

## 2021 Task Force on Climate-Related Financial Disclosure Alignment

This report contains forward-looking statements based on current expectations, including statements regarding our earnings guidance and financial outlook and goals. 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 you 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 potential effects of the continued COVID-19 pandemic, including, but not limited to, demand for energy, economic growth, our employees and contractors, supply chain, expenses, capital markets, capital projects, operations and maintenance activities, uncollectable accounts, liquidity, cash flows, or other unpredictable events; 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, 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, 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 investments; our ability to meet renewable energy and energy efficiency mandates through our adjustor and recovery mechanisms 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, including in real estate markets; 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; the cost of debt and equity capital and the ability to access capital markets when required; environmental, economic and other concerns surrounding coal-fired generation, including regulation of greenhouse gas emissions; volatile fuel and purchased power costs; the investment performance of the assets of our nuclear decommissioning trusts, 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 land owners 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 ACC orders. These and other factors are discussed in Risk Factors described in Part I, Item 1A of the Pinnacle West/APS Annual Report on Form 10-K review for the fiscal year ended December 31, 2020 and in Part II, Item 1A of the Pinnacle West/APS Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, which you should review carefully before placing any reliance on our financial statements, disclosures or earnings outlook.”

## 2021 Task Force on Climate-Related Financial Disclosure Alignment

**Governance:** Disclose the organization's Governance around climate-related risks and opportunities

Recommended Disclosure	Alignment
Describe the board's oversight of climate-related risks and opportunities	<a href="#">2021 CDP Climate Change Questionnaire 1.1a and 1.1b</a>
Describe management's role in assessing and managing risks and opportunities	<a href="#">2021 CDP Climate Change Questionnaire 1.2 and 1.2a</a>

**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	Alignment
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">2021 CDP Climate Change Questionnaire 2.3 and 2.4</a> <a href="#">Pinnacle West 2020 10-K</a>
Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.	<a href="#">2021 CDP Climate Change Questionnaire 2.3 and 2.4</a>
Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2° C or lower scenario.	<a href="#">2021 CDP Climate Change Questionnaire 3.1 and 3.2</a> <a href="#">Clean Energy Commitment Report</a>

**Risk Management:** Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended Disclosure	Alignment
Describe the organization's processes for identifying and assessing climate-related risks.	<a href="#">2021 CDP Climate Change Questionnaire C2.1 and C2.2</a>

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Describe the organization's processes for managing climate-related risks.	<a href="#">2021 CDP Climate Change Questionnaire C2.1 and C2.2</a>
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<a href="#">2021 CDP Climate Change Questionnaire C2.1 and C2.2</a>

**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	Alignment
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategies and risk manage process.	<a href="#">2021 CDP Climate Change Questionnaire C4.1</a> <a href="#">2021 CDP Climate Change Questionnaire C4.2</a>
Disclose Scope 1, Scope 2, and, appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks.	<a href="#">2021 CDP Climate Change Questionnaire C6.1</a> <a href="#">2021 CDP Climate Change Questionnaire C6.3</a> <a href="#">2021 CDP Climate Change Questionnaire C6.5</a>
Describe the targets used by organization to manage climate-relates risks and opportunities and performance against targets.	<a href="#">2021 CDP Climate Change Questionnaire C4.1</a> <a href="#">2021 CDP Climate Change Questionnaire C4.2</a> <a href="#">2021 CDP Climate Change Questionnaire C4.3</a>