to conserve energy during the period of high demand. Customers practicing conservation efforts, including adjusting their thermostats and avoiding the use of large appliances like the washers and dryers during periods of high demand; reduced the burden on the electric grid, helped us keep the lights on, and demonstrated the importance of proactive communication and customer efforts.

### 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
- Aepri (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 and business energy analysis
- Home weatherization, lighting, HVAC
- Commercial and industrial equipment upgrades and process improvements



## Mutual Assistance

On the heels of another destructive storm just three days prior, a massive windstorm with straight-line winds over 100 mph struck the Tulsa, Oklahoma, area on June 17, 2023, toppling mature trees, destroying homes and damaging a significant portion of PSO's metropolitan Tulsa power grid. At the height of the outage, 204,677 PSO customers were without power, the second largest outage in recent PSO history. Damage like this requires a tremendous amount of planning, resources, logistics and equipment to restore power to our customers. AEP relies on help from not only our local employees and other operating companies, but also other utilities as part of a nationwide group of companies that help each other when significant outages occur; this collaborative is known as Mutual Assistance.

PSO marshalled a crew of more than 4,100 lineworkers, foresters and field support workers, including 700 from PSO and Oklahoma business partners and Mutual Assistance crews from 17 states, to respond to the outage. Despite the widespread damage and long hours, PSO restored service to the vast majority of customers by June 24. PSO received the Edison Electric Institute's (EEI) Emergency Response Award, one of the highest awards in the electric utility industry, for its storm response. This award recognizes recovery and assistance efforts of electric companies following major service disruptions caused by extreme weather or other natural events.

## Investing in Customer Reliability

Keeping our customers' lights on is our top priority, which is why investing in the reliability and modernization of the electric grid is so important. 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. When the system was first built more than a century ago, power flowed one way – from the power plant to the customer through transmission and distribution. Today, we operate with two-way flows of power and information – from the power plant to the customer and from the customer back to the grid. In addition, we need the ability to reroute power flows to keep the lights on when disruptions occur, thereby mitigating customer impacts.

AEP is in the process of replacing several legacy systems with a tool that will provide real-time monitoring and control, real-time assessments, adaptability and configurability, otherwise known as Advanced Distribution Management System (ADMS). The ADMS tool introduces essential new capabilities necessary for the safe and reliable operation of a Distributed Energy Resources (DERs)-enabled grid. This system will allow us to interact with and control equipment on the distribution system, including moving load around either manually or automatically, to help keep customers connected. This includes flagging equipment that is about to fail or, when it does fail, quickly identifying when and where outages occur, and giving us the ability to prevent a domino effect of additional outages. This helps us better communicate with our customers on our restoration efforts so they can plan accordingly.

## 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 in several of our jurisdictions. 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 2023, AEP invested an estimated \$100 million in customer energy efficiency programs. As of January 2024, AEP has deployed smart meter technology to 78% of our customers throughout our 11-state service territory.

Through secure, two-way communications capability, smart meters allow for AEP to quickly identify when a customer's power goes out, assess the situation, notify the homeowner of the outage and develop a restoration plan. This seamless and efficient process proved critical to the Amistad Presbyterian Church in Fort Wayne, Indiana in late 2023 when its smart meter detected a partial outage and alerted the local line servicer. When the line servicer arrived on site, the electrical panel was partially melted from overheating posing the risk of a fire. The line servicer quickly disconnected the panel, preventing a potential fire and saving parishioners from the devastating loss of their local church.

## Distributed Energy Resources

Investments to properly integrate Distributed Energy Resources (DERs), such as energy storage, renewable generation or electric vehicles and their charging equipment, are critical to supporting local reliability for our customers and communities. As our industry transforms to the grid of the future, utilities will need to continue to meet customer expectations for safety, reliability and affordability while new expectations arise around resiliency, decarbonization, and customer choice and control. Customers are increasingly seeking to deploy low- or no-carbon generation resources as a means of replacing, augmenting or offsetting electricity provided by AEP. Along with more traditional interconnection requests for solar, wind and batteries, utilities must prepare for other devices and interactions with the grid through Demand Response programs, aggregations, and electric vehicles and their charging equipment.

State and federal policymakers and regulators are currently engaging stakeholders, including AEP, to prepare for the impact of DERs on the system. New standards and requirements are being developed to support the ability of DERs to connect to the distribution system to support customer goals and participate in wholesale markets. As the volume of requests to connect DERs continues to increase, current capabilities will need to scale and gain efficiencies for AEP to continue to process

applications within defined timelines. AEP is taking a comprehensive approach to understanding and adapting to the increasing complexity of planning and operating a safe and reliable grid as power flows change on the distribution system. Visibility into DERs connected and interacting with the grid is a critical step for AEP to ensure that DERs and other devices are properly integrated into our planning and operations processes and tools. This will enable AEP to develop optimal and equitable energy solutions that support customer and grid needs.

AEP is well-positioned to understand the challenges and the opportunities that arise with DERs and is committed to methodically enhancing our capabilities to prepare for their implications.

## Vegetation Management

Keeping power lines clear of vegetation is a priority for electricity reliability. It's also very challenging because AEP's service territory includes some of the most rugged terrain in the nation. This makes prevention of outages and equipment failures from overgrown and fallen vegetation one of our biggest and most expensive challenges to maintaining reliability. We manage vegetation growth immediately surrounding our power

lines – within our defined easements to ensure operational integrity – using 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 \$3 billion on vegetation management, including \$578 million in 2023.

## Leveraging Drone Technology

Drones provide an effective means for AEP to conduct regular maintenance inspections of power lines, survey damage after storms and perform low-cost vegetation management in hard-to-reach terrain. Drones are used all across AEP, including within our operating company AEP Ohio.

AEP Ohio's drone program is intricately linked to its smart grid infrastructure. By harnessing real-time data from the smart grid, drone pilots perform critical tasks efficiently and effectively. From inspecting power lines to assessing storm damage, these aerial devices allow us to move quickly to reduce downtime and prioritize restoration resources. Drones also improve safety for our workforce and the public and safety remains at the core of AEP Ohio's drone operations. Rigorous training, adherence to regulations, and continuous improvement ensure that our drone pilots operate with precision and care. In addition, the use of drones also minimizes the need for traditional ground-based vehicles, thereby reducing emissions.

Additionally, AEP Ohio actively engages with local schools and educational institutions to exchange knowledge and insights with their drone programs. By fostering these partnerships, we not only contribute to the education of future drone professionals but also gain fresh perspectives and innovative ideas.



## Environmental & Social Justice

**“We consider the customer in all that we do.”** This statement – one of AEP’s culture values – lies at the heart of our focus on environmental and social justice (ESJ). 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 historically disadvantaged communities. Examples of disadvantaged communities include low-wealth communities, communities of color, tribal communities and communities with language barriers, differing abilities or other challenges.

Our focus on ESJ builds upon AEP’s long history of educating and engaging our stakeholders as we make decisions that could affect them. This includes, but is not limited to, decisions related to siting new transmission lines, 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.

ESJ has emerged in recent executive orders, including Executive Order 14091 and Executive Order 14096, both introduced in 2023. ESJ also remains an area of focus in laws such as the Infrastructure Investment and Jobs Act (IIJA) and federal government initiatives such as Justice40. Various state and federal regulators, policymakers, legislators and other stakeholders, including investors, continue to express interest in addressing possible environmental and social inequities, particularly those affecting historically marginalized communities.

### Advancing Environmental & Social Justice

In January 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. Since then, AEP has been socializing the policy with employees and providing education on the importance of ESJ.

Work also has been under way to develop resources to help employees operationalize the policy. This includes developing training and an implementation framework with ESJ examples, best practices and action planning

#### Why ESJ Matters to AEP

- ESJ reflects our culture, which is focused on doing the right thing every time for our customers and communities by considering how our decisions impact them.
- Proactive and meaningful engagement with stakeholders helps to foster the trust of AEP’s employees, customers, regulators, legislators, policymakers, investors and other key stakeholders.
- A dedicated focus on ESJ can ensure projects are approved and completed with community support. It also can affect federal funding opportunities for certain projects.

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.



tools. These resources are expected to deploy in the coming months, after which employees will receive guidance and support as they use the tools to integrate and advance ESJ in their work. Champions also are being identified to provide ESJ-related support within business units where appropriate.

## ESJ in Action: Addressing Language Barriers

Effective ESJ includes identifying meaningful ways to educate and engage with communities, including communities where everyone does not speak the same language.

The Rio Grande Valley Transmission Improvements Project in Texas was located in an area with a large Spanish-speaking population. Gathering feedback on the project from the community was important prior to filing regulatory applications with the Public Utility Commission of Texas (PUC). As a result, AEP's Transmission Project Outreach team pulled together an outreach plan to connect the Spanish-speaking community. This outreach effort involved:

- Developing English and Spanish versions of all stakeholder communications, including letters, comment cards, postcards, trifolds, news releases and posters at public informational open houses.
- Creating dedicated phone numbers and resources for Spanish speakers.
- Providing at least six bilingual team members at the open houses to serve as interpreters.

In a separate effort, the Outreach team also started accommodating multiple languages on its project website, [AEPtransmission.com](#), which provides information about electric transmission projects in states across AEP's service territory. After extensive planning, the team introduced a user-friendly feature that gives website visitors the option of reading the site in Spanish or any other language available through Google Translate – Chinese, French, German, Somali, Ukrainian, Zulu and others.



*Rio Grande customers and stakeholders view AEP's project plans for transmission lines.*

### About the Rio Grande Valley Project

**What:** The Rio Grande Valley project involves adding about 200 miles of electric transmission line and four substations to the Texas grid by the end of 2026. Additional area improvements involve installing a second line to about 190 miles of existing electric transmission line.

**Why:** AEP's Texas subsidiary and Electric Transmission Texas developed this project to strengthen the region's power grid. The Electric Reliability Council of Texas (ERCOT) recognized the need for additional infrastructure following Texas' winter storms in February 2021. Though the Rio Grande Valley project is not directly in response to the storm, the effects of the storm on Texas residents highlighted the need for grid improvements.

## Economic Impact

At AEP, we believe we are only as strong as the communities we serve. The economic vitality of our local communities is integral to our success, which is what underpins our intentional focus to foster economic diversification within our service territory, creating long-term sustainable growth for our customers, our communities and our company.

Our economic and business development efforts substantially contribute to our local and global economies. In 2023, we continued to make a significant impact through identifying and attracting new commercial and industrial customers to AEP's communities. The 92 new and existing customer projects supported in 2023 are expected to result in more than 10,600 direct jobs and another 14,900 indirect and induced jobs across our 11-state footprint. In addition to job creation and increases in the local tax base, our revitalization and development efforts help address economic challenges and support growth. This includes:

- Addressing the ongoing supply chain shortages and security challenges by supporting the reshoring of companies that produce critical supplies to the United States.
- Contributing to 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.
- 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 continues to be a major focus for companies of all types. Driven by mandates and goals to decarbonize, our commercial and industrial customer base is in the midst of a major transformation to automate and electrify various aspects of their operations. This has already contributed to a notable increase in the energy intensity for new and expanding manufacturing operations. Electricity availability, capacity and cost have become far more significant factors in the location decisions companies are making.

Leveraging our local field knowledge, detailed mapping capabilities and analytical insights, we are focused on continually growing and marketing a broad portfolio of available industrial properties. We currently promote more than 160 properties across our footprint, many of which are marketed as development-ready industrial properties. Our

objective is to bring in a diverse mix of customers in leading growth sectors that will result in impactful and sustainable local job creation. We are intentional in showcasing these sites, many of which have been vetted by industrial site selection and construction experts and have infrastructure planned or in place. Prepping these sites to be energy-ready also reduces construction time, making AEP even more competitive in attracting new businesses and jobs to our communities. This intentional focus and investment in energy-ready sites and our sector strategy has proven successful in 2023.

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#### AEP's Economic Development Strategy in Action – Enabling Sustainable Local & Global Impact

- Support fueling the world with LNG, ammonia and hydrogen through several large investments in Texas.
  - Energizing the EV transition with a new large-scale battery production facility in Indiana, a lithium refining operation in Texas, and a battery recycling facility in Oklahoma.
  - Bolstering the clean energy transition through new large-scale solar panel manufacturing facilities announced in Oklahoma and Ohio.
  - Through SWEPCO, powering the supply of vertically grown lettuce in Texas.
-

## Examples of Energy-Ready Successes:

- In Oklahoma, our previous site preparation efforts led to the biggest economic development project in Oklahoma's history. A global manufacturer chose a site at the Port of Inola – a site formerly owned by PSO and prepared for shovel-ready projects – to build a \$1 billion solar panel plant in the Tulsa region. The facility is projected to employ 1,000 direct jobs. Business Facilities magazine named it an Impact Award winner for direct foreign investment.
- The largest egg carton producer in the U.S. chose Van Wert, Ohio, a small rural community of 11,000 residents in northwest Ohio, for its latest facility. Our investments in site due diligence, infrastructure and the community of Van Wert set the stage for this investment to happen. The company determined it could build a large 100-job custom facility quickly on the AEP Certified shovel-ready site. The AEP Ohio team was instrumental in supporting the company's aggressive timeline.
- The Indiana & Michigan Power (I&M) team provided critical support to the South Bend Regional Chamber and the St. Joseph County Economic Development Department through site readiness, rezoning, and marketing support as the Indiana Enterprise Center mega site was developed. The availability of this large-scale build-ready site, with adequate electric capacity, was a leading factor in landing a new 1,600-job electric vehicle battery production facility in New Carlisle, Indiana.
- A California company selected Bluefield, West Virginia, for its next facility to produce prefabricated home building blocks. The Appalachian Power team worked with the City of Bluefield in recent years to prepare the site through its InSite Site Readiness project. This company's project will result in 150 direct jobs.
- Appalachian Power also celebrated Nucor's progress toward its plan to build a state-of-the-art sheet steel mill plant in Mason County. In October, the company celebrated its \$3.1 billion investment, the largest in Nucor's history, with a groundbreaking on their West Virginia site previously owned, prepared and marketed by AEP. The company eventually plans to employ over 800 direct workers at the site.

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 not only for 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 helps alleviate the burden of energy costs. Our efforts to grow the customer base, together with the multiplier effect of bringing more jobs to our communities, enable AEP to spread these investment costs across a larger pool of customers, resulting in more affordable energy rates for everyone.

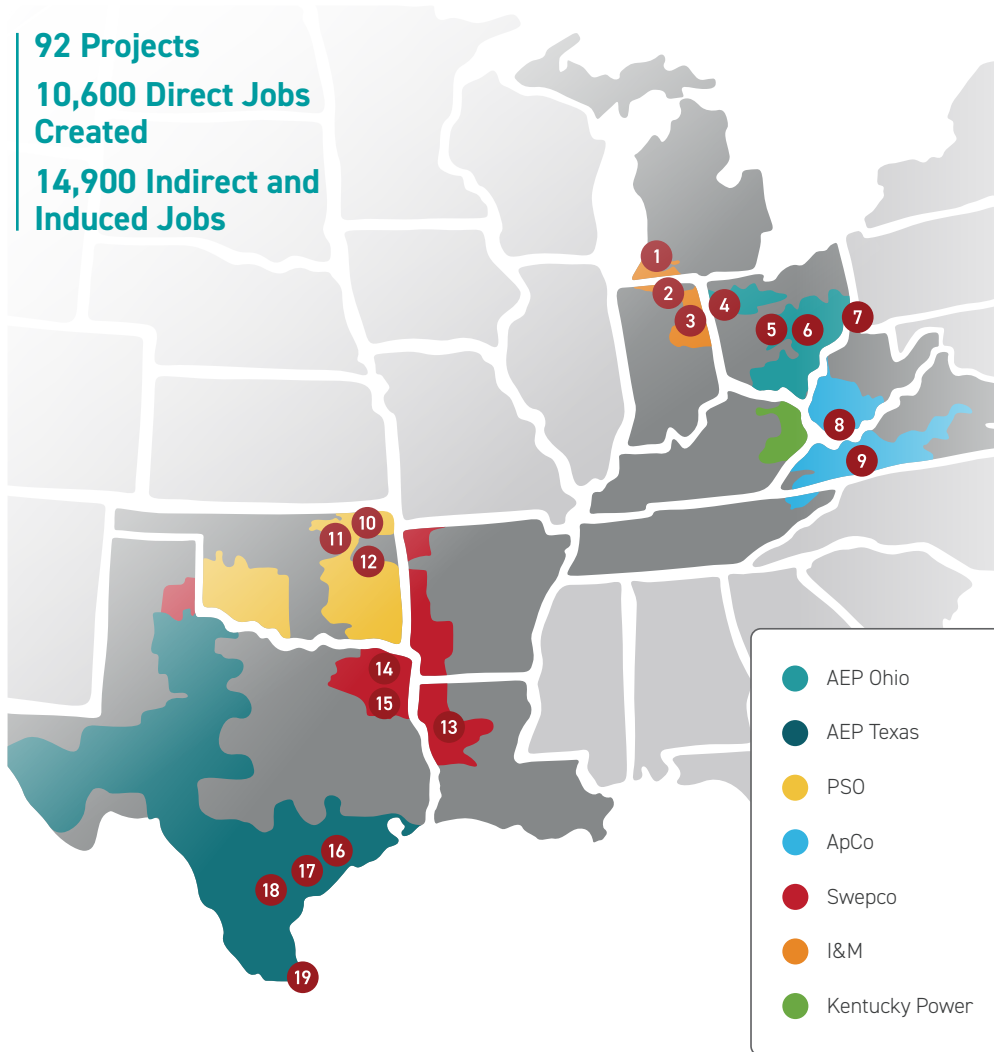
We are also committed to helping our customers achieve their sustainability goals through energy conservation and clean energy options. Southwestern Electric Power Company's (SWEPCO) customer Rockline Industries, one of the world's leading manufacturers of coffee filters and consumer, medical and commercial wet wipes, set ambitious carbon reduction goals as part of its comprehensive sustainability strategy. This included committing to source 60% of its electricity from renewable sources and reducing energy consumption by 5%. Rockline associates collaborated with SWEPCO's Energy Efficiency team to conduct detailed analysis and audits and, through the implementation of best practices, were able to identify opportunities to reduce energy consumption by 7.4%. In addition, through SWEPCO's Renewable Energy Choice program, they were able to reduce GHG emission by 36% across the company.

## Economic Development Project Highlights: 2022 thru 2023

**92 Projects**

**10,600 Direct Jobs Created**

**14,900 Indirect and Induced Jobs**



- 1** Composite Material for RVs  
Three Rivers, MI  
**TEKMODO**  
strength from within
- 2** Auto Battery Manufacturing  
New Carlisle, IN  
**gm** general motors
- 3** Graining Milling - Expansion  
Ligonier, IN  
**STAR THE WEST**  
MILLING CO
- 4** Sustainable Egg Carton Manufacturing  
Van Wert, OH  
**TEKNIPLEX**  
Materials Science Solutions
- 5** Data Center Multiple Locations  
Franklin County, OH  
**Google**
- 6** Solar Panel Manufacturing  
Pataskala, OH  
**Invenergy**
- 7** Chemical Manufacturing  
Wheeling, WV  
**Thirumalai Chemicals Ltd.**
- 8** Composite Building Manufacturing  
Bluefield, WV  
**OMNIS**
- 9** Glass Product Manufacturing  
Ridgeway, VA  
**PRESSGLASS**
- 10** Battery Recycling  
Bartlesville, OK  
**BlueWhale MATERIALS**
- 11** Commercial Drone Testing  
Tulsa, OK  
**WindShape**
- 12** Solar Panel Manufacturing  
Inola, OK  
**enel**
- 13** Lighting Transformer Manufacturing  
Shreveport, LA  
**prolec** | **GE**
- 14** Lettuce Farming  
Mt. Pleasant, TX  
**local bounti**
- 15** Composite Piping Manufacturing  
Kilgore, TX  
**Composite**  
Piping Technology
- 16** Fire Suppression Equipment Manufacturing  
Beeville, TX  
**TRIGA**  
Fire Protection, L.L.C.
- 17** E-Fuels  
Bay City, TX  
**HIF**
- 18** Lithium Hydroxide Manufacturing  
Robstown, TX  
**TESLA**
- 19** Liquefied Natural Gas  
Brownsville, TX  
**NEXTDECADE**

Project highlights from January 1, 2022 – December 31, 2023



## Workforce & Community Support & Development

While attracting new business is the end goal of our economic development efforts, partnering with our communities is the true enabler behind our success. 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.

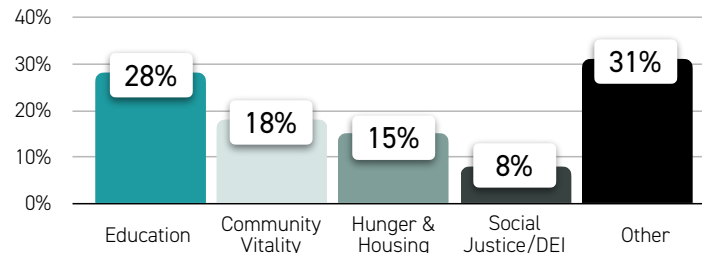
To be a resource for our partners, AEP continues to promote “Energizing Economic Development,” a self-paced e-learning course designed to help community leaders learn how to have a greater impact on the future and success of their community economic development. Due to the program’s success and popularity, AEP continues to customize the content for communities across our system. More than 250 individuals benefited from this content in 2023, with close to 880 benefiting since it launched in 2022.



## Community Support

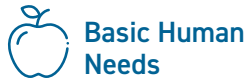
At AEP, we firmly believe in the power of giving back to our communities. We are dedicated to supporting and positively impacting the areas where we live and work and proud to promote volunteerism and philanthropic giving as essential components of our culture. We're proud to be making a visible impact in our communities and are committed to helping our communities thrive.

2023 Charitable Giving by Area of Focus



**AEP and the AEP Foundation contributed over \$31.6 million to support over 1,700 organizations**

### AEP & the AEP Foundation Charitable Giving Focus Areas



#### Basic Human Needs

In order for our communities to grow and prosper, every family needs a safe, affordable place to call home and nutritious food. We support programs that recover, repair and revitalize homes and communities.

#### Power Up the Pantry | \$25,000

Kentucky Power played a key role in presenting the fourth annual Power Up the Pantry food drive. The AEP Foundation donated \$25,000 to various foodbanks during the event. In addition, the event collected nearly a ton of nonperishable food items.

Since the first event in 2019, Power Up the Pantry has enabled the collection of more than 23,000 pounds of food and more than \$143,000 in donations to benefit local pantries and those relying on their support.



#### Education

We believe education is the foundation of brighter futures for our communities. Specifically, we support programs in science, technology, engineering and math (STEM) which hold promise of future innovations.

#### Teacher Vision Grants | \$70,000

AEP Teacher Vision Grants range from \$100 to \$500 to help support pre-kindergarten through grade 12 teachers located in the AEP service area or communities with major AEP facilities. In 2023, AEP awarded approximately 160 grants totaling almost \$70,000 to support the purchase of engineering and electrical STEM lab kits, STEM-related books, and snap circuit lab kits.



#### Community Vitality

Community vitality initiatives range from physical improvements, such as beautifying public spaces to preservation of our communities' unique cultural and natural resources.

#### Keith Ablee Performing Arts Center, Inc. | \$100,000

The Keith-Albee Performing Arts Center, located in Huntington, West Virginia, strives to positively impact our community by promoting cultural awareness and equality through showcasing performances that represent diverse perspectives, challenge stereotypes, and give a voice to marginalized groups. The \$100,000 AEP Foundation grant will allow the center to update the performance infrastructure to continue showcasing high-quality arts and cultural experiences for children and underserved populations.



#### Social Justice

We are committed to working with the communities we serve to advance equity for our employees, customers and neighbors of color.

#### Junior League of Columbus, Inc. | \$100,000

The Junior League of Columbus (JLC), Inc. is an organization of women dedicated to advancing women's leadership for community impact through volunteer action and training. The \$100,000 grant will help the JLC team expand and restore outdoor and indoor spaces at the Kelton House Museum & Garden. The funds will also go toward enhancing the current curriculum and increasing learning opportunities on the Underground Railroad.

## Employee Volunteerism

AEP employees are passionate about giving back to the communities where they live and work. Volunteerism is deeply rooted into AEP’s heritage at every level of the organization. Our leaders take an active role in spearheading our volunteerism efforts, serving on the boards of 120 nonprofit organizations across our service territory. Employees eagerly lend a hand to build energy-efficient homes for those in need, join in local cultural celebrations, coach young athletes, and tutor students in math, science and reading.

In 2023, we officially launched our Volunteer 25 by 25 campaign; our enterprise target is to have 25% of AEP employees actively volunteering and recording the activities by 2025. As of December 2023, we have reached a 19% participation rate and employee commitment continues to rise as we promote and share more opportunities.

## Feeding Communities (Hunger & Housing)

In 2023, we launched Feeding Communities, an enterprise-wide initiative to address two critical needs in our communities: combating hunger and supporting affordable housing. This is done through philanthropic giving, volunteerism, education and awareness. For example, employees and family members of Appalachian Power volunteered at the Roanoke Rescue Mission, spending hours preparing food, serving lunches, cleaning the dining room and carrying trays for guests. The Rescue Mission provides free meals, clinic services, shelter, a food pantry and recovery programs. Additionally, employee volunteers also donated \$300 to the organization.

## Caring Together Program

AEP’s Caring Together Volunteer Funding program has continued to make an impact across our footprint. This program offers mini-grants of up to \$300 to groups of active and/or retired employees to fund a community service project. In 2023, these grants funded 46 employee-led projects ranging from funding animal shelter projects in Roanoke, Virginia, and building bed frames for Beds of Hope in Longview, Texas, to preparing and serving meals for those in need in Shreveport, Louisiana.



### Celebrating and honoring our volunteers

In 2023, LaRissa Lundry received the Charles Patton Volunteer of the Year Award honoring their commitment to community service. This award is named after retired AEP executive and dedicated community leader Charles Patton.

# Supply Chain Management

AEP is deploying multi-faceted procurement strategies to ensure the needed materials, equipment and labor are available to support construction projects, day-to-day maintenance and repair, weather events and new business development. We are utilizing best practices such as demand forecasting and supplier relationship management with key suppliers to be a customer of choice in a very competitive market. AEP's strategic focus on supply chain preparedness and resilience has proven critical to mitigating supply chain disruptions. We are securing additional sources of supply both domestically and globally to acquire critical materials such as transformers, voltage regulators and circuit breakers.

Additionally, we are leveraging the insight and expertise of the Edison Electric Institute (EEI), 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 and is currently serving on the executive committee.

## AEP's Supplier Spend Profile – 2023



**\$7.9 Billion**

Total corporate spend on goods and services



**52 Percent**

Total corporate spend on locally based suppliers

*\$4.1 billion*



**\$1.4 Billion**

Total corporate spend on goods and services from small businesses



**\$1 Billion**

Procurement spend on goods and services from diverse suppliers

*Includes Tier 1 & 2 spend*

**In 2023, approximately 13% of our total managed spend was with diverse suppliers (8.78% Tier 1 diversity spend and 4.19% Tier 2 diversity spend). For the first time, AEP exceeded over \$1B in diversity spend.**

## Supplier Diversity

AEP chooses business partners that reflect the diversity of our employees, customers and stakeholders. An inclusive and diverse supply base enables innovation, increases competition and enhances local communities and economies. 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 2023, approximately 13% of our total managed spend was with diverse suppliers (8.78% Tier 1 diversity spend and 4.19% Tier 2 diversity spend). For the first time, AEP exceeded over \$1B in diversity spend.

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.



## Supplier Code of Conduct

AEP values our 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.

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](#)





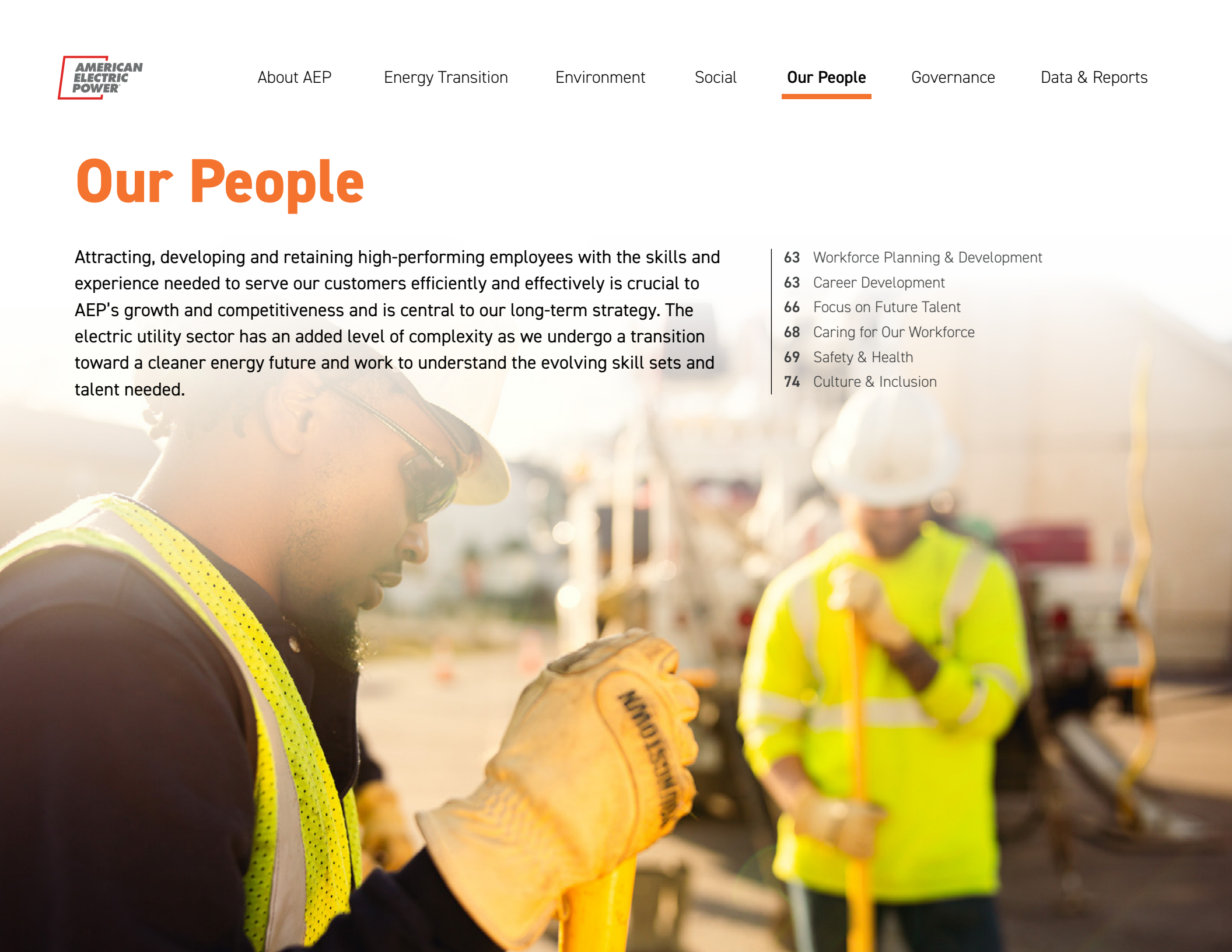




# Our People

Attracting, developing and retaining high-performing employees with the skills and experience needed to serve our customers efficiently and effectively is crucial to AEP's growth and competitiveness and is central to our long-term strategy. The electric utility sector has an added level of complexity as we undergo a transition toward a cleaner energy future and work to understand the evolving skill sets and talent needed.

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## Workforce Planning & Development

Attracting, developing and retaining high-performing employees with the skills and experience needed to serve our customers efficiently and effectively is crucial to AEP's growth and competitiveness and is central to our long-term strategy. The electric utility sector has an added level of complexity as we undergo a transition toward a cleaner energy future and work to understand the evolving skill sets and talent needed. To remain a competitive employer, AEP is investing in integrated talent management practices to support the energy transition as we continue delivering safe, affordable and reliable energy to all customers.

### Career Development

AEP's learning and development programs are built to ensure that every employee receives the right tools, resources and training at the right time so they can successfully perform their role and prepare for the next turn in their career. Simultaneously, we aim to prepare our workforce with career skills that address the ever-evolving needs of the industry. Employee development focuses on all levels, including technical skills, safety, compliance, professional training and leader development. We are dedicated to offering developmental pathways for employees, encompassing both informal professional growth and structured development programs. Career growth and development efforts include:

- **Targeted Development Programs** – 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.
- **Technical Training** – An in-house set of technical training programs focused on equipping employees with technical tools and resources to ensure all employees are trained and qualified for work while giving them the opportunity to own their development. This program includes training programs for Network Line Mechanics, Meter Electricians, P&C Technologist and Station Electricians. This technical training also offers a Transmission & Distribution Line Worker apprentice program where graduates receive a Journey Worker certificate that is nationally recognized by the U.S. Department of Labor. In 2023, over 1,500 apprentices participated in this program.
- **Performance Reviews & Coaching** – Focuses on setting annual goals for employees that are aligned with organizational objectives to support business outcomes while simultaneously encouraging employees' personal development and career growth.



AEP is one of six companies to earn the JUST Jobs Leader designation on the JUST Jobs Scorecard in 2024.



In 2024, AEP was named one of America's Most JUST Companies for the fourth consecutive year.



- **On-Line Training** – Beginning in 2022, AEP provided all employees with access to LinkedIn Learning to empower them to take charge of their development and career growth. This includes access to an online video training library that offers more than 9,600 expert-led courses in technical, business, software, creative and business skills. In addition, through our Learning Management System (KEY), our employees completed more than 806,000 hours of training to enhance their job skills and career development in 2023.
- **Educational Assistance** – Through our educational assistance program, AEP pays 100% of expenses for full-time employees, up to \$5,250 for undergraduate degree and certificate programs and \$7,500 for advanced degree programs per calendar year. These funds can be used to help cover tuition, administration fees, books and 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 per calendar year for all programs.
- **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 2023, we invested more than \$2.2 million in employee education, supporting over 560 employees through our educational assistance program.**

## Supporting Our Veterans

AEP actively supports, recruits and hires military veterans. We invest in attracting veterans because they have the technical training, experience, safety mindset and other personal characteristics that make them a great fit for careers in the energy industry. Our talent acquisition team builds direct relationships with military facilities across the country to help veterans transition back into the workforce and provide them with a pipeline of careers at AEP.

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 also 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 webpage dedicated to connecting veterans with careers at AEP at [Veteran Opportunities at AEP](#).

**9%** of AEP’s employees are military veterans

### Additional veteran 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.
- Pay differential for Reserve and National Guard weekend and weekday training along with up to eight hours paid leave before and after Reserve and National Guard training, if scheduled for work during those hours.

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





### SkillBridge:

In August 2021, Jason Garza, a 20-year Air Force veteran and now a transmission station electrician based in Abilene, Texas, was the first veteran to leverage the SkillBridge program to find a career at AEP. Through SkillBridge, the Department of Defense places veterans with participating companies that bring them on board as interns in a variety of fields that are mostly, but not exclusively, mechanical and technical in nature.

This program allows veterans to continue to collect their military compensation and benefits as they wind down their armed services commitments while receiving civilian training and hands-on experience working alongside AEP teams. At the end of the internship, the veteran formally transitions to civilian life and either receives an offer from AEP or enters the job market with specific skills and plenty of experience, along with a strong sense of their next direction.

## Labor Relations

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. With nearly one-fourth of our workforce represented by labor unions, we know our relationships often extend beyond the confines of a contract and are critical to meeting the growing expectations of our customers. 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 partnerships are 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. Additionally, we have multi-year contracts in place with most of our major union partners to enhance continuity for both the company and the union.

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. The labor-management relationship will continue to strengthen as we work together to meet employee needs in our transition toward a cleaner energy future.

### Organized Labor at AEP – 2023

Labor Unions	Employees
International Brotherhood of Electrical Workers	3,172
Utility Workers Union of America	463
United Steelworkers of America	219
United Mine Workers of America	89
International Union of Operating Engineers	2
<b>Total</b>	<b>3,945</b>

*As of 12/31/2023*

## Focus on Future Talent

The electric utility industry is experiencing a generational shift among its workforce. As we welcome younger generations onto our team, we are mindful of the importance of preserving legacy knowledge as employees retire. AEP's overall turnover rate is below 9%, including voluntary, involuntary and retirement turnover. Although it is challenging to replace long-time experience and expertise, it's also an opportunity 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. To ensure preparedness for this shift, we track and forecast the number of employees who plan to leave over the next several years.

AEP has a focus on increasing the talent pool of line workers, engineers, dispatchers and customer support to provide the service our customers expect. To meet these needs and develop our talent pipeline, AEP has growing co-op and internship programs in partnership with high schools, technical/vocational schools and colleges across our 11-state service territory. We work with these institutions to develop academic programs that will prepare students for new jobs and career opportunities in our industry. In 2023, enterprise-wide, AEP provided approximately 150 collegiate intern and co-op students with hands-on learning experiences across our operations.

### High School

- **AEP Ohio Distribution Dispatch Center (DDC) Pilot Program** – This year-long pilot is an onsite learning opportunity intended to provide participants with a work-based learning experience where employees work with students directly in the DDC facility. Students gain technical, on-the-job skills training and experience and, by completion of the pilot program, will have gained 12 months

of DDC entry level experience, taken the required Systems Operator Power Dispatching entry exam and positioned themselves as eligible candidates for full-time employment.

### College/Technical Schools

- **PSO/AEP Diversity High Voltage Lineperson Scholarship Fund** – This fund was established in 2022 to further diversify our field by providing 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.
- **Partnerships with Colleges, Universities & Technical Schools** – AEP often partners with higher education institutions to develop programming to expand career opportunities to students and increase our future talent pipeline. These programs often lead directly to job offerings upon graduation. Examples of partnerships include:
  - **Texas State Technical College Electrical Lineworker Technology Program** – In early 2024, the AEP Foundation contributed \$300,000 to the TSTC Foundation to provide scholarships for members of underrepresented populations to participate in Texas State Technical College's new Electrical Lineworkers and Management Technology program in Abilene, Texas. TSTC's Abilene campus will offer an Associate of Applied Science degree and certificate of completion in the program beginning with the fall 2024 semester.
  - **Northwest Louisiana Technical Community College (NLTCC)** – Southwestern Electric Power Co. (SWEPCO) has partnered with Northwest Louisiana Technical Community College (NLTCC) to officially launch a Louisiana-based

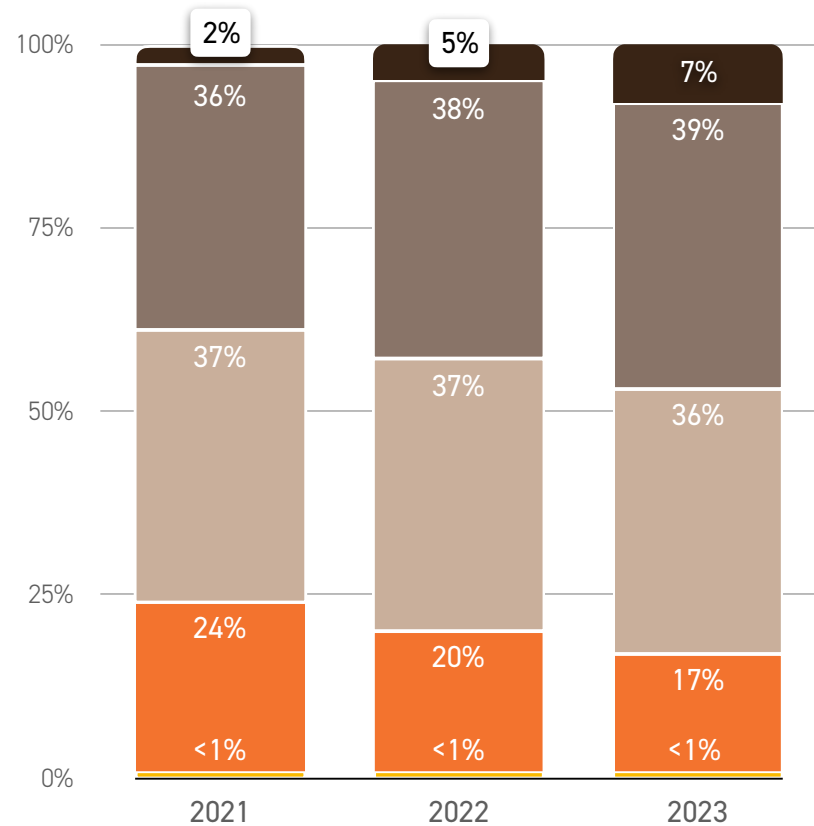
certificate program to help the next generation of lineworkers through educational opportunities and a newly developed career training program. This program is expected to span 32 weeks and includes up to 1,100 hours of both classroom and hands-on instruction. Participants who complete the NLTC pre-apprenticeship program can earn up to eight certifications and could interview for a coveted lineworker internship with SWEPCO. Internships at SWEPCO provide students a unique opportunity to work with real-world hands-on experiences through their 16-week internship program. Upon successful completion of the program, interns can be offered permanent employment. In 2023, SWEPCO was the recipient of the Louisiana Community and Technical College System 2023 Impact Award for this effort.

- Columbus State IT Flexible Apprenticeship Program** – AEP is working alongside the U.S. Department of Education, the National Science Foundation and Columbus State Community College to develop and implement an apprenticeship program focused on helping students develop IT skills and providing a clear pipeline into the workforce. Students hired into the program will have completed at least two semesters of IT coursework and 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.



## AEP Workforce Demographics

- Traditionalists (1945 and Before)
- Baby Boomers (1946-1964)
- Generation X (1965-1980)
- Millennials (1981-1996)
- Generation Z (1997 and Beyond)





## Caring for Our Workforce

AEP is committed to the well-being of our employees and we offer programs to foster employee financial security, physical and emotional health and social connectedness. We provide market competitive compensation and benefits that support our employees and their families to help them thrive at home and work. We ensure the pay we offer is competitive in the marketplace by pricing many of our positions using robust compensation survey information. Nearly all AEP employees participate in an annual incentive program that rewards the achievement of business goals and fosters a high-performance culture. AEP also offers paid time off in the form of vacation, holidays, sick time and parental leave. The company's employee assistance plan, medical and dental coverage, life insurance and well-being program help employees and their families stay healthy and feeling their best. Additionally, AEP's retirement programs position our employees for financial stability in retirement.

AEP regularly benchmarks our benefit offerings to ensure that we keep pace with our competitive labor market and evolving employee needs. It also ensures that we have a competitive and contemporary culture to attract and retain the diverse talent needed for future success.

### AEP Employee Benefits

- Medical (includes same-sex partner benefits)
- Dental
- Vision
- Health Savings Accounts
- Health and Dependent Care flexible spending accounts
- Life insurance (and supplemental)
- Accidental death insurance (and supplemental)
- Dependent life and accidental death insurance
- Sick pay/short-term disability benefits
- Maternity and Parental Leave
- Long-term disability benefits
- 401(k) with matching contributions
- Pension
- Holidays
- Vacation
- Vacation purchase program
- Personal days off
- Bereavement time
- Jury duty pay
- Well-being program
- Employee Assistance Program
- Training programs
- Financial planning
- Adoption assistance
- Critical illness insurance
- Accident insurance
- Hospital indemnity insurance
- Legal plan services
- Group homeowners and auto insurance
- Pet insurance

## Safety & Health

At AEP, the safety and health of our workforce is critical to our success. We recognize that we can only be as successful as the people we count on to care for our customers and deliver clean, reliable and affordable power to our communities.

Safety is deeply embedded in our culture and is one of AEP’s core values because we care that everyone goes home safe at the end of each workday. The high-risk work many of our employees are called to do requires us to be diligent in building safe work behaviors and environments. Tragically, we suffered the loss of two employees and one contractor while working on the job in 2023. We are determined to learn from these events and reinforce those lessons to strengthen our culture and better understand what it means to work safely.

We have significant work ahead to help build, foster and maintain a safe workplace for all. Although we reduced the overall number of injury events in 2023 compared to previous years, our focus remains on increasing our proactive safety efforts. These efforts include preventing Serious Injuries and Fatalities (SIFs), improving proactive safety initiatives and data analysis to identify and address performance gaps, strengthening pre-job briefing effectiveness, sharing lessons learned, and providing effective training and education.

Safety and Health is at the core of everything we do. While our job assignments and priorities change, safety and health remains the foundation of our culture.

### Safety & Health Initiatives

In 2023, AEP began a holistic reassessment of our safety and health environment to understand how it functions and identify where improvements can be made. This includes benchmarking inside and outside of our industry to identify examples of best practice safety programs so we can compare how we currently do our work to how we should do our work – from front-line employees to executive leadership. This also includes identifying and developing a safety management system to establish a framework for continuous improvement and help achieve safety and health success. Additionally, with help from field professionals and experts across AEP’s business units, we updated AEP’s Safety & Health Manual to make it a more effective resource to use and communicate in the field.

Our culture of continuous improvement drives us to learn from others. We are active members of Edison Electric Institute (EEI), Construction Safety Research Alliance (CSRA), Electric Power Research Institute (EPRI) and others to help us evolve and adapt with ever-changing practices.

We also seek to identify hazards and share best practices and lessons learned through our Audit Services team,

### Safety & Health Performance at AEP

	2022	2023
Employee DART Rate	.424	.384
Employee DART Incidents	76	70
Contractor DART Rate	.438	.380
Contractor DART Incidents	74	62

*S&H contractor performance data includes forestry contractors.*

*DART Rate = ((Deaths + Lost Workday Cases + Restricted Activity Cases) x 200,000) / employee hours worked.*

which conducts safety and health audits throughout our service area. In 2023, the team completed 22 safety and health audits, which included site visits at 36 locations. The audit results are then shared in detail with leaders. The Audit Committee of the Board also receives updates.

## Pre-Job Briefing Improvements

One of the most important aspects of our daily operations is thoroughly planning every job for safe and effective execution. The Pre-Job Briefing is our standard hazard identification process that helps integrate the critical steps of our tasks with the means and methods to perform them safely while engaging everyone. The importance of performing a quality pre-job briefing, specifically in identifying and addressing high energy hazards, is vital to our success.

An effective pre-job briefing is expected to cover:

- Hazards associated with the job
- Work procedures involved
- Specific assignments
- Energy sources and controls
- Communication methods

In 2023, AEP executed an initiative focused on improving the pre-job briefing process through workshops in all major business units. As part of our strategic objective to address SIF events, these workshops offered guidance through interactive exercises on how to have meaningful conversations during briefings and how to select controls to mitigate hazards, allowing us to fail safely and learn ways to improve.

## Preventing SIF Events

In 2023, AEP continued efforts to prevent SIF events by building on our prevention program to identify and mitigate high-energy hazards. We placed emphasis on learning from the high-energy events we experienced with a goal of preventing a recurrence. In 2023, we documented and shared more than 25 alerts with applicable business units that provided information on what occurred and what lessons were learned to help us improve together. We also utilized our Good Catch program to share proactive reporting of high-energy hazards before they caused an adverse event. Additionally, in effort to build employees ability to recognize hazards, we continued to integrate the SIF “High-Energy” icons to provide visual cues to help employees remember to look for high-energy hazards to put controls in place.

## CORE Visits

Coaching through Observation, Recognition and Engagement (CORE) Visits are one of the most effective ways for leaders to engage employees in the field. These visits serve multiple purposes: validating hazard recognition, discussing prevention methods, recognizing best practices, and offering coaching for continuous improvement. They provide valuable insight into enhancing our safety performance through this proactive effort.

Achieving ongoing success, however, requires a more thorough review of specific aspects of our work processes. We leverage the Targeted CORE Visit Assessment process to provide a more structured approach to our field engagements to ensure that controls and procedures are understood and implemented through all operations. In 2023, we centered our Targeted CORE Visit Assessment efforts on the pre-job briefing process, which first required evaluating leaders’ knowledge of the topic and establishing baseline levels of understanding of the pre-job

briefing process. After the knowledge evaluation was completed, we developed requirements and expectations for addressing hazards and mitigation plans. Leaders then used this as a guide for conversations and observations at each site to assess crews' pre-job briefings.

Additionally, we launched the CORE Visit Effectiveness Review program with a goal to evaluate and review CORE Visits for quality and engagement. The CORE Visit Effectiveness Review program paired approximately 60 senior leaders with supervisors from across the organization for conversations about their CORE Visits. Leaders sought to learn about the quality of the supervisors' visits and any gaps that might exist. More than 500 of these senior leader-supervisor conversations took place over a 12-week period.

## Safe Driving

Driving is one of the most dangerous activities our employees do every day. In 2023, AEP had more than 7,000 vehicles on the road and recorded over 87 million miles, exposing our employees to significant risks behind the wheel every day. Our safe driving strategy focuses on developing stronger, safer habits behind the wheel through the blending of human performance elements and emerging technologies – to ensure our employees go home safely every day.

AEP leverages onboard driving cameras to collect valuable data on near-misses, accidents and other actions that can lead to coaching opportunities. In addition, we provide both behind-the-wheel and virtual training for our employees. In 2023, we further modified the training curriculum to include a rollover prevention module. The training now occurs over a three-year cycle featuring in-vehicle training with a certified AEP instructor and eLearning components to help maintain safe driving skills. More than 5,400 employees completed these training modules in 2023.

## Contractor Safety

Contractors serve as critical partners in helping keep our customers' lights on. In 2023, approximately 600 contractor companies worked more than 32 million hours to support the Generation, Utilities and Energy Delivery side of the business. Our commitment for everyone to go home safe at the end of their workday is inclusive of our contractor workforce. Although our overall contractor performance improved in 2023 compared to 2022, the fatal injury of a contractor reinforces the importance of strengthening our relationships and our efforts to improve our contractor safety culture to reduce injuries.

As valued partners, we extended our efforts to improve contractor safety, utilizing CORE Visit Assessments, conducting contractor safety evaluations and developing a "Strike Team" dedicated to establishing consistent working expectations across multiple operating companies.

The newly established Strike Team was created to build an effective relationship with AEP's largest vegetation management partner. Vegetation management is a challenging and dangerous task made more difficult by AEP's service territory. The Strike Team consists of safety and health leadership from both AEP and our contractor whose common goal is to improve communication. The objective is to improve the safety culture by providing a systematic partnership that creates consistent actions and behaviors regardless of region or location. The Strike Team members are the communication conduit for the AEP safety and health team and are helping both organizations commit to executing best practices and sharing lessons learned across all areas of operation.

We also continued our CORE Visit efforts with our contract partners, documenting more than 67,400 CORE visits in 2023 – a 7% increase from 2022. This achievement serves as a performance metric that helps us identify issues and ensure alignment





with established policies and procedures. In addition to increased CORE visits, we launched a contractor safety evaluation campaign and created a process to determine the effectiveness of contractor safety and health programs. We collaborated with contractors and conducted detailed performance evaluations to ensure their safety plans were implemented effectively and consistently in the field and in alignment with AEP's expectations. This program helps to improve our working relationships with our contractors and expand our shared safety culture.

## Public Safety

Our safety culture extends into the communities we serve. Our employees understand the importance of looking out for each other and the general public. The electric utility industry is complex, with many inherent dangers, which is why AEP is committed to educating and engaging with the public on electrical safety.

We leverage social media to share stories and tips about staying safe around electrical infrastructure. In 2023, AEP posted more than 1,200 safety messages on its Facebook, LinkedIn, Instagram and X (previously Twitter) channels. We also continued to produce safety campaign ads and videos for mobile games like "Candy Crush Saga," alongside children's programming on YouTube, streaming TV services such as Tubi and Pluto, and in-store retail screens.

We also support our first responders including police, EMTs and firefighters who are often exposed to electrical hazards. In 2023, AEP developed a set of resources to educate them about the potential electrical dangers while on scene of an emergency and ways to identify and handle these hazards safely. The resources included guidance on understanding and responding to common electrical emergencies, and tools and tips on working around electrical hazards such as downed power lines and electrical facility fires to help keep everyone safe in these situations. It also included self-directed electrical safety certification training

**“So much of the public lives and works near our infrastructure every day. This provides countless potential interactions with electricity that can be dangerous if not respected. That heightens the need for ongoing education and regular safety reminders about the dangerous nature of our product.”**



**Michelle Marsh**, *Vice president, Safety and Health*

to help emergency responders identify and respond safely to incidents involving our electrical system. Additionally, AEP has a dedicated website specifically for construction, agriculture, utilities and trades workers who may come into contact with our lines and facilities. It provides useful information and tutorials on how to work safely around overhead power lines, what to know when digging near underground utilities and best practices for operating drones.

In 2023, AEP's public safety team completed a benchmarking exercise that aimed to measure our public safety efforts, progress and performance. Thirty peer utilities were contacted to discuss common industry trends and best practices around proactive education and awareness on electrical safety matters. The benchmarking exercise helped establish two internal working groups dedicated to expanding our public safety program in 2024.

Despite our efforts, six public fatalities occurred in 2023 in our service territory,

each due to electrical contact. 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 – whether in the field or in the office. Our safety and health efforts 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.



### Let’s Talk About Safety – “The Red Chair Series

In 2023, AEP rolled out a “Red Chair” video series providing employees a platform to talk about safety, AEP’s commitment to sending everyone home safe each day and what it means to them, all while sitting in the iconic “Red Chair.” The Red Chair traveled across AEP’s regions, inviting employees to take their turns in the seat and share their thoughts in very candid interviews. The videos and discussion guides were then shared across AEP to help generate meaningful and honest discussions about safety and health at AEP.

‘Because We Care’ means that we are all a part of something that’s bigger than our individual selves,” said Peggy Simmons, executive vice president, Utilities. “We all have loved ones waiting for us when we get home, and we want to be able to deliver on that promise.”

## Culture & Inclusion

Culture serves as the foundation for success at AEP. An engaged, collaborative, inclusive 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. AEP views a culture of inclusion as a core business value that creates understanding, sparks innovation and allows us to better serve our customers. We are committed to building a work culture that champions respect and belonging and encourages leveraging our differences as a strength. Inclusion is important to ensuring that AEP has the best talent to move our company forward and achieve business objectives. AEP has four principles that guide our inclusion efforts:

- Establishing leadership accountability around culture and inclusion outcomes.
- Building and maintaining a workforce that reflects the communities we serve.
- Promoting an inclusive culture where all employees have the opportunity to thrive.
- Supporting the communities we serve so they will prosper.

We are proud of the progress we have made toward our inclusion efforts, which are measured through our annual employee culture survey. By prioritizing our inclusion efforts, we are confident that our company will continue to thrive and positively impact the world around us. Our inclusion progress is tied to enterprise, business unit and operating company annual incentive compensation objectives, measured through our annual employee culture survey. 2023 marks our tenth consecutive year of formally surveying employees about their experiences with culture at AEP. In 2023, 94% 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. 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. In 2023, AEP received the Gallup Exceptional Workplace Award for the fourth consecutive year. This award recognizes organizations with engaged workplace cultures.

### Culture & Inclusion Guiding Principles

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

AEP's Human Resources Committee of the Board reviews the culture and employee engagement results annually, providing additional oversight. In addition, the Human Resources Committee of the Board provides oversight of our compensation and human resources policies and practices, including an annual review of our diversity, equity and inclusion strategy, and compliance with equal opportunity laws.

We continue to participate in a number of external inclusion commitments, including:

- Paradigm for Parity®
- CEO Action for Diversity & Inclusion™ pledge
- Columbus Commitment: Achieving Pay Equity
- Mayor's Pay Equity Pledge in Tulsa, Oklahoma
- Business Roundtable's Statement on the Purpose of a Corporation
- Edison Electric Institute (EEI) Advancing Racial Justice, Diversity, Equity, and Inclusion

## AEP's Inclusion Efforts

We believe in creating a work environment that encourages growth and progress for everyone. We take pride in our workforce, which celebrates and acknowledges all forms of diversity, including cultural, personal backgrounds, and different ways of thinking, while we actively work to remove any unconscious biases. We also understand that our customers and communities are diverse, and we strive to reflect that in our workforce so we can better understand their needs and provide the best services possible. We are committed to fostering a culture of inclusion to ensure everyone feels respected, valued and supported.

In 2023, AEP began work to ensure our company's values and culture are reflected in our changing business, marketing and workforce. Additionally, the company launched a refreshed talent review and succession planning process that ensures

diversity in leadership roles that is driven by leaders.

## Inclusive Talent Selection Practices

Inclusion is important to ensuring that AEP has the best talent to move our company forward and achieve business objectives. We've made progress in this area, specifically at our highest levels of leadership. We continue to focus on increasing diverse representation within AEP leadership and standardizing hiring practices to ensure that minority and female candidates are on hiring slates and that hiring managers use interview panels consisting of diverse leaders.

## Culture & Inclusion Council

AEP's Culture and Inclusion Council, which consists of decision-makers from across the company, help lead our inclusion strategy. A key focus for the council will be prioritizing our Culture & Inclusion guiding principles. In addition to driving inclusion initiatives, the council prioritizes fostering an equitable workplace environment and developing policies promoting diversity, equity and inclusion. We're proud to have such a passionate and committed team leading the way toward a more diverse and inclusive AEP.

## Pay Equity Study

Equal and fair employee compensation, regardless of race or gender, demonstrates that our company values and respects all employees. AEP analyzes pay variances for female and minority employees after controlling for factors such as job title, years of service (time in job and time outside of job), estimated prior experience and average performance ratings. Potential individual female and minority employee



wage disparities are further investigated, and if an acceptable basis for the disparity is not identified, their pay is increased to address the disparity. AEP is committed to analyzing and addressing pay equity issues for female and minority employees annually.

## Employee Representation

We remain committed to minority and female representation across all areas of our business. Government-mandated affirmative action plans are required for companies operating sites with over 50 employees. AEP's Human Resources team annually develops affirmative action plans for eligible locations. Each plan contains goals and guidance for leaders to help them diversify their workforces at their respective facilities.

### AEP Employee Representation

	Employees	Females	%	Minorities	%
Total Employment	17,250	3,527	20%	3,551	21%
Officials & Managers	3,157	578	18%	447	14%
Professionals	6,057	1,737	29%	1,383	23%

*Updated as of December 31, 2023*

## Allies and Advocates

We are constantly working toward building a more diverse and inclusive workplace. We have a variety of internal and external initiatives, programs, and partnerships that help us foster relationships that give us access to diverse talent. Our partnerships with educational institutions, professional associations, community organizations,

employee resource groups (ERGs) and leadership development forums are essential in achieving our goal of building a diverse workforce that reflects the communities we serve. We are proud to partner with organizations such as the National Society of Black Engineers, Prospanica and the Human Rights Campaign (HRC), as well as colleges and universities, to provide access to diverse talent and become a recognized partner and leader among potential employees. We believe that by working together, we can create a workplace that is inclusive, welcoming and supportive of all.

## Empowering Employees Within Our ERGs

One of the best ways for AEP to demonstrate our commitment to a trusting and inclusive work environment is to empower employees to form and participate in ERGs. Encouraging engagement through one of our nine ERGs creates meaningful connections through shared experiences and learning about different cultures and lived experiences for deeper understanding and knowledge.

Approximately 11% of AEP's employees are connected to at least one ERG, with employees participating in multiple ERGs to expand their cultural competency. Their 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. They have formed local groups to meet employee needs, built connections through involvement with the Special Olympics, and supported local communities through volunteer initiatives. The ERGs are valued and supported at the highest level of the organization. We are confident that by working together, we can create a diverse, inclusive and welcoming workplace. This focus continues to support our goal of building a better future for our employees, customers and communities.

### ERGs at AEP

- Abled and Differently Abled Allies Partnering Together (ADAPT)
- Asian American Employee Partnership (AAEP)
- Black Employee Resource Group (BERG)
- Empowered Parent and Caregiver (EPC)
- 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)

### Inclusive Leadership

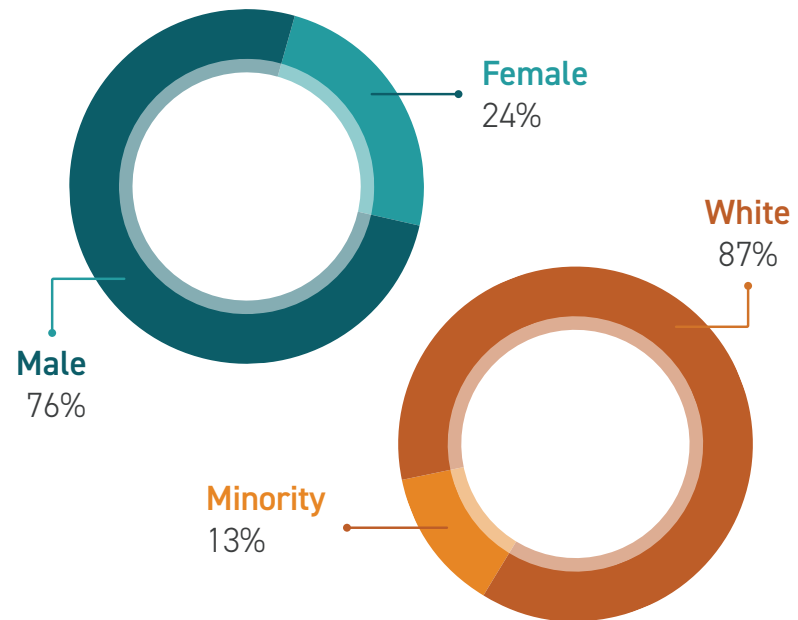
Representation of perspectives from various demographics is important for enabling a culture of inclusivity and innovation as well as informed decision-making. Leaders with diverse backgrounds bring unique perspectives, skillsets, knowledge, experiences and capabilities. This broadens our understanding to connect with our

employees and customers so we can attract top talent and better tailor our services to meet customers' needs.

As of December 31, 2023, AEP's executive/senior leadership included 24% women and 13% racial and/or ethnically diverse minorities. Additionally, AEP's highest level of governance, the Board of Directors, had 67% diverse representation, with women accounting for 50% of its members at the end of 2023.

### Executive/Senior Leadership Diversity – 2023

*Represents employees in an executive/senior level position.*



# 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.

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## Sustainability 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.

AEP’s Board plays a vital role in defining its corporate purpose to create long-term value for investors, customers, communities and employees. They are responsible for guiding AEP’s strategic direction, overseeing management’s performance and representing the interests of our various 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 issues that could potentially impact AEP’s long-term strategy and value creation, such as human capital management, safety and health, climate change, workforce culture, technology, and cyber and physical security.

Sustainable business practices, including sustainability-related risks, issues and opportunities, are integrated within our operations and business plans and 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 sustainability performance – complimented by work conducted by other committees. AEP’s Vice President and Chief Sustainability Officer reports to the Governance Committee at least twice a year. In addition, the Chair of AEP’s Board of Directors conducts annual governance outreach with some of our largest institutional shareholders. The Chair of the Board and the Chief Executive Officer also engage on these issues throughout the year with investors and other stakeholders.

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

### Board Changes

In 2024, AEP appointed two new Board members – Hunter C. Gary, senior managing director at Icahn Enterprises LP, and Henry P. Linginfelter, retired vice president of Southern Company Gas – as part of an agreement with

Icahn Capital L.P. and certain affiliates. Additionally, the Board invited Andrew J. Teno, president and CEO at Icahn Capital, to serve as a non-voting observer in Board meetings. We are confident that their perspectives will add value in the boardroom as we continue to simplify and de-risk our operations, control costs and execute on our flexible and robust capital plan to provide safe, reliable and affordable service to our customers.





## Sustainability Governance & Oversight

Board of Directors   Board Committee Oversight											
<p><b>Audit Committee</b></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><b>Directors &amp; Corporate Governance</b></p> <p>Oversees Board qualifications and selection; Board independence, composition, compensation, size and committees; Board evaluation and education; corporate Governance Principles; corporate compliance; Corporate Sustainability Report; and political engagement.</p>	<p><b>Executive Committee</b></p> <p>Acts on behalf of the Board of Directors in handling matters that need immediate attention.</p>	<p><b>Finance Committee</b></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><b>Human Resources Committee</b></p> <p>Oversees CEO &amp; senior executive goals, performance, salaries and compensation; employee incentive, long-term and equity compensation plans; benefit programs; culture and employee engagement; diversity and inclusion strategy and compliance; succession planning; and human capital risks.</p>	<p><b>Nuclear Oversight Committee</b></p> <p>Oversees management, operation, safety, reliability of nuclear operations; compliance with nuclear safety, operations and environmental laws and regulations; and control or mitigation of nuclear risks.</p>	<p><b>Technology Committee</b></p> <p>Oversees AEP’s IT and cybersecurity strategy, investments and internal and external labor strategy; frameworks and programs to identify, assess, manage and mitigate cybersecurity and IT risks and a response framework to address disruptive incidents.</p>	<p><b>Policy Oversight</b></p> <p>Regular oversight of policy matters affecting the AEP system, including receiving updates from outside experts on significant public policy issues.</p>				
Executive Leadership Team   Executive/Senior Leader Working Committees & Councils											
<b>Risk Executive Committee</b>	<b>Climate Change Executive Group</b>	<b>Reliability Compliance Strategy Team</b>	<b>Reliability Compliance Committee</b>	<b>Safety &amp; Health Committee</b>	<b>Culture &amp; Inclusion Council</b>	<b>Social Issues Advisory Council</b>	<b>Environmental &amp; Social Justice Advisory Team</b>	<b>Third-Party Risk Governance Committee</b>	<b>Corporate Compliance</b>	<b>Disclosure Committee</b>	<b>Executive Policy Advisory Committee</b>
Vice President & Chief Sustainability Officer   Cross-Functional Working Committees & Councils											
<p><b>Enterprise Sustainability Council</b></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><b>Corporate ESG Steering Committee</b></p> <p>A cross-functional committee of the Company that will assist the enterprise regarding ESG matters, including increasing understanding of all three dimensions – environmental, social and governance – across AEP. The ESG Steering Committee provides a structured advisory forum to identify and address ESG-related issues (risks, opportunities, threats, etc.) that could affect AEP financially or operationally.</p>					

## Board Skills & Representation

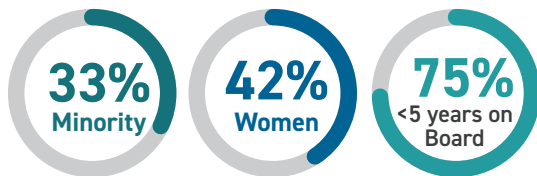
In addition to requiring directors to possess the highest personal and professional ethics, integrity and values, we also have criteria to ensure diverse experience, skills and perspectives are represented on the Board. Diversity provides us with a broader perspective on issues inside and outside of our company. It 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 remained on the 50/50 Women on Boards in 2023 for having three or more women on our Board of Directors – recognizing our commitment to gender diversity in leadership. In addition, Sara Martinez Tucker, who now serves as the Board Chair, was elected as AEP's first female Lead Director.

Average tenure on AEP Board

**5.2 YEARS**

Average Age: **63**



**11 of our 12 directors are independent** (all directors except interim CEO & president)

### Board Fact Sheet

- ✓ Independent Board Chair
- ✓ 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
- ✓ Succession planning
- ✓ Board independence requirements
- ✓ Board diversity
- ✓ Annual shareholder outreach program
- ✓ 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
- ✓ Policy on Board size
- ✓ Board experience requirements
- ✓ Corporate governance documents publicly available
- ✓ Charter does not contain poison pill

*Board of Director information as of April 23, 2024*

Skills, Qualifications & Experiences*	# of Directors
<b>Senior Executive Leadership &amp; Business Strategy:</b> CEO or significant senior experience with an understanding of complex organizations, strategic planning, risk management, human capital management and corporate governance.	12
<b>Finance or Accounting:</b> Experience in accounting or finance, including oversight of financial reporting and internal controls of a company, and capital allocation.	4
<b>Innovation &amp; Technology:</b> 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
<b>Regulated Industry Experience:</b> 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.	10
<b>Government, Legal &amp; Environmental Affairs:</b> Experience in law, government, public policy or environmental affairs and understanding of effective strategies in these areas.	5
<b>Industrial Operations &amp; Safety Experience:</b> Experience managing maintenance and growth investments of complex capital projects and oversight of safety-related programs and performance.	8
<b>Customer Experience or Marketing:</b> Management or oversight experience in consumer businesses, customer service and marketing.	5
<b>Talent:</b> Experience overseeing programs and performance related to employee development and the development of leadership skills and talents in others.	7
<b>Risk Management:</b> Experience overseeing or managing financial, operational and other significant risks that affect the Company.	8
<b>Cybersecurity &amp; Physical Security:</b> 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 director's skills or contributions to the Board and does not mean additional directors do not have that qualification or skill. See the proxy for more information.*

## Ethics & Compliance

At AEP, we hold ourselves to the highest standard of ethical conduct by doing the right thing every time for our customers, each other and our future. To guide our efforts, AEP partners with external organizations to gain insight into emerging ethics and compliance issues, trends and goals. We also leverage peer benchmarking and encourage the discussion of leading practices to help inform AEP's policies and efforts.

The **AEP Principles of Business Conduct** was updated in 2023 and acts as our guide by defining the ethical and legal standards by which we operate every day – from executive leadership to employees at all levels. AEP Principles of Business Conduct outlines the expectations of employees in regard to our culture, relationships, assets, security practices and image. To provide employees with real-world scenarios, examples of potential ethics issues are included along with how these issues should be prevented or handled.

We promote our Ethics and Compliance 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. We provide multiple channels of communication to reach employees, including quarterly focused messaging with accompanying toolkits and a virtual learning session "Coffee with Compliance" hosted by the Chief Compliance Officer. AEP's culture of trust and transparency requires a commitment from everyone at every level of the company to ensure our employees can raise and discuss acts of misconduct or inappropriate behavior with confidence and without fear of retaliation. The AEP Speak Up Policy communicates the importance of open dialogue and the expectation that all employees will report suspected misconduct.

In addition, the **AEP 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.



## Enhanced Conflicts of Interest Disclosure

The Ethics Department requires all employees to complete an annual Conflict of Interest Disclosure and reconfigured the questionnaire to allow better analytical use of the data. Employee awareness was increased by leveraging multiple channels of communication around the disclosure process, which included an internal news article, Instructions Guide, Hot Spot, Coffee with Compliance and Disclosure Brochure. All employees are also required to complete a Disclosure Acknowledgement, recognizing their duty to disclose and update any potential conflicts.



The Ethics department utilizes a variety of tools and resources to educate employees and encourage a culture of compliance. Ethics & Compliance completed its first full year strategy execution of quarterly, multi-media focused messaging which included:

- **Hot Spots** – A presentation that provides a brief overview of specific ethics topics. These are posted quarterly on the company intranet site to be used as discussion topics in employee meetings. These include scrubbed cases on the relevant topic. Hotspots bring awareness to real-life issues that employees have faced while working at AEP.
- **Coffee with Compliance** – Quarterly virtual session hosted by the Chief Compliance Officer for employees to learn how ethics and compliance show up in an employee’s daily work. These sessions accompany the quarterly Hot Spots.
- **Employee Training** – The Ethics & Compliance 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
  - AEP Principles of Business Conduct
  - Conflicts of Interest and Annual Disclosure
  - Rules of the Road (Ohio and Texas)
- **Additional On-Demand Employee Training** – The E&C department provides in-person and virtual training educating employees on the Ethics program and the confidential Concerns Line. This includes:
  - **Microaggression Training** – This training is used to educate employees on the verbal or nonverbal slights that impact individuals and is used to address microaggressions in the workplace.
  - **Political Engagement Policy Training** – This training is assigned to targeted users who submit contribution or membership requests that are subject to the AEP Political Engagement Policy.
  - **Ethics and Compliance Overview** – The Chief Compliance Officer regularly presents to different business units for program awareness and case remediation.

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## Governance & Reporting

The Committee on Directors and Corporate Governance of the Board oversees AEP’s Corporate Ethics and 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.



# Risk Management

Risks and threats are inevitable aspects of every business that require diligent monitoring, management and mitigation. Whether the threat is universal – posing a risk to every business, such as 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 and weaknesses. This is imperative to keep pace with the ever-changing environment. AEP’s enterprise risk management process focuses on establishing a consistent, repeatable and sustainable process for assessing the risks of the Company and a governance structure to ensure accountability for the identification, evaluation and management of risks to better protect our employees, customers and business. Our mission is to ensure a risk-aware culture where all employees are continuously involved in identifying and addressing our risks to enable AEP to provide safe, reliable and efficient service while achieving our business objectives. Application of the enterprise risk management process helps us identify strategic, financial, operational, regulatory, reliability, reputational and safety risks; assess the threats and controls; evaluate the risk; plan mitigation strategies; and monitor risks for changing conditions.

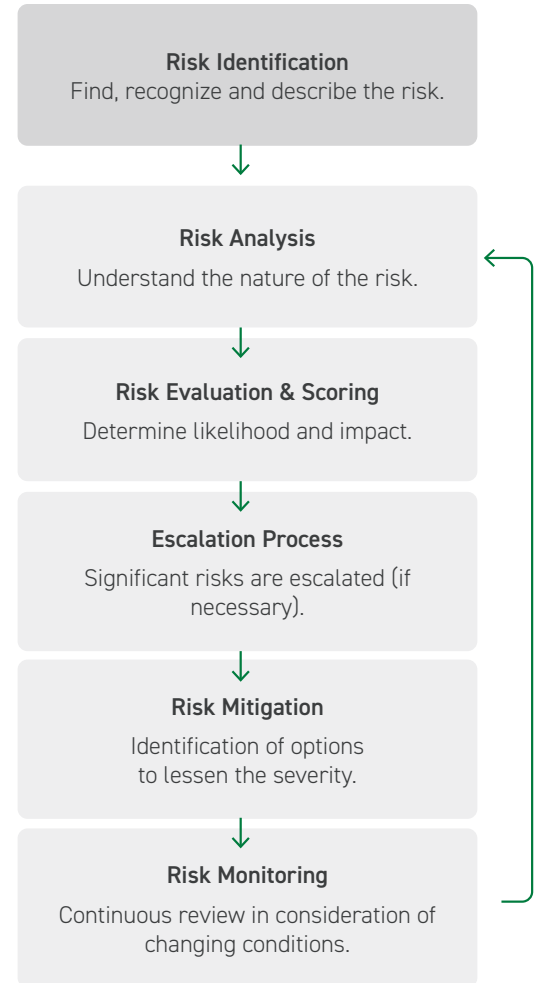
## Risk Governance & Oversight

Enterprise Risk Oversight (ERO) defines and oversees the consistent application of AEP’s enterprise 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 at an enterprise level 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 both the Risk Executive Committee and 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 if they do materialize. Our resilience strategy aims to reduce the

## Risk Impact Assessment



impact from an event and return to normal operations. To manage resilience, AEP has three strategies in place:

1. **Enterprise Preparedness & Planning** – We prepare and plan for emergency events in order to minimize the impact of the emergency. This includes creating business continuity and emergency management plans, training people and exercising plans.
2. **Enterprise Emergency Management** – AEP’s Emergency Management Framework is an integral part of how we efficiently respond to and manage events to keep critical operations functioning. It 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.
3. **Enterprise Evaluation & Continuous Improvement** – Once an emergency event is over, we evaluate our management of the event in order to improve our response and recovery capabilities going forward. We provide oversight and expertise for these lessons-learned discussions. AEP’s business units and operating companies implement corrective actions to lessons learned, and conduct exercises to see if the corrective actions work as intended.

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. To prepare, the Enterprise Resilience team works closely with ERO to identify the drivers that could trigger an event; the controls for preventing it or reducing the frequency of it occurring; and mitigation strategies in the 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.

## Wildfire Risk

Intense wildfire activity across North America throughout 2023 and in early 2024 demonstrated the devastating impacts and reinforced the importance of having protocols and policies in place to mitigate fire risk. AEP takes precautions to ensure we deliver safe, reliable electricity to our customers, which includes performing annual assessments of wildfire risk. We also regularly review our operations to ensure we have plans and processes in place to limit the risk of wildfires caused by electrical equipment.

AEP teams in the field and in our control centers continually evaluate conditions that pose a risk to the electric grid and potentially the public. We have operational protocols and technologies in place that allow us to manage the risks associated with AEP facilities being impacted by or triggering a fire. This helps us determine if and what action is needed, such as proactively declaring conservative operations in these areas, adjusting work practices that could trigger fires, or even modifying power flows on our grid, including removing impacted lines from service and redirecting power to other lines. Additionally, there would be changes to how equipment that automatically reenergizes lines operates.



## Political Engagement

AEP's ability to effectively serve our customers and communities, plan and invest in future system needs, and facilitate the energy transition requires engagement with policymakers and regulators at the federal, state and local levels. Electric utilities are among the most-regulated industries in our country. We adhere to rules and regulations and understand that state and federal policies define the parameters of our current operations and future planning.

AEP has a long-term strategy to invest in a modern, reliable energy system to meet the evolving needs of our customers while keeping electricity rates affordable. We know rapidly evolving policy initiatives at all levels of government could have a major impact on how we do our work. It is important that we educate policymakers and regulators and advocate for the best outcomes for our customers and other stakeholders.

This is a very critical time because now, more than ever, policies and regulations are defining the roadmap for the energy transition. Governments' decisions could impact how and when we invest, and the ways we generate electricity, modernize the grid and incorporate new technologies. AEP identifies and researches emerging public policy topics to best understand their impacts on our customers and our business. We use our internal subject matter experts to provide insights and guidance and create materials to guide discussions with policymakers, regulators and other stakeholders, including investors, in accordance with our enhanced policies and processes.

For example, the passage of the bipartisan Infrastructure Investment and Jobs Act (IIJA) demonstrates how energy and infrastructure-focused legislation can impact our business. It presented several federal and state grant funding opportunities for energy projects, which AEP staff have thoughtfully reviewed and vetted for alignment and eligibility in both service corporation and operating company initiatives. We pursue these grant programs when they match our business objectives, bring value to customers, balance costs with policy objectives and align with regulatory expectations. To that end, AEP submitted applications

in the first round of the U.S. Department of Energy (DOE) Grid Resilience and Innovation Partnership (GRIP) program, one of which led to a successful award of approximately \$27 million to implement innovative smart grid technology that will improve service for AEP customers across all 11 states in which we operate. Since that time, AEP's grant office has collaborated with operating company staff to submit concept papers for the DOE's second GRIP round.

Another benefit of the IIJA funding was the DOE's 40101(d) program, "Formula Grants to States and Indian Tribes for Preventing Outages and Enhancing the Resilience of the Electric Grid." AEP's grants office reviews each relevant opportunity through the 40101(d) grant program. This program led to additional grant opportunities in Michigan, Indiana and Ohio, with more expected in the coming year. Through the landmark IIJA funding, these grant programs have provided electric utilities with the unique chance to provide grid benefits to their customers, enhance reliability and increase resilience of the nation's energy grid.

As a regulated business operating in 11 states, we monitor hundreds of proposed federal and state laws, regulations, rules and policies every year. It is important that our perspectives are heard. We participate through routine, constructive engagement with government officials, policymakers and stakeholder groups. And we will often provide technical feedback as bills or regulations are drafted.

We also interact through lobbying, political engagement and corporate 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 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. That's why in 2023 we committed to making our disclosures on a semiannual basis rather than annually.

We require 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 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 in advance by the AEP Chief Compliance Officer-Political Engagement to ensure compliance with all applicable federal, state and local laws, rules and regulations and our policy. In addition, these requests must also be reviewed and approved through a multi-layered internal 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 and lobbying activities.

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

## AEP Political Activity Disclosure

- [AEP Political Engagement Policy](#)
- [AEP Semi-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](#)



In 2023, AEP was recognized as a trendsetter for transparency in the CPA-Zicklin Index of Corporate Political Disclosure and Accountability.



## Enterprise Security

As one of the largest electric utilities in the U.S., it is our duty to ensure uninterrupted power supply to our customers 24/7. Which is why the mission of AEP's Security Team is to equip the enterprise with the knowledge needed to select and implement security controls that protect our workforce and increase the confidentiality, safety and integrity of AEP's assets. The nation's power grid faces many threats, including extreme weather, vandalism, terrorism, cyberattacks and insider threats. Each of these risks has the potential to jeopardize the reliability, safety and security of our services. Additionally, monitoring and protecting the security of the power grid becomes particularly crucial during periods of heightened geopolitical tensions. It is imperative for companies like ours to make substantial reliability and security investments in the grid and ensure we have robust measures, policies, and oversight mechanisms in place to mitigate, prevent or minimize the impacts of potential attacks.

### Security Governance, Oversight & Regulations

Strong governance, oversight and regulations are vital to the strength, security 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 all mandatory enforceable CIP and O&P NERC Standards. AEP's Chief Information and Technology Officer has oversight for cyber and physical security. AEP's Vice President of NERC Compliance is responsible for the oversight of the execution of AEP's NERC Compliance Program and serves as the NERC CIP Senior Manager as required by the Standards. Although not required by the Standards, AEP has established its senior vice president of Regulated Infrastructure Investment & Planning as the NERC Senior O&P Manager responsible for all NERC O&P compliance.

AEP takes 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. AEP consistently monitors and evaluates internal and external threats, mitigating these concerns through proactive Risk Management Plans. AEP's infrastructure is a major component of the nation's BES. As such, we are constantly being audited 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. The governance structure for the NERC Reliability Assurance Program is governed by the following three committees:

- **Reliability Compliance Committee (RCC)** – Consisting of executive vice presidents.
- **Reliability Compliance Strategy Team (RCST)** – Consisting of senior vice presidents and vice presidents.
- **Reliability Alliance Council (RAC)** – Consisting of directors.

In addition, AEP's Board of Directors 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 are designed to manage and mitigate risks related to cybersecurity, IT and associated operational resiliency and to 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 must disclose the occurrence of events, including cyber events, that have had a material impact on its business or prospects in periodic or current reports filed publicly with the Securities and Exchange Commission. This reporting process is implemented by our Financial Reporting Team and, regarding the periodic reports, reviewed by Audit Services. AEP Security and Legal teams regularly assess potential materiality and ensure all appropriate reporting is completed promptly.

## 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, Artificial Intelligence (AI), mobile applications and 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 as 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 in 2023. As a result, NERC assessed that existing CIP standards for physical security are sufficient and appropriate.

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, regulator, and U.S. Government-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) and other public private partnerships with U.S. Government intelligence agencies. We also support other utilities in cyber incident response through Cyber Mutual Assistance (CMA).

## 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 Training in a Variety of Categories – 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.

Annual Security Awareness Training – All AEP employees and contractors are required to complete the annual Security Awareness Training, which includes topics such electronic and physical access management, phishing, data protection, and other areas as security needs are identified.

- **Role-Based Training for New Hires and Contractors** – New employees and contractors are required to complete assigned security training on their role in protecting the grid, information about AEP’s security standards and tips to stay safe online.
- **Annual NERC CIP Cyber Security Training** – 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.
- **Security Champions** – We leverage employees who 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.



### Security Partner of the Month

Shawne Slaughter, a Business Solutions Project Manager, effectively prevented a phishing attack against a vendor by demonstrating AEP’s “See Something, Say Something, Do Something” practices. He noticed discrepancies in an email requesting a change in bank accounts from a known vendor, where the phone numbers did not match. Recognizing the potential threat, Shawne immediately halted any payment processing and initiated communication with the relevant parties, including contacting the apparent sender. It was confirmed that the email was fraudulent.

Shawne promptly reported the incident, ensuring no action was taken on the requested bank account change. The vendor is now investigating the source of the fraudulent email. Shawne’s vigilance and actions likely saved both AEP and the vendor from financial loss. His dedication to security led to him being chosen for AEP’s Security Recognition Program which recognizes employees efforts to protect the company from potential threats.



## 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. AEP complies with all privacy and security laws relevant to its business operations. In addition, we continue to enhance the protection of high-value data through improved data inventory practices, security protocols, data lifecycle management and leadership accountability to ensure the protection of our consumers.

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 the ways 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.

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 for data processing activities that include sensitive personal data.

## Data Governance and Oversight

Our Data Privacy team 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, which includes ongoing collaboration and alignment of operations with AEP's privacy requirements in all our Operating Companies. The Data Privacy team 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 and Governance of Physical and 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
<b>Cyberattacks</b>	AEP’s Cybersecurity Intelligence and Response Center (CIRC) staff uses a number of tools to detect, block and analyze cyber intrusions including but not limited to ransomware.	AEP established cyber response playbooks to outline expected response actions for potential threats such as ransomware.
<b>Insider Threat</b>	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 comprised of Enterprise Security, Human Resources, Ethics and Compliance and Legal oversees AEP’s Insider Protection and Prevention program.
<b>Phishing</b>	AEP requires all staff (employees and contractors) to participate in an ongoing Phishing Awareness Program to test staff’s ability to detect malicious emails through periodic phishing simulations. Staff 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.
<b>Cyber Asset Vulnerability</b>	AEP developed a comprehensive Enterprise Cyber Vulnerability Management Program that defines and prescribes processes by which vulnerabilities are identified, prioritized, dispositioned, remediated/mitigated, tracked and validated across the enterprise.	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.

## Management and Governance of Physical and Cyber Threats (Continued)

Threat	Threat Management	Governance
<b>Supply Chain Security</b>	<p>AEP clearly defines security expectations of vendors in our Master Service Agreement and, when appropriate, a 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.</p>	<p>AEP has a Third-Party Risk Governance program comprising of representatives from Legal, Enterprise Risk Oversight, Procurement, Technology and Security, as well as a dedicated full-time team focused on third-party risks. The Third-Party Risk Management (TPRM) team is responsible for defining and maintaining the program for vendor risk identification, assessment and management. This program ensures all vendor-related risks are identified and addressed for all products, goods and services procured and/or implemented by AEP.</p>
<b>Physical &amp; Cyber Asset Vulnerability</b>	<p>We test our operational response to potential power grid vulnerabilities or emergencies through GridEx exercises developed by NERC. These exercises complement our annual exercises, allowing us to practice and prepare our response to national level emergency scenarios in a controlled environment.</p>	<p>AEP consistently monitors and evaluates internal and external threats, mitigating these concerns through proactive Risk Management Plans. We are also constantly being audited by ReliabilityFirst, Texas Reliability Entity and Midwest Regional Organization.</p>
<b>Cloud-based Programs and Remote Connectivity</b>	<p>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 cyber-attacks and avoid or mitigate damage before experiencing the full impact of the threat.</p>	<p>AEP has established a cloud governance structure comprised of two interrelated bodies: the Cloud Advisory Group and the Cloud Governance Board. This structured approach allows AEP to holistically discuss issues, tactics and solutions to ensure secure and reliable operations of AEP's Cloud implementations.</p>







# Data & Reports

At AEP, we understand the importance of providing clear, accurate and consistent data and information in a timely manner. Our disclosure includes an 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 to meet the unique needs of our stakeholders.

96 ESG Data Center

118 ESG Reports & Policies



## ESG Data Center

### Operational & Financial

Generation Capacity		2021	2022	2023
<b>Owned Generation Capacity (MW)</b> <i>Data reflects year-end capacity</i>	<b>Total Owned Net Generation</b>	<b>24,857</b>	<b>25,050</b>	<b>23,308</b>
	Coal	11,858	11,263	10,711
	Natural Gas	7,615	7,613	7,596
	Nuclear	2,296	2,296	2,296
	<b>Total Renewable Energy Resources</b>	<b>3,088</b>	<b>3,858</b>	<b>2,686</b>
	Hydroelectric	805	805	816
	Solar	362	369	231
	Wind	1,921	2,684	1,639
	Other	0	20	20
	<b>Purchased Generation Capacity (MW)</b>	<b>Total Purchased Nameplate Generation Capacity</b>	<b>—</b>	<b>—</b>
Coal		—	—	1,531
Natural Gas		—	—	260
Nuclear		—	—	0
<b>Total Renewable Energy Resources</b>		<b>—</b>	<b>—</b>	<b>3,400</b>
Hydroelectric		—	—	80
Solar		—	—	67
Wind		—	—	3,253
Other	—	—	0	

# ESG Data Center

## Operational & Financial

Capacity		2021	2022	2023
<b>Total Owned &amp; Purchased Generation Capacity (MW)</b>	<b>Total Owned &amp; Purchased Generation Capacity (MW)</b>	—	—	<b>28,499</b>
	Coal	—	—	12,242
	Natural Gas	—	—	7,856
	Nuclear	—	—	2,296
	<b>Total Renewable Energy Resources</b>	—	—	<b>6,086</b>
	Hydroelectric	—	—	896
	Solar	—	—	298
	Wind	—	—	4,892
	Other	—	—	20



# ESG Data Center

## Operational & Financial

Generation		2021	2022	2023
<b>Owned Net Generation (MWh)</b>	<b>Total Owned Net Generation</b>	<b>82,567,070</b>	<b>78,674,590</b>	<b>70,483,008</b>
	Coal	45,052,460	37,058,587	28,858,441
	Natural Gas	13,077,646	14,740,697	16,826,181
	Nuclear	17,960,716	16,621,031	18,640,118
	<b>Total Renewable Energy Resources</b>	<b>6,476,248</b>	<b>10,254,275</b>	<b>6,158,268</b>
	Hydroelectric	860,163	623,425	573,954
	Solar	745,647	840,748	415,907
	Wind	4,870,438	8,790,102	5,168,407
	<b>Purchased Power Agreement Net Generation (MWh)</b>	<b>Total Purchased Generation</b>	<b>16,425,967</b>	<b>17,309,059</b>
Coal		4,549,389	6,763,991	8,041,532
Natural Gas		2,969,042	1,151,496	940,530
Nuclear		0	0	0
<b>Total Renewable Generation</b>		<b>8,907,536</b>	<b>9,393,572</b>	<b>8,960,959</b>
Hydro		139,780	212,325	170,219
Solar		24,183	80,972	117,467
Wind		8,743,573	9,100,275	8,673,273



# ESG Data Center

## Operational & Financial

Generation		2021	2022	2023
<b>Total Net Generation (MWh)</b> <i>Owned Generation &amp; Purchased Power Agreements</i>	<b>Total Net Generation</b>	<b>98,993,037</b>	<b>95,983,649</b>	<b>88,426,029</b>
	Coal	49,601,849	43,822,578	36,899,973
	Natural Gas	16,046,688	15,892,193	17,766,711
	Nuclear	17,960,716	16,621,031	18,640,118
	<b>Total Renewable Generation</b>	<b>15,383,784</b>	<b>19,647,847</b>	<b>15,119,227</b>
	Hydro	999,943	835,750	744,173
	Solar	769,830	921,720	533,374
	Wind	13,614,011	17,890,377	13,841,680
<b>Total Purchased Power Net Generation From Unknown Sources</b> <i>This data represents AEP's short term energy purchases</i>	Purchased Power From Unknown Generation Sources	49,886,750	57,826,824	47,862,582
<b>Facility Energy Consumption</b> <i>Not inclusive of all AEP facilities</i>		<b>2021</b>	<b>2022</b>	<b>2023</b>
	Facility Energy Consumption (KWh)	104,334,588	100,582,993	95,016,825
	Percent Reduction (since 2007 baseline)	37.55%	37.94%	41.40%

# ESG Data Center

## Operational & Financial

Grid		2021	2022	2023
<b>Grid Overview</b>	Transmission Lines (miles)	40,000	40,000	40,000
	Distribution Lines (miles)	224,000	225,000	225,000
<b>Reliability</b>	System Average Interruption Duration (SAIDI) (Minutes)	238.50	269.90	217.19
	System Average Interruption Frequency Index (SAIDI) - Number of Interruptions	1.47	1.54	1.36
	Customer Average Interruption Duration Index (CAIDI) (Minutes)	161.80	175.00	159.41
	Customer Average Interruption Frequency Index (CAIFI) (Minutes)	2.21	2.31	2.10
	Average System Availability Index (ASAI)	99.96%	99.95%	99.96%

		2021	2022	2023
<b>Customers</b>	Residential	4,735,221	4,755,584	4,787,958
	Commercial	732,211	736,491	735,123
	Industrial	45,741	45,189	44,540
	Other	30,294	30,599	30,690
	<b>Total</b>	<b>5,543,467</b>	<b>5,567,863</b>	<b>5,598,311</b>

# ESG Data Center

## Operational & Financial

Customer		2021	2022	2023
<b>Customer Energy Efficiency Programs &amp; Smart Meters</b> <i>Energy efficiency data uses estimated values</i>	Percent of Total Meters Deployed (Smart Meters)	63%	72%	78%
	Annual Investments in Energy Efficiency Programs	\$95,681,983	\$86,806,298	\$101,682,125
	Incremental Annual Electricity Savings from Energy Efficiency Meters (MWh)	406,737	349,952	492,506
	Annual Demand Savings (MW)	197	183	269
	Avoided CO2 Emissions (US Tons)	204,621	207,287	229,158
	Number of Residential Customers Participating in Energy Efficiency Programs	266,562	331,644	961,988
<b>Customer Disconnects</b>	<b>Total Number of Disconnects</b>	<b>418,328</b>	<b>497,774</b>	<b>570,175</b>
	Total Reconnects within 7 days	340,595	413,928	474,488
	Residential Reconnects within 7 days	328,516	399,258	456,065
	Total Residential Customer Disconnects	402,779	484,471	555,999
<b>Customers Assistance</b> <i>The 2023 decrease in assistance is due to government funding support returning to pre-Covid levels</i>	Residential Energy Affordability Transactions	621,456	713,893	559,018
	Energy Assistance Funds Provided to Low-Income Customers	\$134.8 million	218.1 million	\$110.6 million
	Number of Agency Pledges Made Online	31,174	59,149	52,956
	Amount contributed to Agency Pledges for Energy Assistance	\$15.2 million	\$25.6 million	\$19.7 million

## ESG Data Center

### Operational & Financial

Economic		2021	2022	2023
<b>Financial Data</b>	Total Revenue	\$16.79 billion	\$19.64 billion	\$18.98 billion
	Total Assets	\$87.7 billion	\$94 billion	\$97 billion
	Total Annual Capital Expenditures/Investments (normal dollars)	\$6,547 million	\$7,982 million	\$6,902 million
<b>Employee Wages</b>	Amount Spent on Employee Wages	\$1.95 billion	\$1.95 billion	\$2.11 billion
<b>Taxes Paid</b>	Local & State	\$1,391 million	\$1,530 million	\$1,609 million
	Federal	\$69 million	\$246 million	\$193 million
<b>Earnings Performance</b>	Earnings per Share (GAAP)	\$4.97	\$4.51	\$4.26
	Operational Earnings per Share (non-GAAP)	\$4.74	\$5.09	\$5.25
	Cash Dividends per Common Share	\$3.00	\$3.17	\$3.37
<b>Economic and Business Development</b>	Jobs Supported by AEP's Economic and Business Development Efforts (Direct and Indirect)	37,899	22,998	25,599
	Economic Development Contributions <sup>1</sup>	\$1,088,522	\$942,399	\$722,180

<sup>1</sup>2021 and 2022 data was restated due to a maturing reporting process



# ESG Data Center

## Environment

Emissions		2021	2022	2023
<b>Scope 1 Emissions GHG CO<sub>2</sub>e</b>	<b>Total Scope 1 Emissions CO<sub>2</sub>e (MT)</b>	56,401,080	51,100,144	44,453,919
	CO <sub>2</sub> (MT)	55,612,321	50,678,735	43,979,713
	N <sub>2</sub> O (MT CO <sub>2</sub> e)	225,739	200,497	159,735
	CH <sub>4</sub> (MT CO <sub>2</sub> e)	163,629	146,796	117,017
	SF <sub>6</sub> (MT CO <sub>2</sub> e)	399,391	73,920	197,454
<b>Other Emissions Breakdown</b> <i>Represents direct emissions from AEP owned Title IV sources only</i>	SO <sub>2</sub> (MT)	33,987	29,819	22,123
	SO <sub>2</sub> (Lbs)	74,928,901	65,738,948	48,774,000
	NO <sub>x</sub> (MT)	26,926	25,775	24,157
	NO <sub>x</sub> (Lbs)	59,362,878	56,824,435	53,257,944
	Mercury Emissions to Air (Lbs) <sup>1</sup>	256	218	159
	Mercury Emissions to Air (kg) <sup>1</sup>	116	98	72

Water		2021	2022	2023
<b>Total Water Withdrawal</b> <i>Total water withdrawal now includes surface, ground (self), municipal and Comanche Plant</i>	Total Water Withdrawal (Million Gallons/day)	4,276	2,481	3,824
	Total Water Withdrawal (Million Gallons/year)	1,560,629	905,689	1,395,849
	Total Water Withdrawal (Millions of m <sup>3</sup> /year)	5,908	3,428	5,284

<sup>1</sup> Based on equity Ownership. Current year mercury emissions data is preliminary. Will be updated once data is finalized with the EPA

# ESG Data Center

## Environment

Water		2021	2022	2023
<b>Water Withdrawal by Source Breakdown</b>	Surface Water Withdrawal (Million Gallons/day) <sup>1</sup>	4,272	2,476	3,818
	Surface Water Withdrawal (Million Gallons/year) <sup>1</sup>	1,559,368	903,816	1,393,579
	Surface Water Withdrawal (Millions of m3/year) <sup>1</sup>	5,903	3,421	5,275
	Groundwater (m3/year)	3,975,163	5,075,675	5,373,531
	Other (m3/year) <sup>2</sup>	794,646	1,595,492	3,129,877
<b>Water Discharge</b> <i>All water discharge represents surface water discharge.</i>	Total Water Discharge (Million Gallons/day)	4,119	2,424	2,492
	Total Water Discharge (Million Gallons/year)	1,503,402	884,841	909,406
	Total Water Discharge (Millions of m3/year)	5,690,995	3,349,489	3,422,475
<b>Water Consumption</b> <i>All water consumption is freshwater.</i>	Total Water Consumption (Million Gallons/day)	161	58	53
	Total Water Consumption (Million Gallons/year)	58,702	21,079	19,475
	Total Water Consumption (Millions of m3/year)	222	80	74
<b>Water Intensity</b> <i>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 their operations.</i>	Water Withdrawal Intensity (Gallons/Net MWh)	20,736	13,493	22,993
	Water Withdrawal Intensity (Billions of liters/Net MWh)	0.00008	0.000051	0.000086
	Consumptive Water Use Intensity (Gallons/Net MWh)	780	314	322
	Non-Consumptive Water Use Intensity (Gallons/Net MWh)	37,917	13,183	15,024
	Non-Consumptive Water Use Intensity (Billions of liters/Net MWh)	0.00014	0.00005	0.00006

<sup>1</sup> Excludes groundwater, municipal and Comanche Plant water withdrawal

<sup>2</sup> Represents Comanche Plant Withdrawal

# ESG Data Center

## Environment

Waste		2021	2022	2023
<b>Hazardous Waste</b>	Total Hazardous Disposed Waste (Lbs)	—	—	47,846
<b>Recycled Waste</b>	Scrap Metal Recycled (Lbs)	39,321,951	37,563,314	53,375,947
	Batteries Recycled (Lbs)	176,880	64,645	156,654
	Electronic Waste Recycled (Lbs) <sup>1</sup>	18,857	11,908	240,000
	Light Bulbs Recycled (Lbs)	51,441	38,746	32,978
	Used Oil Recycled (Gallons)	233,325	389,894	1,163,247
<b>Coal Combustion Products</b>	Total CCPs Generated (U.S. Tons)	3,439,697	2,791,489	2,285,380
	Total CCPs Diverted from Landfill U.S. Tons	1,069,923	1,197,682	1,024,890
	Total Avoided Disposal Costs	\$17,829,733	\$20,131,599	\$17,266,243
	Total CCP Revenues Generated	\$11,938,635	\$12,084,787	\$11,037,713
	Total CCP Diverted from Landfill Percent	31%	43%	45%
Biodiversity		2021	2022	2023
<b>Protected Habitat</b>	Required mitigation habitat acres supporting biodiversity	29,752	30,180	30,343
<i>Data represents cumulative totals of protected, enhanced and restored habitat at the end of data year</i>	Voluntary mitigation habitat acres supporting biodiversity	251,115	253,668	253,602
	Required mitigation habitat acres supporting biodiversity and pollinators	27	107	107
	Voluntary mitigation habitat acres supporting biodiversity and pollinators	260	262	396

## ESG Data Center

### Social

Community Impact		2021	2022	2023
<b>Volunteerism</b>	Total Employee Volunteer Hours	—	—	31,207
	Percentage of Employees Registered to participate in Volunteer Activities	—	—	19%
<b>Charitable Giving</b>	Total Charitable Giving	\$35,109,340	\$41,122,942	\$31,660,132
	Number of Organizations Receiving Charitable Giving	—	—	1,789
<b>Percent of Charitable Giving by Area of Focus</b>	Education	30.3%	26.9%	27.5%
	Community Vitality	12.0%	17.1%	17.9%
	Hunger & Housing	14.4%	11.9%	15.0%
	Safety & Health	13.9%	7.3%	11.2%
	Arts & Culture	8.1%	6.9%	8.3%
	Diversity & Inclusion/Social Justice	3.3%	6.3%	8.0%
	Other	17.9%	23.9%	12.2%



# ESG Data Center

## Social

Community Impact		2021	2022	2023
<b>Charitable Giving Broken Down by State</b>	Arkansas	\$566,104	\$512,688	\$444,889
	Indiana	\$2,596,583	\$2,693,796	\$1,627,198
	Kentucky	\$507,482	\$467,104	\$335,001
	Louisiana	\$806,143	\$1,609,359	\$509,095
	Michigan	\$630,273	\$938,326	\$1,050,292
	Ohio	\$20,852,676	\$25,873,681	\$19,932,351
	Oklahoma	\$1,178,477	\$1,715,244	\$1,655,143
	Tennessee	\$143,774	\$172,794	\$269,000
	Texas	\$3,949,565	\$2,524,650	\$3,023,943
	Virginia	\$1,329,610	\$1,379,206	\$1,341,243
	West Virginia	\$1,386,292	\$1,503,902	\$1,036,760
	Other	\$1,162,361	\$1,732,191	\$435,215



# ESG Data Center

## Social

Workforce		2021	2022	2023
<b>Employee Type</b>	<b>Total Number of Employees</b>	<b>16,688</b>	<b>16,974</b>	<b>17,250</b>
	Number of Full-time Employees	16,658	16,940	17,215
	Number of Part-time Employees	30	34	35
	<b>Number of Represented Employees</b>	<b>3,836</b>	<b>3,846</b>	<b>3,945</b>
	Percent of Represented Employees	23%	23%	23%
	<b>Number of Veteran Employees</b>	<b>1,654</b>	<b>1,640</b>	<b>1,620</b>
	Percent of Veteran Employees	10%	10%	9%
	Percent of Veteran New Hires	7%	6.57%	6.09%
	<b>Employee Job Category</b>	Total Number of Professionals	5,701	5,859
Total Number of First/Mid-Level Officials/Managers		2,982	3,142	3,157
Total Number of Executive/Senior-Level Officials		229	225	212
<b>Workforce Demographics</b>	Traditionalists (1945 and Before)	0.07%	0.06%	0.04%
	Baby Boomers (1946-1964)	24%	20%	17%
	Generation X (1965-1980)	37%	37%	36%
	Millennials (1981-1996)	36%	38%	39%
	Generation Z (1997 & Beyond)	2%	5%	7%

# ESG Data Center

## Social

Workforce		2021	2022	2023
Female Diversity	<b>Total Female Employees</b>	<b>3,340</b>	<b>3,455</b>	<b>3,527</b>
	Percent of Female Employees	20%	20%	20%
	Number of Female Professionals	1,604	1,673	1,737
	Percent of Female Professionals	28%	29%	29%
	Number of Female First/Mid Level Officials	517	556	578
	Percent of Female First/Mid Level Officials	17%	18%	18%
	Number of Female Executive/Senior-Level Officials	50	54	51
	Percent of Female Executive/Senior-Level Officials	22%	24%	24%
Ethnic Diversity	<b>Total Minority Employees</b>	<b>3,240</b>	<b>3,433</b>	<b>3,551</b>
	Percent of Minority Employees	19%	20%	21%
	Number of Minority Professionals	1,182	1,283	1,383
	Percent of Minority Professionals	21%	22%	23%
	Number of Minority First/Mid-Level Officials	417	440	447
	Percent of Minority First/Mid-Level Officials	14%	14%	14%
	Number of Minority Executive/Senior-Level Officials	27	29	27
	Percent of Minority Executive/Senior-Level Officials	12%	13%	13%

## ESG Data Center

### Social

Workforce		2021	2022	2023
<b>Employee Resource Group Involvement</b>	Number of Employees Participating in Employee Resource Groups	—	—	1,840
	Percentage of Employees Participating in Employee Resource Groups	—	—	11%
<b>Employee Development</b>	Estimated Number of Hours of Employee Training Tracked through Formal Training Programs	719,528	951,320	806,400
	Employees Participating in Tuition Reimbursement	575	1,033	561
	Amount Spent on Tuition Reimbursement	\$2,003,269	\$3,256,579	\$2,233,821
	<b>Number of Employees Receiving Career Development Reviews</b>	<b>11,962</b>	<b>10,985</b>	<b>11,215</b>
	Percent of Total Workforce Receiving Career Development Reviews	72%	65%	65%
	Number of Female Workforce Receiving Career Development Reviews	2,976	2,965	3,098
	Percent of Female Workforce Receiving Career Development Reviews	89%	86%	88%
	Number of Minority Workforce Receiving Career Development Reviews	2,526	2,280	2,420
	Percent of Minority Workforce Receiving Career Development Reviews	78%	66%	68%



## ESG Data Center

### Social

Workforce		2021	2022	2023
Employee Opportunities/Promotions	Total Number of Opportunities/Promotions	1,376	1,486	1,081
	Opportunity/Promotion Rate <sup>1</sup>	8.2%	8.9%	6.3%
	Total Opportunities/Promotions for Female Employees	312	365	213
	Female Opportunities/Promotion Rate <sup>2</sup>	9.3%	10.6%	19.7%
	Total Opportunities/Promotions for Minority Employees	272	311	192
	Minority Opportunities/Promotion Rate <sup>2</sup>	8.4%	9.1%	17.8%

Workforce		2021	2022	2023
<b>Apprentices, Co-Ops &amp; Interns</b> <i>AEP helps train students from outside organizations that do not have internal training programs. 2023 data not limited to Department of Labor registered apprentice programs.</i>	Transmission & Distribution Technical Training Apprentices	—	993	1,572
	Total External Transmission & Distribution Technical Training Students	—	42	113
	Total Co-Op Students, Interns & High School Interns	112	127	154

<sup>1</sup> As a percent of total employees

<sup>2</sup> As a percent of total opportunities/promotions

# ESG Data Center

## Social

Workforce		2021	2022	2023
<b>Employee Hires, Retention &amp; Turnover</b>	<b>Total Hires</b>	—	<b>1,919</b>	<b>1,707</b>
	Total Female Hires	—	490	425
	Female Hire Percent of Total New Hires	—	25.5%	24.9%
	Total Diverse Hires	—	509	431
	Diverse Hire Percent of Total New Hires	—	26.5%	25.2%
	<b>Combined Voluntary &amp; Involuntary Employee Turnover Rate<sup>1</sup></b>	<b>10%</b>	<b>9.9%</b>	<b>8.4%</b>
	Combined Voluntary & Involuntary Female Employee Turnover Rate <sup>2</sup>	—	22.6%	24.1%
	Combined Voluntary & Involuntary Minority Employee Turnover Rate <sup>2</sup>	—	21.5%	21.4%
	<b>Total Employee Retention Rate<sup>3</sup></b>	—	<b>90%</b>	<b>93.0%</b>
	Female Employee Retention Rate <sup>4</sup>	—	88.9%	91.9%
	Minority Employee Retention Rate <sup>5</sup>	—	89.5%	93.2%

<sup>1</sup>As a percent of total employees

<sup>2</sup>As a percent of total turnover

<sup>3</sup>As a percent of total active employees as of 1/1/23

<sup>4</sup>As a percent of total active female employees as of 1/1/23

<sup>5</sup>As a percent of total active minority employees as of 1/1/23

# ESG Data Center

## Social

Safety & Health		2021	2022	2023
<b>Public Metrics</b>	Public Fatalities Due to Electrical Contacts	5	2	6
<b>Employee Metrics</b>	Employee DART Rate	0.430	0.424	0.384
	Employee DART Rate Incidents	75	76	70
	Total Employee Recordable Incident Rate (TRIR)	0.648	0.719	0.690
	Employee Lost Time Incident Rate (LTIR)	0.333	0.312	0.279
	Total Employee OSHA Recordable Events	113	129	126
	Employee Fatalities	0	1	2
<b>Contractor Metrics</b>	Contractor DART Rate	0.407	0.438	0.380
<i>AEP Contractors includes Forestry</i>	Contractor DART Incidents	61	74	62
	Total Contractor Recordable Incident Rate (TRIR)	1.026	0.941	1.006
	Contractor Lost Time Incident Rate (LTIR)	0.213	0.296	0.190
	Total Contractor OSHA Recordable Events	154	159	164
	Contractor Fatalities	0	1	1
<b>Employee and Contractor Metrics</b>	Employee and Contractor DART Rate	0.419	0.430	0.382
<i>AEP Contractors includes Forestry</i>	Combined Employee & Contractor DART Events	136	150	132

# ESG Data Center

## Social

Procurement		2021	2022	2023
<b>Supplier Diversity</b>	Total Supplier Spend	\$6.7 billion	\$8.5 billion	\$7.9 billion
	Managed Spend (Procurement Spend)	\$5.8 billion	\$7.4 billion	\$8.0 billion
	Diverse Supplier Spend	\$705 million	\$887 million	\$1.0 billion
	Percent Spend on Goods & Services from Diverse Suppliers <sup>1</sup>	12%	12%	13%
	Local Based Supplier Spend <sup>2</sup>	\$3.4 billion	\$4.1 billion	\$4.1 billion
	Percent Spend on Locally Based Suppliers <sup>3</sup>	51%	48%	52%
	Small Business Supplier Spend	\$964 million	\$1.3 billion	\$1.4 billion
	Percent Spend on Goods & Services from Small Business <sup>3</sup>	14%	15%	17%

<sup>1</sup>As a percent of total managed spend

<sup>2</sup>The term "locally" is used to describe businesses registered in the traditional 11 states in which AEP operates.

<sup>3</sup>As a percent of total spend







# ESG Data Center

## Governance

Governance		2022	2023	2024*
<b>Governance Overview</b>	Number of Board Meetings	7	8	8
	Average Board Meeting Attendance	97%	97%	99%
	Total Number on the Board of Directors	12	13	12
	Number of Independent Directors	11	11	11
	Independent Lead Director	No	Yes	NA
	Independent Board Chair	No	No	Yes
<b>Director Tenure</b>	0-5 years	5	7	9
	6-10 years	5	3	0
	11-18 years	2	3	3
	Average Years of Tenure	6.5	6.5	5.25
<b>Director Age</b>	40s	0	0	1
	50s	2	2	1
	60s	8	9	9
	70s	2	2	1
	Board Average Age	64	63.5	63

\*As of March 31, 2024

# ESG Data Center

## Governance

Governance		2022	2023	2024*
Director Gender	Men	8	7	7
	Women	4	6	5
Director Ethnic Diversity	White	9	9	8
	Hispanic	2	2	2
	African American or Black	1	2	2

\*As of March 31, 2024



# ESG Data Center

## ESG Reports & Policies

### Supplemental Environmental, Social & Governance Reports

- [AEP's Climate Impact Analysis Report - A TCFD Report \(March 2021\)](#)
- [2024 GRI & SASB Report \(ISSB S1\)](#)
- [2024 EEI ESG Investor Report – To Come](#)
- [2023 EEI Customer Emissions Report - Online Access](#)
- [2023 CDP Climate Report](#)
- [2023 CDP Water Report](#)
- [2024 EcoVadis Sustainability Scorecard](#)
- [2024 ESG Data Center](#)

### Financial Disclosures

- [2024 Annual Meeting Proxy Statement](#)
- [2023 Annual 10K](#)
- [2022 Revenues from Coal](#)
- [2023 Coal Generation Rate Base](#)
- [Sustainable Finance Framework](#)
  - [Second Party Opinion](#)
- [2023 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](#)
- [AEP Trade Association Climate Lobbying Report](#)
- [Environment and Social Justice Policy](#)
- [AEP Principles of Business Conduct](#)
- [Code of Business Conduct and Ethics for Directors](#)
- [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](#)
- [Anti-Corruption Policy](#)
- [Conflicts of Interest and Annual Disclosure](#)
- [Gifts and Entertainment Policy](#)
- [Anti-Fraud Policies and Procedures](#)
- [PII Data Privacy Protection and Use Policy](#)
- [Travel Policy](#)
- [Records Retention Manual](#)
- [Antitrust Guidelines](#)
- [FERC Compliance Manuals](#)
- [Enterprise Information Security Policy](#)
- [Security Information Classification Standards](#)
- [Appropriate Use of Company Assets](#)
- [Prohibition Against Pornography and Offensive Material Policy](#)
- [Social Media Policy](#)
- [Enterprise Policy Development & Maintenance Policy](#)

