

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORT 2023



**AMERICAN
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2023 TCFD Report

For more than two decades, climate change has been a key issue for AEP and our stakeholders. To gain a deeper understanding of the transition risks, physical risks associated with certain climate variables, and the economic and social impacts, AEP initiated a comprehensive climate scenario analysis. The year-long effort identified potential pathways forward to achieving our net-zero goal, as well as physical risks to which we may need to adapt. Published in 2021, AEP's [Climate Impact Analysis Report: Powering Forward to Net-Zero](#), is aligned with the Task Force on Climate-Related Financial Disclosure (TCFD) voluntary reporting framework and is a comprehensive view of our business and the potential risks and opportunities created by climate change, as well as strategies for managing them.

The mapping report below serves as AEP's 2023 update to the TCFD framework and utilizes AEP's [Climate Impact Analysis Report](#) along with our [2023 Corporate Sustainability Report](#) and other supplemental reports to provide decision-useful information to investors about climate risks, opportunities and governance.

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Recommendation	Recommended Disclosure	AEP's Response
Governance		
Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities.	<p><u>Climate Impact Analysis Report: Powering Forward to Net-Zero</u></p> <ul style="list-style-type: none"> - Message from the Chairman: pg. 3-4 - Executive Summary: pg. 5-8 - Climate Governance: pg. 11-12 - Managing and Mitigating Risk: pg. 15-19 <p>2023 Corporate Sustainability Report:</p> <ul style="list-style-type: none"> - AEP's Climate Policy - Clean Energy Strategy - Climate Governance - Risk Management <p>Other Resources:</p> <ul style="list-style-type: none"> - 2023 Proxy Statement PDF pg. 33-34 - Trade Association Climate Lobbying Report
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p><u>Climate Impact Analysis Report: Powering Forward to Net-Zero</u> -</p> <ul style="list-style-type: none"> Managing and Mitigating Risk: pg. 15-19 - Physical Risks and Opportunities: pg. 47-74 <p>2023 Corporate Sustainability Report:</p> <ul style="list-style-type: none"> - AEP's Climate Policy - Clean Energy Strategy - Pathway to Net-Zero - Just Transition - Electrification - Risk Management
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p><u>Climate Impact Analysis Report: Powering Forward to Net-Zero</u></p> <ul style="list-style-type: none"> - Transition Scenario Analysis (Overview): pg. 5-6 - Climate Transition Analysis: pg. 22-34

Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	<p><u>Climate Impact Analysis Report: Powering Forward to Net-Zero</u></p> <ul style="list-style-type: none"> - Message from the Chairman: pg. 3-4 - Executive Summary: pg. 5-8 - Climate Governance: pg. 11-12 - Managing and Mitigating Risk: pg. 15-19 - Physical Risks and Opportunities: pg. 47-73 <p>2023 Corporate Sustainability Report:</p> <ul style="list-style-type: none"> - AEP's Climate Policy - Clean Energy Strategy - Pathway to Net-Zero - Just Transition - Risk Management
	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets		
Disclose the metrics and target used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p><u>Climate Impact Analysis Report: Powering Forward to Net-Zero</u></p> <p>AEP's Updated GHG Emission Reduction Goal: Reduce AEP's Scope 1 GHG emissions 80% by 2030 (compared to 2005 levels) and achieve net-zero Scope 1 and 2 GHG emissions by 2045.</p> <p>2023 Corporate Sustainability Report:</p> <ul style="list-style-type: none"> - Clean Energy Strategy - Pathway to Net-Zero - Just Transition - ESG Data Center: Environment > Emissions <p>Other Resources:</p> <ul style="list-style-type: none"> - 2022 CDP Climate Report
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	