



AEP'S 2021
**SUSTAINABILITY
GOALS REPORT**



AEP'S SUSTAINABILITY GOALS

AEP's sustainability goals are aligned with our corporate strategy and Strategic Framework for Sustainable Development. In addition, they map to the United Nations Sustainable Development Goals (SDGs), demonstrating the contributions AEP is making to create shared value for our customers, communities, investors and our company.

Since we last set these goals in 2018, the world has changed dramatically. We are living through a global pandemic; social and racial inequities have prompted a demand to end systemic racism; technology is advancing; the future of where and how we do our work is evolving; and, we have significantly moved our clean energy strategy forward by growing our renewable energy portfolio and setting a net-zero carbon goal for 2050.

As a result, we will refresh our sustainability goals in the near future to reflect our future strategy. We committed to annual updates on our progress, as demonstrated by this report, however, some targets have been refined where appropriate to better reflect the changing landscape.



AEP'S STRATEGY FOR SUSTAINABLE DEVELOPMENT

Our strategy for a sustainable future is to ensure that the production and delivery of energy enables positive social and economic change for our customers, employees and communities as we collaboratively shape our future. We are grounded by our culture of safety, continuous improvement and customer focus. We commit to aggressively support economic development, develop innovative solutions, champion education and make smart infrastructure investments that power our communities and improve lives. AEP will lead by example by setting strategic performance targets and goals, and we will be guided by these key principles:

- **BE A CATALYST FOR CHANGE** – We use our knowledge, voice, skills and relationships to enable innovation, bring new technologies to market, modernize the grid to optimize all resources and technologies, and develop a diverse, inclusive workforce for the 21st century.
- **ADVANCE ENVIRONMENTAL STEWARDSHIP** – We continuously seek to improve operations across our business to reduce, mitigate or eliminate the resulting impacts on the environment. We are committed to reducing our carbon footprint.
- **HELP TO BUILD STRONG LOCAL COMMUNITIES** – Create shared value for our customers, employees and the communities we serve. Through philanthropy, we support basic human needs, including affordable housing and food security. Through our economic development activities, we help our communities to be sustainable by expanding economic opportunities.
- **DEVELOP A BRIGHTER ENERGY FUTURE** – Work with our customers and communities to define and develop a clean energy future, giving them choices and timely information while providing safe, reliable and affordable electricity.

ENERGY & ENVIRONMENT

The power grid of the future will be cleaner, smarter, digitized, more efficient and fully integrated. We are diversifying resources, delivering clean energy solutions and choices to customers, and investing in a modern grid capable of optimizing all resources and technologies. We are doing this as we improve reliability and resilience and deliver safe, affordable electricity to customers.



GOAL: CARBON REDUCTION

Climate change remains a significant risk and opportunity for AEP. We have set aggressive goals to reduce our carbon footprint and review our goals annually.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Climate Impact Analysis Report • ESG Data Center 	<ul style="list-style-type: none"> • SDG 13: 12.2

GOAL: RENEWABLE ENERGY

Continue to grow regulated and competitive renewable portfolio to support clean energy transition.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Renewables 	<ul style="list-style-type: none"> • SDG 7: 7.1, 7.2

GOAL: MODERNIZING THE GRID

Continued investments in grid modernization to ensure reliability, resilience and security of the power system. Our investments support expanding, strengthening and modernizing the electric power network to enable the transition to a clean energy economy.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Grid Reliability & Resilience• Electrification	<ul style="list-style-type: none">• SDG 7: 7.1, 7.3, 7 A• SDG 9: 9.1, 9.4, 9.5• SDG 9: 9.1, 9.4, 9.5

GOAL: ENERGY INNOVATION

Develop new and innovative energy solutions and services that improve how we manage the grid's total value stream and deliver an exceptional customer experience.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Technology & Innovation• Climate Impact Analysis Report• Electrification	<ul style="list-style-type: none">• SDG 7: 7.1, 7.3, 7.A, 7.B• SDG 9: 9.C• SDG 11: 11.2, 11.A• SDG 13: 13.3, 13.B





SOCIAL RESPONSIBILITY

At AEP, we consider the safety, health and well-being of our employees, contractors and the public to be a core value, which means doing the right thing every time. As corporate citizens, we have an obligation to address social issues to enhance the quality of life in the communities that we serve, and beyond. We envision a culture where diversity is the norm and employees, customers, supplies and stakeholders of all identities are valued, respected and engaged.



GOAL: WORKFORCE SAFETY & HEALTH

Achieve Zero Harm – everyone goes home in the same or better condition than when they came to work – through forward-looking safety initiatives that assess both leading and lagging indicators for risks and opportunities. Create and foster a learning-centric culture where proactive communications, training and the use of leading indicators help us prevent harm.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Safety & Health • ESG Data Center 	<ul style="list-style-type: none"> • SDG 3: 3.6 • SDG 8: 8.8

GOAL: EMPLOYEE ENGAGEMENT THROUGH VOLUNTEERISM

One way that we build stronger communities is through volunteerism. Our employees participate in company-led or -supported volunteer activities that enhance quality of life, and support important civic activities of their choosing, including serving on local nonprofit boards.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Volunteerism 	<ul style="list-style-type: none"> • SDG 11: 11.4, 11.5, 11.7, 11.8 11.9

GOAL: MEASURING THE IMPACT OF AEP PHILANTHROPIC INVESTMENTS

Quantify the impact of AEP philanthropic giving to address STEM education and hunger and housing.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Community Impact• ESG Data Center	<ul style="list-style-type: none">• SDG 1: 1.1, 1.2• SDG 2: 2.1, 2.2• SDG 4: 4.1, 4.3, 4.4, 4.5, 4.B• SDG 8: 8.6• SDG 11: 11.1, 11.4, 11.7

GOAL: DIVERSITY, EQUITY & INCLUSION

Build a diverse, high-performing workforce. Eliminate barriers that prevent employees from maximizing opportunities and potential.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Diversity, Equity & Inclusion• Workforce Development• ESG Data Center	<ul style="list-style-type: none">• SDG 4: 4.5• SDG 5: 5.1, 5.5• SDG 8: 8.5• SDG 10: 10.2, 10.3, 10.4

GOAL: INCLUSIVE, ENGAGED & HIGH-PERFORMING WORKFORCE

Cultivate a collaborative and inclusive work environment and a culture of engagement that empowers employees and provides opportunities for advancement.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Culture of Engagement	<ul style="list-style-type: none">• SDG 4: 4.5• SDG 5: 5.1, 5.5• SDG 10: 10.2, 10.3, 10.4

GOAL: SUPPLIER DIVERSITY

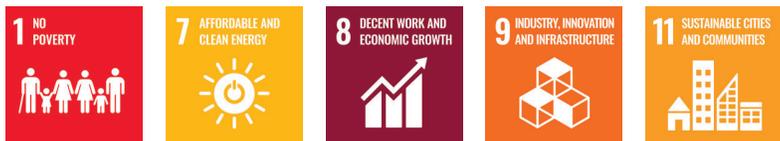
Develop a pool of diverse, strategic suppliers and business partners that mirror the customers we serve. We set a target of 13% diverse spend by 2023 [includes Tier 1 (prime) and Tier 2 (subcontractors) suppliers].

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none">• Supply Chain Management• ESG Data Center	<ul style="list-style-type: none">• SDG 8: 8.3• SDG 9: 9.2, 9.4



ECONOMIC DEVELOPMENT

AEP is committed to supporting economic development and making smart infrastructure investments that power our communities and improve lives by attracting high-quality jobs, encouraging capital investment, and stimulating local economies. We incorporate customer perceptions, behaviors and values into the design of our energy solutions and services to ensure the best experience for our residential, commercial and industrial customers.



GOAL: CUSTOMER FOCUS

Through technology-enabled innovation and process improvements, we make it easier for customers to interact with us and give them access to personalized energy solutions and services to help them use energy more efficiently.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Customer Engagement 	<ul style="list-style-type: none"> • SDG 3: 3.6 • SDG 8: 8.8

GOAL: ECONOMIC IMPACT

We strive to improve the communities we serve by helping to create employment opportunities that enhance quality of life and support the long-term sustainability of our communities.

PERFORMANCE UPDATE	ALIGNMENT WITH UN SDG TARGETS
<ul style="list-style-type: none"> • Economic & Business Development • ESG Data Center • Climate Impact Analysis Report 	<ul style="list-style-type: none"> • SDG 11: 11.4, 11.5, 11.7, 11.8 11.9