



BUILDING A CLEAN ENERGY FUTURE TOGETHER

MESSAGE FROM THE CHAIRMAN
2021 Corporate Accountability Report

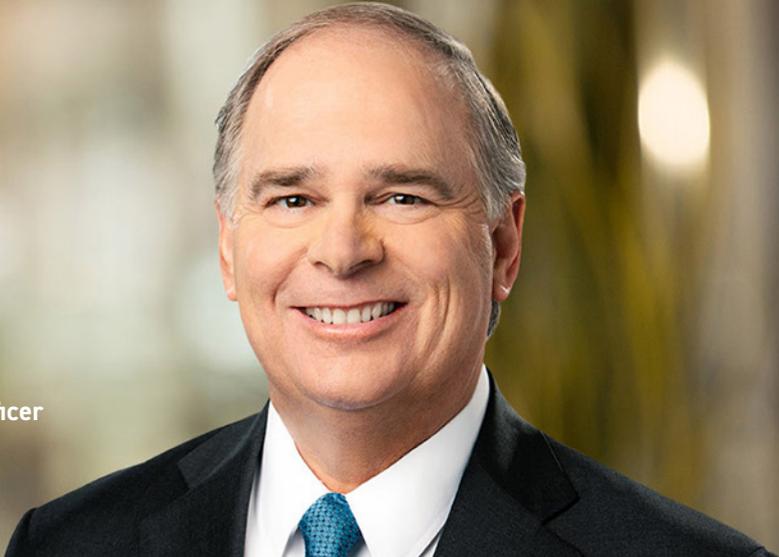


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A portrait of Nicholas K. Akins, a middle-aged man with short, light-colored hair, smiling. He is wearing a dark suit jacket, a white dress shirt, and a blue patterned tie. The background is a blurred indoor setting with warm lighting.

Nicholas K. Akins

Chairman, President & Chief Executive Officer
American Electric Power

DEAR FRIENDS & COLLEAGUES,

At AEP, we deliver an essential service that improves customers' lives and supports the health and economic strength of our nation. It is our purpose and our responsibility. In 2020, we were tested in ways

we could not have imagined. The coronavirus pandemic abruptly changed our lives in big and small ways, perhaps permanently. The social and racial justice movement made us think hard about what we stand for, and several severe weather events harmed our communities and customers across the country. These events underscore the need for a thoughtful transition to a clean energy future. I am inspired by the triumph of the human spirit in extraordinary times. The resilience of our

employees and customers reinforced our belief that agility, innovation and technology will guide our path forward. Our vision of building a brighter future together in a clean energy economy endures.

The pandemic confirmed the life-saving power of a resilient, reliable and affordable electric system for all. More than ever, we are committed to delivering a sustainable energy future that is inclusive, reliable and clean. We are amplifying our advocacy for social justice in our communities and supporting change and equity through visible actions. No matter the challenge, our plan puts people first. Together, we will achieve environmental sustainability, and actualize economic empowerment and social justice. Together, we will transition to a clean energy future.

Safety, Health & COVID-19

We distinguish our success with Zero Harm, a core value of our corporate culture. We strive to send every employee home at the end of their workday in the same or better condition than when they came to work. In 2020, when the COVID-19 pandemic tested our resolve, we held fast to both the letter and spirit of Zero Harm. I am proud of our employees who quickly adapted to new safety protocols. Face coverings and social distancing became the norm. We reconfigured “storm restoration” basecamps to meet strict COVID-19 protocols and sourced appropriate PPE for our crews. In addition, we implemented new pay and leave programs to support our employees and their families.

As vaccine rollouts progress and society prepares a post-pandemic reality, our vigilance continues. We encourage our employees to get vaccinated and

we are offering a one-time incentive to do so, helping our communities rebound from the effects of the pandemic.

2020 ranks among our best years for safety performance. Our five-year safety and health transformation achieved a 34% reduction in our DART rate (Days Away, Restricted or Job Transfer). We celebrate these achievements — zero employee fatalities and improved safety performance — as we continue our relentless pursuit of Zero Harm. We learn from every event that occurs, enabling us to develop new, leading initiatives that help us to be even more proactive in preventing harm. We do it for ourselves, for each other, and for our families.

Helping Fight Racial & Social Injustice

The killings of George Floyd and Breonna Taylor and

A photograph of three women standing side-by-side, smiling. They are all wearing red long-sleeved shirts with the American Electric Power (AEP) logo and the slogan 'AMERICAN ELECTRIC POWER' and 'BOUNDLESS ENERGY' visible. The woman on the left is wearing a necklace and has a name tag. The woman in the middle is wearing large hoop earrings and has a name tag. The woman on the right is also wearing a name tag. They appear to be in an office or indoor setting.

In 2021, AEP launched a \$5 million Delivering On the Dream: Social and Racial Justice grant program through the AEP Foundation. The program funds organizations that are doing meaningful work to advance equity and racial justice.

the U.S. Capitol insurrection pushed systemic racism and political divisiveness into the headlines, leaving a lasting imprint on our communities, our customers and our employees. These events were a call to action to finding unity and improving equity, inclusion and diversity.

We launched “Seize the Moment” in 2020 to accelerate achievement of our diversity, equity and inclusion goals. We held frank conversations about racism, and organized town hall webcasts about biracial marriages and being the only one in the room, among other topics. We launched Safe Space Conversations to share experiences with racism and bias. These initiatives have had a profound effect on me personally. Hearing one of our African American employees say that he “can breathe” at AEP gave me optimism. His experience opened my eyes to how close this pain hits home. I also have met with Asian American employees who showed remarkable strength in the face of hate and fear. People deserve to be treated with dignity and respect, at work and in society. Our nation’s divisions run deep, and change requires personal courage. We must rise to the challenge.

Saying we oppose racism and biases isn’t enough; we must take meaningful action. In 2021, we launched a \$5 million Delivering On the Dream: Social and Racial Justice grant program through the AEP Foundation. The program funds organizations that are doing meaningful work to advance equity and racial justice. We will bring together allies, advocates and volunteers to stand with us for social

justice. We joined other Columbus, Ohio companies that supported a City Council resolution designating racism a public health threat. We still have a lot of hard work ahead of us to understand and disrupt biases. I have faith that we have the capacity and the will to come together, open our hearts and minds to new perspectives, and be catalysts for change in the communities where we live and work.

New Climate Goals, Analysis

Climate change is a defining issue of our time and one of the top issues of engagement with many of our stakeholders. We are committed to transitioning to clean energy as fast as we can, without compromising reliability, affordability, or the security of the electric power system. In 2020, our CO₂ emissions were nearly 74% less than in 2000, achieving our 2030 carbon reduction goal a decade ahead of schedule. So, in 2021, we announced new, accelerated carbon emission reduction goals, adding net-zero by 2050.

We have already made significant progress. We have retired, sold or converted to natural gas nearly 13,500 MW of coal-fueled generation during the past decade, and by 2030 will reduce our coal-fueled generating capacity by 74% from 2010 levels. In April 2021, Indiana Michigan Power and AEP Generating Company reached an agreement to acquire the 1,310 MW Rockport Plant Unit 2 from the current owners when the lease expires at the end of 2022. This acquisition will provide a short-term capacity

bridge for customers as we transition to more renewable generation and will ensure both Rockport Plant units are retired by the end of 2028.

We undertook a yearlong assessment in 2020 to better understand the physical, economic and social risks associated with our transition to a clean energy future. We published our findings in our [Climate Impact Analysis Report](#) in March 2021. Our scenario impact analysis shows us a way forward to net zero — achieving greater than a 90% reduction in carbon emissions by 2050; the remainder could be offset. Technology and low-carbon fuels will play a critical role in getting us all the way there. U.S. President Joe Biden's climate plan calls for decarbonizing the power sector by 2035. While we believe this plan is overly optimistic, we are working collaboratively to achieve net-zero carbon emissions as soon as possible for our customers and our communities.

Helping Our Employees, Communities Transition

The effects of a coal plant retirement reach far beyond the fence line of the plant itself. As we prepare to retire our coal-fueled generation fleet in the years to come, our focus is on providing new opportunities for affected workers, and addressing the social and economic impacts on the affected communities.

On average, a typical plant operated by AEP generates \$160 million in regional economic activity, provides \$63 million in labor income, and supports more than 700 regional jobs annually.

We are identifying potential opportunities across AEP for affected employees, including providing training to ensure they have the skills needed for different jobs. We also have committed to support union labor

AEP's New Carbon Emission Reduction Goals

80% reduction by 2030

Net-Zero by 2050

(goals are from a 2000 baseline)

Advancing AEP's Clean Energy Transformation



Proposing to add nearly
16,600 MW
of new, clean wind and
solar generation by 2030

By 2030, AEP's renewable
generating portfolio will represent

51% of our
total capacity

72% of our capital investments allocated to modernize
the energy grid (from 2021 through 2025)

Carbon Emission Reduction Goals:
80% reduction by 2030,
Net-Zero
by 2050 (from 2000 baseline)

5,574 MW planned
reduction in coal capacity
(from 2021 through 2030)

in the construction of new wind and solar facilities on our system, wherever possible. Our long-term strategy for modernizing and strengthening the grid also provides employment and economic opportunities in the regions we serve.

The issues of transitioning to a clean energy future are bigger than any company or community can solve on its own. We have a lot of experience working with all stakeholders, and we are committed to seeking solutions that provide communities a just

transition to the future. We welcome partners and collaborators to ensure the transition is successful.

One example is our collaboration with local leaders to create jobs through our Appalachian Sky initiative. Appalachian Sky aims to market the Appalachian region to the aerospace industry. Studies have shown that the skills of energy industry workers are transferrable to the aerospace industry and Appalachian Sky is working to make the region a hub for that industry. This work aligns with

President Biden's creation of a Working Group on Coal and Power Plant Communities and Economic Revitalization. We want our communities to be strong and vibrant because their success drives our success.

Future Forward: The Road to Net-Zero

Our commitment for a clean energy future is accelerating with our new Future Forward strategy. Under our proposed plan, which must be approved by regulators, AEP would add nearly 16,600 MW of new, clean wind and solar generation to our regulated fleet by 2030. We will do it by building upon our long history of industry leadership in central power generation and 765-kV transmission innovation. In less than a decade from now, our plan would shift 51% of our total capacity to renewables. These investments will transform the electric system while ensuring its reliability, affordability and resilience.

In putting this plan together, we reviewed the resource needs for each of our regulated operating companies. We want to plan and build the right system and the right solutions for the future that meet our customers' needs. At the same time, we are optimizing our existing systems to grow value for customers and investors. Our portfolio includes projects in regulated renewable generation, transmission, energy storage, microgrids, distributed generation, and other emerging on-grid technologies. We also are working to ensure that public policies are in place to support new, cleaner resources and solutions.

Today, the first phase of our 1,485 MW North Central Wind energy facilities in Oklahoma is delivering clean, cost-effective wind energy to customers of Public Service Company of Oklahoma and Southwestern Electric Power Company (SWEPCO). The \$2 billion project is estimated to save customers



In April 2021, the first of three North Central Energy wind farms began commercial operation.

in Arkansas, Louisiana and Oklahoma approximately \$3 billion over the next 30 years.

The severe cold and ice conditions in February 2021 that caused significant outages from Texas to West Virginia reminded us that the clean energy transition must be measured and realistic. Our nation's energy supply is essential to maintaining and supporting our economy and our way of life. Although the road to net-zero is daunting, our transformation has been underway for more than a decade. We have already made significant strides, and we are confident we will achieve it.

Operational Excellence, Fiscal Discipline

AEP's track record of steady growth reflects our commitment to operational excellence, continuous improvement, and fiscal discipline. Despite the challenges of COVID-19, we continued to deliver consistent quality earnings in 2020. Our Achieving Excellence program is the cornerstone of our resource optimization efforts. Through the program, employees bring forward ideas that improve processes and efficiency and help us to reduce costs. More than 10,000 ideas have been submitted since 2019. One outcome of Achieving Excellence was our move to the NASDAQ stock exchange whose tradition of innovation aligns with our company's strategic goals. Other examples include streamlining our Distribution Line Training and creating a Project Management Center of

Excellence. Such successes fuel productivity and growth, organizational profitability and longevity.

The pandemic showcased the strength of our business continuity and emergency plans. We can finally see light at the end of this unprecedented event, but we are not out of the woods yet. We continue to help communities and economies recover. We do so by optimizing O&M spending and making smart investments to modernize the grid.

Future of Work

Long before the pandemic, we were on a journey to reimagine the future of work. Until then, technology was the biggest disruptor in the workplace. The pandemic surpassed that, forcing us to revise policies about how and where we do our work. While a majority of our workforce seamlessly transitioned to remote work, our front line employees continued doing essential work in the field to maintain and operate the electric system. In the face of unprecedented challenges, our employees showed resiliency and agility.

Our Future of Work program embraces the lessons we've learned from the pandemic and puts in place a support system for a distributed workforce.



For the second year in a row, AEP was recognized for its culture journey with the annual Gallup Exceptional Workplace Award in 2021.

In September 2020, we announced plans to replace 100% of our 2,300 cars and light-duty trucks with EV alternatives by 2030.



We demonstrated that we can accomplish work in new ways and cut costs at the same time. We are leveraging this experience to help us identify the types of technologies, workspaces, and structures needed as we move forward. Remarkably, our employees adapted and excelled in this new environment.

As we reshape our future of work and workplaces, our culture is fundamental to our continued success. Cultural excellence is as important to us as operational excellence. Investing in our future includes investing in our employees and providing opportunities for growth. I am very proud that, in 2021, AEP was recognized with Gallup's Exceptional Workplace Award for the second consecutive year. Every employee at AEP contributed to our success.

When we began our journey nearly 10 years ago,

our culture did not reflect who we are today or the vision we had for the future. Our culture scored in the 12th percentile at that time. Today, we are in the 91st percentile relative to Gallup's overall company database — achieving our goal to attain top decile performance three years ahead of schedule. The Gallup award affirms the strength of our culture and forms a strong foundation on which to build our best workplace for the future, wherever the work is being done.

Supporting Our Customers & Communities

Nearly a quarter of the way into our second century of service, our commitment to our customers and communities is as strong as ever. Today, customer expectations fuel our clean energy transition. From adoption of electric vehicles and electrification of

fleet vehicles, to grid resilience and projects that support the U.S. military's national security mission, we deliver innovative, sustainable energy solutions.

The pandemic brought hardships to our customers, who lost jobs, homes and businesses, and loved ones. We immediately got to work identifying ways to help our customers weather this new type of storm. We temporarily suspended customer disconnects for nonpayment, provided flexible payment arrangements — including for commercial and industrial customers for the first time — waived nearly \$6 million in late fees for residential customers, and waived credit card processing fees. In addition, we created a customer service team dedicated to helping small business owners apply for government assistance. That team has helped more than 2,300 small business customers apply for CARES Act funding.

Our communities also suffered as businesses were shuttered, cultural venues went dark, and students were sent home. Non-profit organizations that provide vital human services needed support at a time when the community need was never greater. In response, the AEP Foundation donated nearly \$4 million in emergency funds in 2020 to help meet basic human needs across our service territory.

Doing the Right Thing

At AEP, we hold ourselves to a high standard of accountability to always act ethically and with integrity. We are guided by our Principles of Business Conduct and our political engagement and

anti-corruption policies. We're often asked about our participation in the political process, including lobbying activities and political contributions. Our ability to engage in the political process is imperative to our business; we often serve as technical experts to help educate regulators, legislators, and their staffs about our business and industry. Public policy decisions also impact the cost of our service and our ability to deliver innovative, cleaner energy solutions to customers. We support candidates whose positions align with what is in the best interests of our customers, communities, employees, and other stakeholders. And we will continue to do so because we firmly believe in and support the democratic process and the ideals this nation was built upon.

We believe in transparency and we have adopted a new political engagement policy to enhance our governance in this area. Beginning with our 2020 disclosure, we updated our policies and are expanding our reporting to include contributions we make to 501(c)4 social welfare organizations.

On January 6, 2021, the political divisiveness in this country culminated with the violent attack on the U.S. Capitol. People were hurt; some lost their lives. I believe in the right to peaceful demonstration and expressing different views, but — like many Americans — I condemn the violence that occurred that day.

Following those events, we paused all political donations for three months. This gave us time

to review our criteria for making corporate contributions to candidates and political organizations in the future and determine if there are steps we can take to encourage constructive political dialogue. Our employee-led Political Action Committee leadership teams also used this time to review their guidelines.

We will continue to actively engage in the political process and advocate for our employees, customers and issues that affect our business. In doing so, we will strive to support policy makers on both sides of the aisle who are committed to collaboratively seeking solutions to the serious issues facing our country.

Strong Governance

Our ability to execute our Future Forward clean energy strategy is strengthened by the diversity of experiences, ideas and expertise of our Board of Directors.

In 2020, Daryl Roberts, senior vice president and chief operations and engineering officer of DuPont de Nemours, Inc., was appointed to AEP's Board. Daryl brings extensive experience in global manufacturing, health and safety, operations, regulatory and engineering.

In 2021, the long-time service of two Board members came to an end. Ralph Crosby served AEP since 2006 and brought significant senior management and operations experience from his career in the highly regulated aerospace and defense industries. His deep knowledge of strategic planning, regulatory, legislative and public policy matters were invaluable to AEP. Richard Notebaert, a former chief executive officer in the telecommunications industry, served AEP since 2011. Dick brought experience and valuable insights in the areas of operations, technology, regulatory and public policy matters, as well as risk management, corporate governance and labor relations.



"I am very proud of our employees who never wavered in their commitment to serving our customers, regardless of the conditions around us."

— Nick Akins

I will miss their leadership and their many contributions to AEP's clean energy transition. Most importantly, they have been friends to AEP and to myself, and we are deeply grateful for their years of service to our company.

Powering Forward to a Brighter Future

At AEP, our most important job is to deliver safe, reliable, resilient, and affordable electric service to our customers. It is what our customers expect and it is our purpose. The social importance of this took on new significance as electricity became a lifeline for staying connected in a world that was shut down. It also brought into sharp focus the inequities that exist in society today. I am very proud of our employees who never wavered in their commitment to serving our customers, regardless of the conditions around us.

Despite the challenges of the past year, AEP's mission to positively impact the lives of our customers and communities prevailed. We set new carbon emission reduction goals, committed to electrify our fleet vehicles and partnered with peer utilities to build an electric highway in the Midwest and South. We continued to advance our clean energy strategy, gaining approval to acquire the North Central Wind projects to serve customers in Oklahoma, Louisiana and Arkansas. And in April 2021, the first of three wind farms began commercial operation, delivering clean energy to our customers. We also are leveraging our fiber optic network to help expand

broadband to underserved and rural areas, creating new pathways to prosperity.

We learned many lessons from the pandemic and the social and racial inequities it exposed. We are taking a stand on these issues, and are investing in programs to support social and racial justice. We start by delivering on our promise of clean, reliable, and affordable electricity. And we will continue to serve by helping our communities recover and thrive.

This is my tenth year as CEO at AEP. We have come a long way and achieved a great deal in the past decade, but the journey is far from over. We have a unique opportunity to do a lot of social good as the economy electrifies and our energy becomes cleaner. I want AEP to serve as a beacon of hope, demonstrating that we can bridge the social and racial divide in this country if we do it together. We believe that clean, reliable energy is the conduit to a prosperous, equitable and just future.

Thank you,

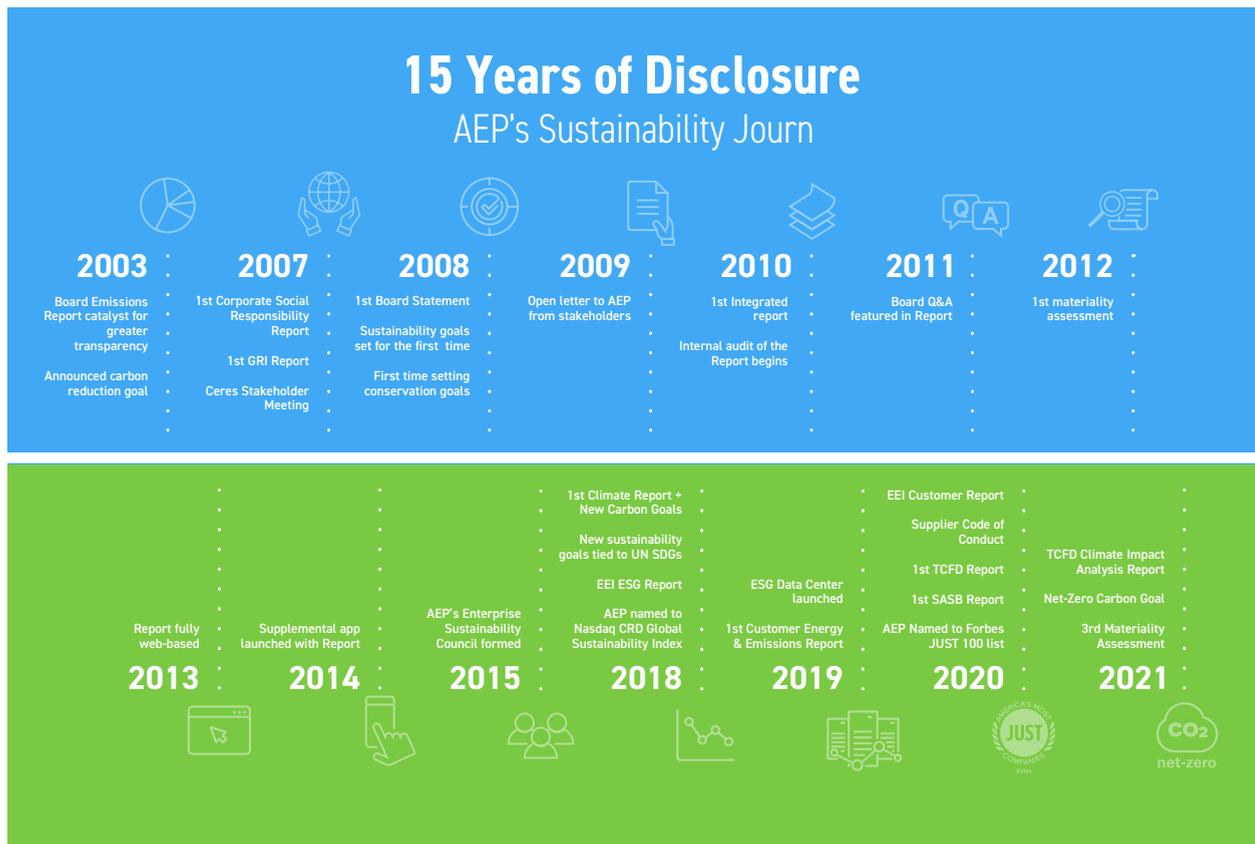


Nicholas K. Akins

Chairman, President & CEO American Electric Power

15 Years of ESG Disclosure

At AEP, we value transparency and disclosure of our material environmental, social and governance (ESG) issues. Our [2021 Corporate Accountability Report](#) marks AEP's 15th year of sustainability and ESG disclosure, demonstrating our commitment to reporting on the company's progress towards a sustainable energy future. We understand the importance of providing clear, accurate and consistent data and information in a timely manner. In addition to our Report, we publish metrics we are commonly asked to disclose, demonstrating that we are listening to our stakeholders and addressing issues that are most relevant to our financial and non-financial success.



ENERGY	2018	2019	2020
Owned Generation Capacity (MW)			
Total Owned Nameplate Generation Capacity	25,447	25,490	25,490
Coal	14,056	13,230	13,230
Natural Gas	7,809	7,678	7,678
Nuclear	2,278	2,288	2,288
Total Renewable Energy Resources	1,304	2,294	2,294
Hydroelectric	853	853	853
Solar	190	229	229
Wind	261	1,212	1,212
Total Net Generation (MWh)			
Total Net Generation for the Data Year	105,653,095	95,852,578	85,762,669
Coal	63,001,348	52,275,888	38,184,607
Natural Gas	13,318,616	13,953,693	14,175,228
Nuclear	17,610,815	16,157,850	18,268,937
Total Renewable Generation	11,722,316	13,465,147	15,133,897
Hydro	1,160,659	1,018,253	1,356,104
Solar	286,105	261,952	547,025
Wind	10,275,552	12,184,942	13,230,768
EMISSIONS			
Scope 1 Emissions Breakdown			
<i>Emissions from AEP owned facilities only</i>			
CO ₂ (MT)	68,732,609	58,447,520	44,369,322
SO ₂ (MT)	62,274	47,385	29,720
NO _x (MT)	45,282	35,747	23,990
Mercury (kg)	179	141	89
WATER			
Total Water Withdrawal (million gallons/year)	1,526,912	1,454,614	1,471,202
Total Water Discharge (million gallons/year)	1,483,816	1,416,383	1,427,571
Total Water Consumption (million gallons/year)	48,202	44,230	51,405

WORKFORCE	2018	2019	2020
Employee Type			
Total Number of Employees	17,565	17,487	16,864
Total Female Employees	3,409	3,454	3,325
Total Minority Employees	3,127	3,233	3,187
Total Number of Represented Employees	4,417	4,133	4,015
Total Number of Veteran Employees	1,814	1,742	1,706
Employee Training & Education Assistance			
<i>In 2020, we experienced lower than normal training hours due to reduced in-person, instructor-led training due to COVID-19 safety protocols. In addition, we transitioned to virtual training where possible, which often possible, which often requires less time to complete.</i>			
Total Hours of Employee Training (hours)	1,007,153	1,130,628	775,500
Amount spent on Tuition Reimbursement	\$2,043,839	\$2,063,794	\$2,042,634
SAFETY & HEALTH			
Employee Metrics			
Employee DART Rate	0.393	0.4120	0.310
Total Employee Recordable Incident Rate (TRIR)	0.672	0.673	0.576
Employee Fatalities	1	1	0
Employee and Contractor DART Rate	0.446	0.477	0.356
<i>AEP Contractors includes Forestry</i>			
SUPPLIER DIVERSITY			
Total Supplier Spend	\$6.9 Billion	\$6.8 Billion	\$6.5 Billion
Diverse Supplier Spend	\$365 Million	\$401 Million	\$653 Million
Local Based Supplier Spend	\$3.4 Billion	\$3.3 Billion	\$3.4 Billion
<i>The term "local" is used to describe businesses registered in the traditional 11 states in which AEP operates.</i>			
Small Business Supplier Spend	\$971 Million	\$882 Million	\$993 Million

ECONOMIC	2018	2019	2020
Financial Data			
Total Revenue	\$16.2 Billion	\$15.56 Billion	\$14.92 Billion
Total Assets	\$68.8 Billion	\$75.9 Billion	\$80.8 Billion
Total Annual Capital Expenditures/Investments (nominal dollars)	\$5,964 Million	\$7,567 Million	\$5,893 Million
Taxes Paid			
Local and State	\$1,166 Million	\$1,220 Million	\$1,303 Million
Federal	\$80 Million	\$118 Million	\$70 Million
Earnings Performance			
Earnings per Share (GAAP)	\$3.90	\$3.89	\$4.44
Operating Earnings per Share	\$3.95	\$4.24	\$4.44
COMMUNITY IMPACT	2018	2019	2020
Total Charitable Giving	\$25.5 Million	\$29.6 Million	\$38.5 Million
Economic Development Contributions	\$1,323,038	\$2,597,874	\$1,901,036
Jobs Supported by AEP's Economic Business Development	14,700	21,000	29,808
GOVERNANCE	2019	2020	2021
Board Meetings Held	7	7	7
Average Board attendance	97%	97%	100%
Total number on the Board of Directors	13	13	12
Director Gender			
Men	9	9	8
Woman	4	4	4
Director Ethnic Diversity			
White	11	11	9
Hispanic	1	2	2
African American	1	0	1

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