

AMERICAN ELECTRIC POWER
CORPORATE ACCOUNTABILITY REPORT
YEAR-END UPDATE
DECEMBER 2020



BOUNDLESS ENERGY

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NOTE FROM THE CHAIRMAN

Dear Friends,

2020 has been a year of significant challenge and awakening. The global pandemic created a public health crisis like none we have faced before. As the world scrambled to curtail the spread of the COVID-19 virus, the resulting economic hardship took a significant toll, affecting our employees, customers and communities. While we adjusted to quarantine and social distancing, many lost their jobs as businesses closed in response to government shutdowns. Families lost loved ones from the virus or were kept apart to keep them safe. Our communities also suffered as the demand for basic needs escalated.

In the midst of this turmoil, we faced simultaneous tragedies and angry protests in response to the killing of black men and women in communities across America. Our eyes were opened to the systemic racism that divides our country, creating social and racial inequities we must confront. The starkness of the year's events was a call to action on several fronts.

In 2020, we advanced our strategy to transition to a clean energy future. We received all necessary regulatory approvals to move forward with our 1,485 MW North Central Wind projects in Oklahoma. And, we took another step toward advancing our clean energy transition with the announcement to retire an additional 1,633 MW of coal-fueled generation by 2028. As we look at the future of our power plant fleet, we've balanced the remaining life and economic viability of each of our coal units with lower cost and cleaner resources for our customers. In addition, we set a new goal to reduce carbon emissions from our fleet vehicles. And, as part of a climate scenario analysis underway, we will again review our carbon reduction goals.

This year was marked by a number of ethical lapses by certain companies in the electric utility industry in connection with their engagement with public officials. As part of our commitment to continuous improvement, AEP is working to enhance our governance and processes involving corporate political engagement, being mindful of those breaches of trust in the industry. Among other improvements, beginning with our 2020 disclosures to be made in 2021, we will annually disclose our contributions to 501(c)(4) social welfare organizations in addition to our annual disclosure of political contributions and lobbying activities.

AEP's response to the events of 2020 and the progress we made toward our clean energy goals are why we are sharing an update at this time. We have started new initiatives and reached some major milestones since our Corporate Accountability Report was published in May 2020. Our commitment to our customers, communities and to each other underpins our mission to redefine the future of energy and develop innovative solutions that power communities and improve lives. As we reflect on what we've achieved and where we still need to go, our employees will lead the way forward to a new and brighter future for our customers and communities.

Sincerely,



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

AEP'S RESPONSE TO COVID-19

Protecting Our Workforce

AEP has taken significant and numerous actions to keep our employees, customers and communities safe and healthy during the global pandemic. Our critical front-line employees are working in smaller teams, practicing physical distancing, wearing face coverings, monitoring themselves for symptoms, and taking other prevention measures recommended by the Centers for Disease Control and Prevention (CDC). We are also educating our customers to maintain at least 6 feet of physical distance from our workers. This has been especially important as our employees responded to restore service following multiple hurricanes and storms across our service territory.

The measures we have taken extend to our contractors and subcontractors. We require them to report all known positive cases of COVID-19 among those working at AEP worksites or facilities. This allows us to trace and notify those who may have been exposed to the virus and prevent the spread to others.

AEP employees who can work from home have been doing so since mid-March – which accounts for 60% of our workforce. We continue to review our timeline for returning to the workplace based on the spread of the virus in our communities, recommendations from our company doctor, and guidance from the CDC. When we do, we expect it will be a gradual process, and employees will be given at least a 30-day notice to prepare. We don't expect to begin the return to office process until the summer of 2021, and when we do, we will enforce the protections that are already in place. This includes strict guidelines for maintaining social distance, wearing face coverings, cleaning and disinfecting protocols, and providing every employee with cloth face coverings and hand sanitizer when they do return.



We recognize this has been a challenging year for everyone. In many cases, employees became teachers and/or caregivers, juggling multiple roles in addition to their jobs. To give employees flexibility as they adapted, we developed a comprehensive set of pay and leave programs that cover a wide range of situations, including:

- Expanded Medical Risk and Family Care Leave to include Paid Pandemic Leave, providing a sick pay “bank” for employees exposed to, or impacted by, COVID-19.
- Enhanced Paid Time Off for full-time employees unable to work from home, such as field employees needed to keep the lights on, to address child or adult care challenges.
- All employees received accelerated access to half of their 2021 vacation hours, after exhausting their 2020 paid time off. This was all guided by a goal to protect and provide fair continuation of wages and benefits while limiting exposure risk to protect the health of employees and their families.

SUPPORTING OUR CUSTOMERS & COMMUNITIES

The COVID-19 pandemic has had a profound impact on our customers and communities. In response, we voluntarily suspended all service disconnections for non-payment and waived credit card fees. In addition, AEP stood up a team to help small business customers apply for the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in which we supported more than 1,900 companies in securing funds. Learn more on our [Business Assistance site](#).

As our states started reopening and businesses and economies began to rebound, we planned for our own return to normal business operations. In many states, disconnection suspensions have or will be expiring and we will resume disconnecting customers for nonpayment.

We are working with our customers and providing flexible payment options to help them maintain electric service without building up large past due balances that they would have to pay all at once. We have been communicating with customers facing disconnection with different methods, including e-mail, letters, texts, voice mail messages, paid advertising, social media and door hangars about contacting us if they need help paying their bills. Previous standards for payment plan arrangements and extensions have been adjusted so more customers can get the help they need. Disconnecting customers is always our last resort, and customers who work with us on a payment plan will not be disconnected.

In addition, the American Electric Power Foundation has donated nearly \$4 million in COVID-related emergency relief funds to support basic human needs and help address the hardships faced by customers and communities. Grants have been made to nonprofit organizations across the AEP service area.

AEP'S CUSTOMER CARE TEAM assisted **MORE** than

291,000
CUSTOMERS

in setting up payment arrangements during the COVID-19 pandemic between March-October.

CUSTOMER OUTREACH DURING THE PANDEMIC

Residential Customers

- Temporarily suspended all service disconnections for non-payment.
- Working with our customers and providing flexible payment options to help them maintain electric service without building up very large past due balances that they would have to pay all at once.
- Ongoing communications with customers facing disconnection through various channels, including e-mail, letters, texts, voice mail messages, paid advertising, social media, and door hangars about contacting us if they need help paying their bills.
- Waived over \$5.7M in late fees for residential customers.
- Waived credit card processing fees for 1,598,586 transactions through July 19, totaling \$1,998,233.

Commercial & Industrial (C&I) Customers

- Stood up a team to help small business customers apply for the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in which we supported more than 1,900 companies in securing funds.
- Hosted webinars and personally reached out on a regular basis to discuss their concerns and payment strategies.
- Established, for the first time, payment assistance for C&I customers - 1,334 customers entered into payment arrangements.
- Waived credit card processing fees for more than 7,000 commercial transactions for approximately \$89,400.
- Waived \$5.6M in late fees for non-residential customers.

SEIZE THE MOMENT ACTION PLAN: ACCELERATING DIVERSITY, EQUITY & INCLUSION

The social unrest that swept across the country led to a nationwide call for race education and awareness. In response, AEP took a bold stand denouncing all forms of racism and committed to have candid conversations about the impact of race and racism in the workplace. We also took actions to be part of the solution within the company and in our communities. AEP's CEO joined more than 1,400 other CEOs as a signatory to the [CEO Action for Diversity and Inclusion](#) pledge, the largest CEO-driven business commitment to advance diversity and inclusion within the workplace. AEP also supported a City Council resolution in Columbus, Ohio, declaring racism a public health crisis.

To move forward, we have to understand how race, racism, biases and beliefs impact the workforce. That is one reason AEP launched the "Seize the Moment: Let's Keep the Momentum Going" action plan, to help accelerate AEP's diversity and inclusion strategy.

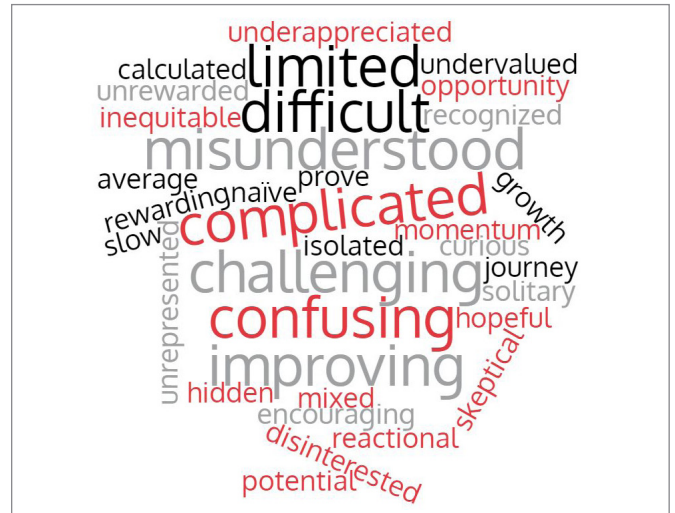
We are committed to fostering a culture where differences are valued and recognized as a significant positive influence on AEP's ability to serve our employees, customers, suppliers and other key stakeholders. Hiring and retaining top talent from diverse backgrounds is a priority at AEP because different perspectives help stimulate innovative thinking and allow us to better serve our customers.



CEO Nick Akins and Chief Diversity & Inclusion Officer Karen Ashley discuss racism, diversity and inclusion issues during an hour-long webcast.

Elements of Seize the Moment include:

- **Town Hall Webcasts:** A series of town hall webcasts featuring AEP employees sharing personal experiences of biases and racism. The intent of the webcasts is to help employees navigate conversations about race and hear others' perspectives. Conversations focused on topics such as biracial marriage; being the only one in the room; and the history of racial inequality and white privilege in America, featuring renowned antiracist activist, Tim Wise.
- **Leader Video Conferences:** We conducted a "Let's Talk" session with the top 20 African American leaders at AEP to discuss their experience and challenges as leaders at AEP. In addition, we brought in Tim Wise to speak to our top 250 leaders about racism in the workplace. During the session, Wise asked leaders to take a personal inventory of how race has affected their lives and encouraged organizations to take a radical inventory of policies and procedures at all levels, such as hiring, job evaluations and procurement practices.
- **Safe Space Conversations:** Facilitated "Safe Space Conversations" for employees to discuss how current race and equity issues impact them in the workplace and in their personal lives. AEP's [Diversity and Inclusion \(D&I\) liaisons](#) were trained to lead the discussions.
- **Stand Up for Diversity:** AEP leaders will participate in a company-wide Stand Up for Diversity to have candid and focused conversations about racism.
- **Leader Videos:** Several of AEP's leaders created video messages to raise awareness about the importance of diversity, equity and inclusion at AEP.



The "Let's Talk" session provided an opportunity for AEP's top 20 African American leaders to speak candidly about their personal experiences with racism. This word cloud provides a visual illustration of their feelings and reinforces the importance of our work to confront racism and biases in the workplace.

AEP ADOPTS SUPPLIER CODE OF CONDUCT

Today, dozens of our customers measure AEP on how we manage our supply chain. They do this by requesting access to our performance, goals, management and strategy. Customers use this information to ensure AEP's performance supports their business practices and aligns with their own sustainability goals.

In response, AEP adopted a new Supplier Code of Conduct. We ask suppliers to uphold AEP's values around safety and health, environmental performance, and ethics and compliance. We also set expectations on issues such as human dignity, diversity and inclusion, and security. Overall, it reinforces how suppliers ethically and legally conduct business with AEP or on AEP's behalf. The new code is in addition to contract terms and conditions.

The Supplier Code of Conduct can be found on the [Business to Business page of AEP.com](#).





AEP TO SWITCH 100% OF CARS AND LIGHT-DUTY TRUCK FLEET TO ELECTRIC VEHICLES

In September 2020, AEP announced it is accelerating its electric vehicle purchases with the goal of replacing 100% of its 2,300 cars and light-duty trucks with EV alternatives by 2030. AEP's total fleet is comprised of nearly 8,000 vehicles, including medium- and heavy-duty vehicles. By converting a portion of medium- and heavy-duty vehicles as electric or hybrid models become available, we will achieve our goal of electrifying 40% of our entire on-road vehicle fleet in less than 10 years.

Transitioning light-duty vehicles to EVs has been part of AEP's fleet strategy and will now become the standard across its subsidiaries. We will begin to transition medium- and heavy-duty vehicles, as well as off-road equipment, as electric and hybrid alternatives become available. In addition, we will electrify 50% of forklifts by 2030. The fleet transformation will avoid an estimated 10 million gallons of fuel, amounting to a \$40 million savings in fuel costs over the life of the vehicles.

This goal aligns with AEP's carbon emission reductions goal to reduce CO₂ emission by more than 80%, with an aspiration to be net-zero, by 2050. We have already made significant progress in reducing our carbon footprint, cutting emissions by 65% since 2000.

Visit AEP's [Beneficial Electrification](#) site to learn more.

“Through our commitment to transition to electric vehicles, we will cut tailpipe emissions, reduce operating costs, and encourage other companies that rely on large vehicle fleets to switch to plug-in electric vehicles.”

~ Nicholas K. Akins, AEP Chairman, President and Chief Executive Officer

AEP INCLUDED IN FORBES JUST 100 LIST, EARNS TOP SPOT AMONG UTILITIES

AEP has been named to the [Forbes JUST 100 2021 list](#), which recognizes companies that set the standard in commitment to their stakeholders. AEP earned the top spot for utilities and was the highest ranked utility in the 'Workers' category.

The JUST 100 is a list of America's best corporate citizens. Forbes partnered with JUST Capital to assess 1,000 of the nation's largest publicly traded companies and evaluated their treatment of workers and customers, community support, environmental impact and long-term value to shareholders.



This year, JUST Capital expanded its methodology to include COVID-19 policies and response. The new analysis includes hourly wages increases, paid sick leave, payment deferrals for customers, donations to support community relief and other data points. The ranking recognizes companies' commitment to transparency on these issues.

[Learn more](#) about AEP's commitment to corporate accountability.

AEP RECOGNIZED FOR ITS ESG REPORTING

AEP's 2019 EEI ESG/Sustainability Report for Investors received the 2020 CR Reporting Award (CRRRA'20) second runner-up for the Best Environmental, Social and Governance (ESG) Report by [CorporateRegister.com](#). AEP's report was among 152 entries across 11 categories. The awards recognize the very best in corporate sustainability reporting and are the world's only independent global annual awards in this field.

AEP is a founding member of the EEI-led ESG/Sustainability Report steering committee, which developed the voluntary ESG template in collaboration with a group of investors and third party research organizations.



“Empowering our team members, as well as making a positive difference in the communities we live and work, is a cornerstone of our company’s mission. As AEP builds a brighter energy future, we’ll continue to examine how we can better leverage our resources and leadership to create more opportunities for our employees, customers and other valued stakeholders.”

~ Nicholas K. Akins, AEP Chairman, President and Chief Executive Officer

AEP WINS AWARD FOR POLLINATOR CONSERVATION

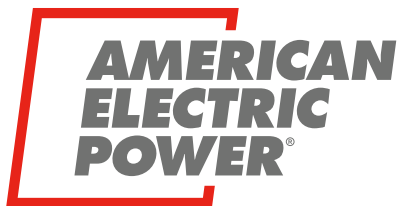
The North American Pollinator Protection Campaign (NAPPC), managed by Pollinator Partnership, awarded its first 2020 Pollinator Electric Power Award to AEP for ongoing leadership in pollinator-friendly projects. This award was established by the NAPPC Pollinators on Managed Lands Task Force and sponsored by the Electric Power Research Institute (EPRI). As a sponsor of the award, EPRI does not participate in the nomination process or award selection committee.



By implementing pollinator-friendly projects on managed lands, electric power companies can play a significant role in boosting pollinator habitat nationwide, including habitat for the imperiled native Monarch butterfly.

AEP is studying the substitution of native vegetation in place of traditional grasses to establish and maintain prairie habitat on typical transmission line upgrades while developing guidance and best management practices. In one major research effort, we are collaborating with the nonprofit Dawes Arboretum (near Newark, Ohio) to create a biodiverse prairie habitat along a transmission line right-of-way. This approach may be a cost-effective way to fulfill electric utility vegetation management requirements while significantly improving the ecological value of the habitat. Researchers are documenting rich biodiversity and monitoring habitat quality, erosion control and invasive tree growth. We are also involved with other sustainability-oriented pollinator initiatives and right-of-way vegetation management studies.

Learn more about AEP's [environmental stewardship](#) in promoting and protecting pollinators.



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