

2023 Task Force on Climate-Related Financial Disclosure Mapping (September 2023)

This report contains forward-looking statements based on current expectations. These forward-looking statements are often identified by words such as "estimate," "predict," "may," "believe," "plan," "expect," "require," "intend," "assume," "project," "anticipate," "goal," "seek," "strategy," "likely," "should," "will," "could," and similar words. Because actual results may differ materially from expectations, we caution readers not to place undue reliance on these statements. A number of factors could cause future results to differ materially from historical results, or from outcomes currently expected or sought by Pinnacle West or APS. These factors include, but are not limited to: the current economic environment and its effects, such as lower economic growth, a tight labor market, inflation, supply chain delays, increased expenses, volatile capital markets, or other unpredictable effects; our ability to manage capital expenditures and operations and maintenance costs while maintaining reliability and customer service levels; variations in demand for electricity, including those due to weather, seasonality (including large increases in ambient temperatures), the general economy or social conditions, customer, and sales growth (or decline), the effects of energy conservation measures and distributed generation, and technological advancements; the potential effects of climate change on our electric system, including as a result of weather extremes such as prolonged drought and high temperature variations in the area where APS conducts its business; power plant and transmission system performance and outages; competition in retail and wholesale power markets; regulatory and judicial decisions, developments, and proceedings; new legislation, ballot initiatives and regulation or interpretations of existing legislation or regulations, including those relating to environmental requirements, regulatory and energy policy, nuclear plant operations and potential deregulation of retail electric markets; fuel and water supply availability; our ability to achieve timely and adequate rate recovery of our costs through our rates and adjustor recovery mechanisms, including returns on and of debt and equity capital investment; our ability to meet renewable energy and energy efficiency mandates and recover related costs; the ability of APS to achieve its clean energy goals (including a goal by 2050 of 100% clean, carbon-free electricity) and, if these goals are achieved, the impact of such achievement on APS, its customers, and its business, financial condition, and results of operations; risks inherent in the operation of nuclear facilities, including spent fuel disposal uncertainty; current and future economic conditions in Arizona; the direct or indirect effect on our facilities or business from cybersecurity threats or intrusions, data security breaches, terrorist attack, physical attack, severe storms, or other catastrophic events, such as fires, explosions, pandemic health events or similar occurrences; the development of new technologies which may affect electric sales or delivery, including as a result of delays in the development and application of new technologies; the cost of debt, including increased cost as a result of rising interest rates, and equity capital and the ability to access capital markets when required; environmental, economic, and other concerns surrounding coal-fired generation, including regulation of GHG emissions; volatile fuel and purchased power costs; the investment performance of the assets of our nuclear decommissioning trust, pension, and other postretirement benefit plans and the resulting impact on future funding requirements; the liquidity of wholesale power markets and the use of derivative contracts in our business; potential shortfalls in insurance coverage; new accounting requirements or new interpretations of existing requirements; generation, transmission and distribution facility and system conditions and operating costs; the ability to meet the anticipated future need for additional generation and associated transmission facilities in our region; the willingness or ability of our counterparties, power plant participants and power plant landowners to meet contractual or other obligations or extend the rights for continued power plant operations; and restrictions on dividends or other provisions in our credit agreements and Arizona Corporation Commission orders. These and other factors are discussed in Risk Factors described in Part 1, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2022, which readers should review carefully before placing any reliance on our financial statements or disclosures. Neither Pinnacle West nor APS assumes any obligation to update these statements, even if our internal estimates change, except as required by law.

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Governance: Disclose the organization's Governance around climate-related risks and opportunities	
Recommended Disclosure	Mapping
Describe the board's oversight of climate-related risks and opportunities	2023 CDP Climate Change Questionnaire 1.1a 2023 CDP Climate Change Questionnaire 1.1b
Describe management's role in assessing and managing risks and opportunities	2023 CDP Climate Change Questionnaire 1.2

The above tables should be used as a tool to assist in mapping the Task Force on Climate-Related Financial Disclosure's (TCFD) proposed disclosures against the company's CDP disclosures. As the CDP related disclosures are directed to the CDP's guidelines, the disclosures may have more information than is required in the TCFD proposed disclosure or may not be complete when applied to the corresponding TCFD proposed disclosure.

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Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	
Recommended Disclosure	Mapping
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	2023 CDP Climate Change Questionnaire 2.3 2023 CDP Climate Change Questionnaire 2.4 PNW 10-K Energy Sources and Resource Planning PNW 10-K Risk Factors
Describe the impact of climate-related risks and opportunities on the organization’s business, strategy, and financial planning.	2023 CDP Climate Change Questionnaire 2.3 2023 CDP Climate Change Questionnaire 2.4
Describe the resilience of the organization’s strategy, taking into consideration different climate related scenarios, including a 2° C or lower scenario.	2023 CDP Climate Change Questionnaire 3.1 2023 CDP Climate Change Questionnaire 3.2 Clean Energy Commitment Report

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Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.	
Recommended Disclosure	Mapping
Describe the organization's processes for identifying and assessing climate-related risks.	2023 CDP Climate Change Questionnaire C2.1 2023 CDP Climate Change Questionnaire C2.2
Describe the organization's processes for managing climate-related risks.	2023 CDP Climate Change Questionnaire C2.1 2023 CDP Climate Change Questionnaire C2.2
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	2023 CDP Climate Change Questionnaire C2.1 2023 CDP Climate Change Questionnaire C2.2

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Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
Recommended Disclosure	Mapping
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategies and risk manage process.	2023 CDP Climate Change Questionnaire C4.1 2023 CDP Climate Change Questionnaire C4.2
Disclose Scope 1, Scope 2, and, appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks.	2023 CDP Climate Change Questionnaire C6.1 2023 CDP Climate Change Questionnaire C6.3 2023 CDP Climate Change Questionnaire C6.5
Describe the targets used by organization to manage climate-relates risks and opportunities and performance against targets.	2023 CDP Climate Change Questionnaire C4.1 2023 CDP Climate Change Questionnaire C4.2

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Revenue:		
Climate-Related Category	Recommended Disclosure	Mapping
GHG Emissions	Disclose Scope 1, Scope 2 and Scope 3 GHG emissions and related risks.	2023 CDP Climate Change Questionnaire C6.1 2023 CDP Climate Change Questionnaire C6.3 2023 CDP Climate Change Questionnaire C6.5
Risk Adaptation & Mitigation	Revenues/savings from investments in low-carbon alternatives (e.g. R&D, equipment, products or services).	2023 CDP Climate Change Questionnaire 2.3a 2023 CDP Climate Change Questionnaire 2.4a

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Expenditure:		
Climate-Related Category	Recommended Disclosure	Mapping
GHG Emissions	Describe current carbon price or range of prices used.	2023 CDP Climate Change Questionnaire C2.3a 2023 CDP Climate Change Questionnaire C11
Risk Adaptation & Mitigation	Expenditures (OpEx) for low-carbon alternatives (e.g., R&D, equipment, products or services).	2023 CDP Climate Change Questionnaire C2.4a 2023 CDP Climate Change Questionnaire C4.5a
Water	Percent water withdrawn in regions with high or extremely high baseline water stress.	2023 CDP Water Questionnaire W1.2d

Assets:		
Climate-Related Category	Recommended Disclosure	Mapping
Risk Adaptation & Mitigation	Investment (CapEx) in low-carbon alternatives (e.g., capital equipment or assets).	2023 CDP Climate Change Questionnaire C9.5a
Water	Assets committed in regions with high or extremely high baseline water stress.	2023 CDP Water Questionnaire W1.2d

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