

# 2013 SUSTAINABILITY REPORT



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# Statement from the President and CEO

To Our Stakeholders,

At AES, the work we do makes a difference: our mission is to improve lives by providing safe, reliable, and sustainable energy solutions in every market we serve. This sense of purpose guides AES people in everything we do, from repairing electric transmission lines in the field to managing corporate functions in support of our businesses.

## Execution of Our Strategy

In late 2011, we implemented a new strategy to create value, by improving profitability, narrowing our geographic focus and optimizing capital allocation. In 2013, we built on our successes in 2012 and reached a number of important milestones towards achieving these objectives.

To improve profitability, we reduced our global general and administrative expense by efficiently managing our operations. We have successfully realigned our portfolio to best leverage our unique platforms by narrowing our geographic focus. We demonstrated disciplined capital allocation by reducing debt, investing in share repurchases, increasing our dividend, and investing in platform expansion projects. Finally, sustainability remains one of our key strategic objectives, and to that end, we are issuing AES' second annual Sustainability Report, for the year ended December 31, 2013.

In the face of challenging markets in 2013, we delivered on our commitments. Our 22,000 people are relentlessly focused on safety, allowing us to advance to world-class safety levels across AES. We also achieved new records in operational performance, met our financial commitments and advanced construction and development projects that will build the AES of the future.

Some of our key achievements in 2013 were:

- Steady growth in Adjusted EPS and Proportional Free Cash Flow;
- Execution of asset sales to simplify our portfolio;
- Significant debt prepayment and share buybacks;
- The announcement of an increase in our dividend to shareholders; and
- The commissioning of new capacity and initiation of construction on new platform expansion projects.

New platform expansion projects drive our growth. We currently have a strong pipeline of projects under construction in diverse markets, such as Vietnam, Chile, and the United States, which will come on-line through 2018, adding 4,082 MW to our installed capacity. We are actively working with our stakeholders to identify and deliver innovative solutions that fit each market's needs. Going forward, we plan to continue to focus our growth efforts on sustainable platform expansions, including smaller-scale adjacent business lines, such as fogging and desalination, as well as lithium-ion battery-based energy storage. In 2013, we inaugurated 20 MW of energy storage resources in Dayton, Ohio.



## Performance Excellence

In 2013, we implemented the transformation of our organizational structure that we announced in late 2012, successfully reorganizing our operations into six market-facing Strategic Business Units (SBUs). This structure allows us to better align our businesses, extract synergies and efficiencies and be more responsive to changes in the marketplace.

Our Key Performance Indicators (KPIs) reached record levels and certain of our subsidiaries were recognized for being world-class operators in the industry. AES won its fourth Edison Electric Institute (EEI) Award in 2013, with AES-SONEL in Cameroon. We became the only company to win this prestigious award four times in seven years. Previous EEI awards included Latin America (2007), the Philippines (2011), and the construction of the Angamos plant in Chile (2012).

Identifying and acting on opportunities for continuous improvement has become a part of the way we work. We use AES Performance Excellence (APEX) to solve key business challenges, creating savings for the company. The Performance Excellence Network, an independent evaluator of performance excellence, once again recognized our APEX program as a part of their annual awards. APEX and performance improvement drive our ability to deliver strong results. Finally, with an integrated talent management approach, we have a strong system for managing our people and providing them with opportunities to develop to their full potential.

## AES Values and Sustainability

Our successful strategic, operational and sustainability performance is rooted in our Values: ***Put Safety First, Act With Integrity, Honor Commitments, Strive For Excellence, and Have Fun Through Work***. AES people seek to live these values every day while at work or at home.

Our sustainability activities have focused on specific initiatives within five broader areas:

- Financial Excellence;
- Operational Excellence;
- Environmental Performance;
- Stakeholder Engagement; and
- AES People.

For our customers, we commit to provide safe, reliable and affordable energy. To protect the environment, we operate responsibly, comply with environmental standards and implement environmentally sound energy solutions tailored to each market. To serve society at large, we invest in our communities, to support education, training or environmental programs. For AES People, we provide diverse opportunities to learn and grow, while maintaining a safe workplace. Finally, for our investors, our commitment is to achieve successful financial performance and long-term growth.

We are well on our way to creating long-term value for our stakeholders and this Sustainability Report further describes AES' performance in 2013.



Andrés Gluski  
President and CEO

# We Are The Energy

## Organizational Profile

The AES Corporation (NYSE: AES) is a global power company that was founded in 1981. The company is headquartered in Arlington, Virginia, USA and is a publically traded global power company incorporated under the laws of Delaware, governed by a Board of Directors.

As one of the first Independent Power Producers in the U.S., AES pioneered private investment in power generation and distribution in many countries. Today, AES owns and operates a diverse and growing portfolio of electricity generation and distribution businesses, which provide reliable, affordable energy to customers in 22 countries.

It is the energy of 22,000 AES people that delivers sustainable power in each one of the six Strategic Business Units (SBUs) in which the company is organized:

- Andes: Chile, Colombia, and Argentina
- Asia: Vietnam, Sri Lanka, India and the Philippines
- Brazil: São Paulo and Rio Grande do Sul
- EMEA (Europe, Middle East and Africa): Bulgaria, Cameroon, Jordan, Kazakhstan, Netherlands, Nigeria, Turkey, United Kingdom
- MCAC (Mexico, Central America and the Caribbean): El Salvador, the Dominican Republic, Mexico, Panama and Puerto Rico
- US (United States of America): California, Texas, Oklahoma, Hawaii, Maryland, Pennsylvania, West Virginia, Ohio, Indiana

Within the six SBUs, we have two business lines. The first business line is generation, where we own and/or operate power plants to generate and sell power to customers, such as utilities, industrial users, and other intermediaries. The second business line is utilities, where we own and/or operate utilities to generate or purchase, distribute, transmit and sell electricity to end-user customers in the residential, commercial, industrial and governmental sectors within a defined service area. In certain circumstances, our utilities also generate and sell electricity on the wholesale market.



Figure 1 - Megawatts by Fuel type

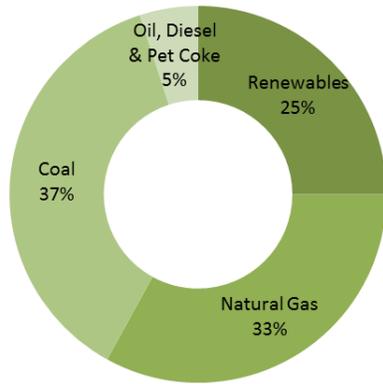
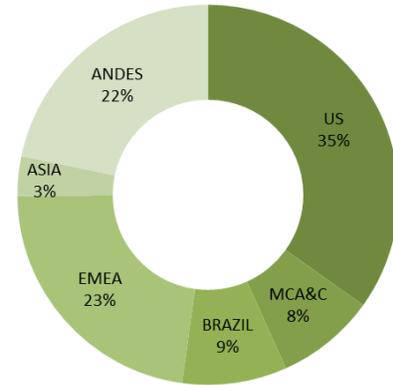


Figure 2 - Megawatts by SBU



Scale: AES Corporation *	As of December 31, 2013
Total number of employees	22,000
Total number of countries/operations/utilities	22 countries/127 generation facilities/ 9 utilities
Net revenue / Total Assets	\$15.8 billion / \$40.4 billion
Quantity of products or services provided	37,159 MW capacity; 98,009 GWh energy delivered
Beneficial ownership	BlackRock – 8.8% T. Rowe Price Associates, Inc. – 8.5% China Investment Corporation – 8.3% The Vanguard Group, Inc. – 6.4% State Street Global Advisors (US) – 4.3%
*Additional financial information is located in The AES Corporation’s 2013 Annual Report and 10-K	

Figure 3 - Scale of The AES Corporation

# Financial Excellence

## Our Approach - DMA

Financial performance is the foundation for all we are able to accomplish as a company. As a Fortune 200 global leader in our industry, we are able to attract capital, talented people and business partners. Our focus on financial excellence and our ability to implement sustainable investment structures has enabled us to manage our risks effectively for 30 years.

We manage our financial performance in line with our corporate strategy, which is set by our CEO, Executive Leadership Team and approved by our Board of Directors. Strategic priorities guide our economic activity and are designed to ensure the company's economic sustainability. The SBUs are responsible for the execution of strategy and financial results in their markets. Our financial results are a result of our operational excellence, safety programs, risk management approach and ethical and effective conduct by AES people at all of our businesses.

In accordance with our strategic priorities, we:

- Operate our portfolio of generation and utility businesses to create value for our stakeholders;
- Drive our operating businesses to generate capital for deployment into growth investments, debt repayment, and shareholder dividends;
- Focus growth investments on platform expansions in markets where we have a competitive advantage and exit markets where we do not; and
- Enhance the stability of cash flow and earnings from our businesses through contractual, regulatory and hedging activities.

## Aspect: Economic Performance and Investment Return on Capital Allocation

We are making progress on our plan to enhance long-term economic performance by narrowing our geographic and operational focus in places where we have a competitive advantage. By efficiently managing our operations, we have reduced our global administrative expenses by \$53 million in 2013, and increased our cost savings target by \$55 million, to \$200 million cumulatively by 2015 versus 2011.

In order to simplify our portfolio, during 2013 we announced or closed 8 asset sale transactions, for \$497 million in proceeds. We expect to achieve an additional \$600 million in asset sale proceeds by 2015.

We successfully took advantage of attractive credit markets to strengthen our credit profile, improve financing terms and raise long-term debt to fund our growth projects. Across our portfolio, in 2013 we completed \$8 billion in financings, including \$5 billion in refinancings and \$3 billion of new debt to fund growth projects. Today, 99% of the debt at our subsidiaries is in the functional currency of the business.

Throughout the year, we repurchased 25 million shares or 3% of our shares outstanding for \$321 million at an average price of \$12.68 per share. This included the repurchase of 20 million shares

from a subsidiary of China Investment Corporation (CIC) in conjunction with the secondary offering of 46 million shares by CIC.

With continued strong cash flow and our confidence in the future earning power of the company, our Board increased our quarterly dividend by 25%, or \$0.01 per share, to \$0.05 per share, beginning in the first quarter of 2014.

Finally, we invested more than \$100 million in attractive platform expansion projects, including environmental upgrades at Indianapolis Power & Light (IPL), IPP4 Jordan and energy storage. We will utilize partnerships at the project-level to enhance our returns from both existing businesses and growth projects. Recent examples of these partnerships include Antofagasta Minerals' 40% equity investment in our 531 MW Alto Maipo hydroelectric project under construction in Chile. Including this example, we received approximately \$500 million in equity contributions at the project-level from partners.

The successful execution of our strategy and our continuing delivery on our commitments to shareholders were reflected in our stock performance during 2013. AES' total return to shareholders was 37.3%, outperforming the S&P Utilities index, which yielded a 13.2% return.

We believe making investments that produce solid financial returns, while managing environmental and social aspects well for all stakeholders, is essential to our long-term sustainable financial performance.

# Operational Excellence

## Our Approach - DMA

AES' businesses fuel quality of life, local economies, and the well-being of families around the world. Because millions of people rely on the product our companies deliver, we continually improve the way we work and strive to deliver energy in the most efficient, safe, and reliable manner we can.

Guaranteeing a regular supply of electricity to our customers requires the use of modern technologies for power delivery, as well as system reliability monitoring. We encourage our businesses to perform above and beyond expectations and pursue excellence.

Across all of our operating businesses, excellence is inherent in the way we work, from supplying reliable and affordable power to managing physical and cyber security, disasters and emergencies, public safety and environmental performance.

AES' businesses ensure they operate in compliance with local applicable regulations. We have management systems in place that provide training to support better performance, as well as a uniform system of Key Performance Indicators (KPIs) for all of our distribution and generation businesses. Operational KPI performance is tracked on a monthly basis and reported in the Executive Leadership Monthly Performance Review meeting. Additionally, KPIs are tied to the compensation of AES people at the business and corporate levels.

## EU4; EU28; EU29; EU30 - Availability, Reliability and Access to Electricity

AES' generation businesses help local electric systems in our markets to meet their existing and growing demand for energy, while our utility businesses deliver electricity to approximately 11.5 million customers.

### GENERATION

AES' power plants generate electricity from diverse fuel sources, including coal, diesel, hydropower, gas, oil, wind and biomass. This electricity is sold to utilities, wholesalers and commercial buyers under long-term contracts or in competitive markets.

Throughout 2013, we added 522 MW of new capacity, through four platform expansion projects: Ventanas IV in Chile, Kribi in Cameroon and Sixpenny Wood and Yelvertoft in the United Kingdom. We continued to expand our electricity platform with diverse fuel mix and

technologies consistent with our strategy of leveraging successful existing platforms. At the end of 2013, AES had a total of 4,082 MW under construction:

Table 1 - MW under construction - 2013

COUNTRY	POWER PLANT	FUEL	GROSS MW
<b>Chile</b>	Cochrane	Coal	532
	Alto Maipo	Hydro	531
	Guacolda V	Coal	152
	Cochrane Energy Storage	Energy Storage	40
<b>Colombia</b>	Tunjita	Hydro	20
<b>India</b>	OPGC II	Coal	1,320
<b>Jordan</b>	IPP4 Jordan	Heavy Fuel Oil	247
<b>Vietnam</b>	Mong Duong II	Coal	1,240

All of these projects are scheduled to come on-line through 2018. We are also adding environmental upgrades to 2,400 MW at Indianapolis Power & Light.

In addition to state-of-the-art environmental impact mitigation equipment, we also use new technologies, such as lithium-ion battery storage to maximize the performance and efficiency of the grid. In 2013, we completed construction of a 20 MW energy storage array in Ohio at the DP&L Tait generating station in Moraine, Ohio. We are now operating more than 50 MW of grid-scale storage in the United States.



#### THE POWER OF INNOVATION

Advanced energy storage resources can uniquely maximize the performance and efficiency of the grid through their ability to act as both generation and load.

DP&L's Tait generating station in Moraine, Ohio, provides fast-response frequency regulation services to the PJM Interconnection to stabilize a grid that serves over 60 million people. The facility is the largest of its kind in Ohio and helps to reduce the need for inefficient power plants, reducing overall system emissions and water use while optimizing existing grid resources.

The battery array includes more than 800,000 battery cells and connects through DP&L Tait station's transformers, operated by DP&L and DPL Energy, LLC, through an independent agreement with PJM. With the commercial operation of this resource, AES is now providing more than 50 MW in the PJM market. In United States and South America AES has more than 86 MW of grid-scale, power

plant equivalent flexibility resources in operation.

In 2013, our generation portfolio achieved both better operational availability and reliability, as measured by our KPIs. Some of the key initiatives implemented include the asset management

program, which works to optimize the timing of plant maintenance by focusing on market pricing trends to minimize the costs of outages.

Table 2 - Commercial Availability by Energy Source, 2010-2013

COMMERCIAL AVAILABILITY (CA) <sup>1</sup>	2010	2011	2012	2013
<b>Coal</b>	88.9%	90.2%	88.3%	88.4%
<b>Gas</b>	93.5%	92.4%	91.4%	90.4%
<b>Hydro</b>	96.1%	99.9%	97.1%	98.3%
<b>Oil</b>	98.9%	97.7%	99.0%	100%
<b>AES TOTAL</b>	<b>92.5%</b>	<b>92.2%</b>	<b>89.1%</b>	<b>93.5%</b>
<b>Wind<sup>2</sup></b>	94.9%	95.6%	96.8%	96.3%

The 4.4% increase in commercial availability in 2013 compared to 2012 is mainly due to the great strides in improving the scheduled and unscheduled outage rates that DPL has made in its generation units.

### AES TIETÊ — PIONEER IN ASSET MANAGEMENT CERTIFICATION

In 2013, AES Tietê, the third largest privately owned generation company in Brazil, successfully completed the implementation of a three-year Asset Management System (AMS) program after facing diverse operational challenges, caused mainly by equipment wear-out, lack of processes and new regulations.

The AMS included a set of systematic and streamlined activities, methodologies and technologies through which AES Tietê would manage the performance, risks, and costs of its physical assets over their lifecycle and thereby increase their generation efficiency. The overall plan included initiatives to develop three main resources: People, Process and Technologies, through training, process optimization, creation of procedures, benchmarking in the local and external market and partnerships to develop new technologies.

The AMS allowed AES Tietê to significantly improve its operational and financial results and become one of the most efficient generation companies in Brazil. Tietê also serves as a benchmark for other AES businesses around the world by using innovative processes and technologies in the country. For example, since its implementation, forced outages at AES Tietê decreased by more than 75% from 2009 to 2013. Thanks to the AMS and AES Tietê's numerous partnerships with local universities and research institutes, the company has been able to contribute to the advancement of Brazil's Research & Development.

AES Tietê was the first company in Latin America to receive the PASS-55 certification for its management of physical assets granted by the Institute of Asset Management from London, United Kingdom. Also, AES Tietê was selected as a finalist for the International Category of the Edison Electric Institute Award.



<sup>1</sup> Commercial Availability: Actual variable margin, as a percentage of potential variable margin if the unit was available at full capacity during outages.

<sup>2</sup> Commercial availability of a wind farm is determined using a different methodology. This is why it is not included in the AES Total.

### DISTRIBUTION BUSINESS OPERATIONS: RELIABILITY

Reliability of our distribution networks is tracked by the average number and duration of system interruptions per customer and is consolidated based on ownership-adjusted EBITDA. In addition, AES sets targets for customer satisfaction (% of customers satisfied/greatly satisfied) as one of five Key Performance Indicators for the utility businesses.

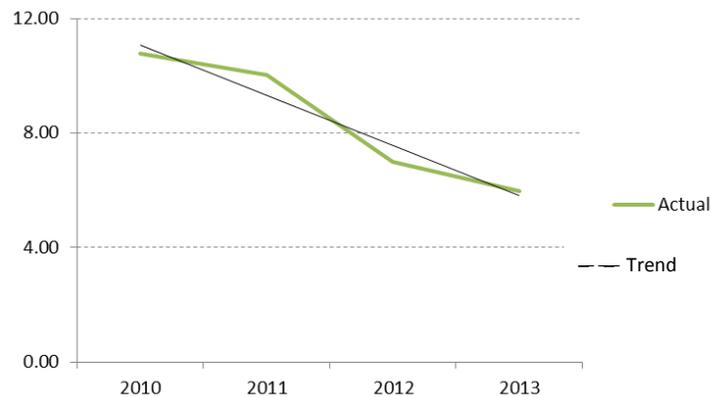
Effective delivery system upgrades in AES distribution businesses are reflected in the improving trend in these metrics over the four-year period from 2010 to 2013. Furthermore, total SAIDI and SAIFI for AES improved 15% and 24%, respectively, compared to 2012.

SAIDI and SAIFI metrics benefited in 2013 from fewer significant weather events in the US and asset optimization in the US and Brazil, such as crew productivity improvement, tree-trimming, and pole replacement. The slight decrease in 2013 versus 2012 for El Salvador's SAIDI is mainly attributed to more storms experienced in 2013.

#### *System Average Interruption Duration Index (SAIDI)*<sup>3</sup>

**Table 3 - Utility Businesses Power Outage Duration Table, SAIDI, 2010 -2013**

Business*	2010	2011	2012	2013	Variance
AES El Salvador	23.57	19.56	17.39	18.31	↓
AES Eletropaulo	10.60	10.43	8.35	7.99	↑
AES Sul	18.05	15.37	14.26	14.08	↑
Dayton Power & Light			1.56	1.32	↑
Indianapolis Power & Light	0.66	0.59	0.95	0.81	↑
<b>Actual</b>	<b>10.78</b>	<b>10.02</b>	<b>7.01</b>	<b>5.96</b>	<b>↑</b>



**Figure 4 - Utility Businesses SAIDI Trend, 2010 -2013**

<sup>3</sup> SAIDI represents the total minutes of interruption the average customer experiences annually.

### System Average Interruption Frequency Index (SAIFI)<sup>4</sup>

Table 4 - Utility Businesses Power Outage Frequency Table, SAIFI, 2010 -2013

Business*	2010	2011	2012	2013	Variance
AES El Salvador	9.42	8.03	7.52	6.92	↑
AES Eletropaulo	5.42	5.50	4.64	4.34	↑
AES Sul	10.11	9.27	8.44	7.41	↑
Dayton Power & Light			0.79	0.58	↑
Indianapolis Power & Light	0.83	0.60	0.82	0.73	↑
<b>Actual</b>	<b>5.72</b>	<b>5.59</b>	<b>3.93</b>	<b>2.97</b>	<b>↑</b>

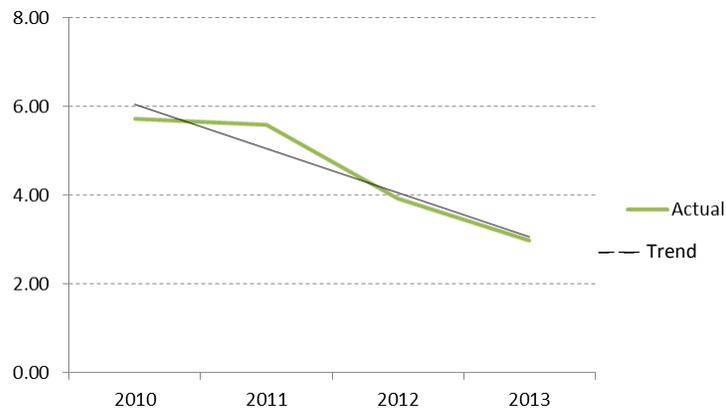


Figure 5 - AES Utility businesses SAIFI trend, 2010 -2013

### Customer Satisfaction

AES sets annual targets for customer satisfaction (% of customers satisfied/greatly satisfied) as one of five KPIs for utility businesses that impact annual compensation of business leaders.

AES customer satisfaction results have improved annually over the past three years. The following table represents residential retail and commercial results from all AES utility businesses for 2013, excluding Cameroon's AES-SONEL, which was held for sale as of November 2013. The surveys, with their statistically significant representative samples, cover AES' complete 11.5 million customer base and all employ similar methodologies as of 2013.

<sup>4</sup> SAIFI represents the average number of interruptions the average customer experiences annually.

Table 5 - AES Consolidated Customer Satisfaction for Utility Businesses

	2010	2011	2012	2013	2013 Target
<b>% of customer satisfaction<sup>5</sup></b>	80.7	77.8	79.1	86.4	81.4

In cases where nationally and/or regionally conducted third party surveys are available, AES utilities participate in them. These include J.D. Power & Associates for our IPL and DPL and local industry surveys in our El Salvadoran and Brazilian utilities.

IPL received the highest score for overall customer satisfaction, ranking "Highest Customer Satisfaction with Business Electric Service in the Midwestern U.S. among Midsize Utilities", according to J.D. Power & Associates' report released in 2014. DPL Energy Resources (DPLER) received the highest rating for Ohio retail electric providers in a 2013 J.D. Power & Associates Retail Electric Provider Satisfaction Study. DPLER was noted as having performed well in price, communications, corporate citizenship and customer service. The study, the first of its kind by J.D. Power, measured satisfaction among residential customers of 71 retail electric providers in eight states by examining price, communications, corporate citizenship, enrollment and renewal, and customer service.

AES Sul improved its customer satisfaction results compared to 2012, reaching the second position in the ranking prepared by the Brazilian Association of Distributors of Electric Energy (ABRADEE). AES Eletropaulo has consistently improved its results compared to 2010 and 2011 attributed to the lengthy severe weather negatively impacting customer perception during those years. Lastly, three of AES' El Salvador distribution companies improved their customer satisfaction indexes compared to 2012 according to the CIER measurements.



#### THE ELECTRIC INDUSTRY'S MOST PRESTIGIOUS AWARD

AES is the first and only company to be recognized with four Edison Electric Institute awards within a seven-year span. The Edison Award is presented annually by the Edison Electric Institute to honor companies for their "distinguished leadership, innovation and contribution to the advancement of the electric industry for the benefit of all."

In 2013, AES-SONEL, in Cameroon, was honored for the company's long-term commitment to improving the electricity sector and the overall economy and social well-being in the country. After AES first entered Cameroon in 2001, the company implemented a large program to refurbish and add capacity to the electric sector in the country, thereby turning it into one of the top performing electricity sectors in Sub Saharan Africa. By late 2012, power generation capacity in Cameroon had increased by 51%, transformation capacity by 38% and load shedding was reduced by nearly 90%.

The improvement resulting from the investment plan enabled more than 60,000 new families each year to have electricity for the first time, nearly doubling the number of families in Cameroon with access to electricity. AES-SONEL's electricity sector investment also included community-oriented programs focused on job readiness, education, environment, and economic development.

<sup>5</sup> The consolidated Customer Satisfaction Totals from 2010 to 2012 do not include IPL and DPL satisfaction results due to different surveys.

During 2013, our distribution businesses were also recognized for excellence in delivering on our commitments:

- 1) IPL ranked No. 1 in Business Customer Satisfaction among Midwest Mid-Size Utilities in the J.D. Power Business Customer Satisfaction Study.
- 2) DP&L ranked second in Ohio in the J.D. Power Customer Satisfaction Survey.
- 3) DPL Energy Resources, the retail arm of DPL Inc., received the highest rating in the category of Ohio retail electric providers in a survey by J.D. Power.
- 4) AES Eletropaulo and AES Tietê received Transparency Awards from Brazil's National Association of Finance, Management and Accounting Executives.
- 5) AES Eletropaulo received a "Project of the Year" award from POWERGRID International for its smart grid project.
- 6) Smart Grid Today named AES Eletropaulo as one of the 50 global pioneers in Smart Grids.
- 7) AES Brazil was awarded the best company in quality and innovation by Isto É Dinheiro Magazine.
- 8) AES Eletropaulo received the Eco Award from the American Chamber of Commerce. The company was recognized in the Processes category, after the assessment of its Transforming Consumers into Clients Program by a panel of 55 specialists.
- 9) The Brazilian Association of Electricity Distribution Businesses (ABRADEE) awarded AES businesses with the following awards:
  - a) AES Sul won second place in the ABRADEE National Ranking, among the 29 companies with over 500 thousand customers.
  - b) AES Sul received the 2013 ABRADEE Award in the Social Responsibility category and AES Eletropaulo ranked fifth in this area.
  - c) AES Eletropaulo won the 2013 ABRADEE award in Quality Management.
  - d) AES Sul ranked among the top five companies in the Operating Management category
  - e) AES Sul ranked second in the Client Assessment category.
- 10) AES Sul was recognized in the Client Category for the 2013 National Quality Prize by the Brazil National Quality Foundation.
- 11) AES Brazil was ranked 12th among Brazil's most innovative companies by Brazilian finance magazine Época Negócios and A.T. Kearney.

## DMA- Cyber Security

Over the past several years, there has been a significant increase in the incidence and sophistication of cyberattacks on IT systems and users worldwide. In an increasing number of cases, hackers are targeting the industrial control systems that companies like AES use to manage its plants and critical infrastructure.

This threat is compounded by the fact that increased demand for real-time industrial information means that these control systems may no longer be isolated from business networks and the Internet. At AES, we take cybersecurity very seriously and believe that protecting ourselves and our organization requires us to be proactive in our efforts to combat

these evolving threats. As a result, the company has established a Cybersecurity Strategy that lays the foundation for protection against cyberattacks.

AES also partners with key government and law enforcement agencies such as the U.S. Department of Homeland Security, the FBI, and other agencies abroad, as well as with leading technology companies to help reduce the likelihood of a cyberattack and allow us to respond quickly and appropriately if we are impacted.

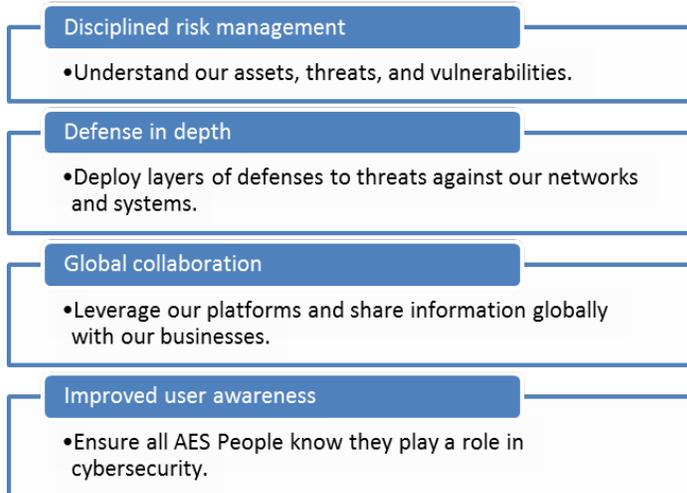


Figure 6 - AES Cybersecurity Strategy

In 2013 AES appointed a Chief Information Security Officer (CISO) to act as point of contact for internal and external stakeholder management regarding cybersecurity. The CISO works in direct coordination with all AES businesses to identify risks and determine appropriate mitigation solutions and best practices in proactive monitoring. There is also continuous communication to all AES people about potential risks, actual threats, and information about how to mitigate the effects of an attack.

In addition, in 2013 AES published and released Cybersecurity Guidelines that cover nine foundational areas of cybersecurity. These guidelines are being implemented by all AES Strategic Business Units and will provide a common foundation that will be built upon in the future. During the year we conducted diverse vulnerability assessments and penetration testing to proactively identify and remediate plant control system and

industrial network security issues.

AES did not experience any significant intrusion to our systems or customer data.

## DMA; EU21 - ASPECT: DISASTER/EMERGENCY PLANNING AND RESPONSE

Safe, fast, effective power restoration following emergency events is essential to the reliability of electric power generation and distribution systems. We have established diverse programs to ensure our operations are prepared to manage unusual disruptions.

Our management approach includes: continual monitoring of weather systems; staging of resources prior to anticipated emergencies; mobilization to restore outages; clear and frequent communications with customers, the media and government officials; continuous improvement of our emergency response capabilities based on past performance; collaboration with neighboring utilities, contractors and government officials; and extensive storm response training including detailed storm simulations.

AES established a set of emergency preparedness standards, describing requirements for the development, review and implementation of Business Continuity Plans at each AES location. These plans, which also consider local regulations, include preparedness for (1) operational

emergencies, (2) emergencies involving nature, e.g. severe weather, floods, earthquakes, tsunamis, (3) off-site emergencies that will have a significant impact on operations or staff, and (4) physical security measures including evacuation of our employees in case of unrest in host countries.

Such business continuity and emergency preparedness plans are tested on a periodic basis through emergency drills and exercises. In addition, each business trains its people and, when necessary, has an educational approach with the communities.

In 2013, the One Step Ahead initiative was launched with the purpose of improving the agility and competitiveness of our businesses, and significantly raises the bar on our performance. As part of the initiative, each business developed a comprehensive playbook with the following plans: Business Continuity, Cyber Security, Physical Asset and Personnel Security, Crisis Communication, Stakeholder Management and Succession.

Over the past few years our business resilience and crisis preparedness plans have been tested in real world situations such as bad weather conditions in the South of Brazil, severe natural disasters in Chile, Haiti, the United States, the Philippines and Vietnam, as well as political and social instability in other countries.

## AES PHILIPPINES HAIYAN (YOLANDA) TYPHOON RECOVERY EFFORTS

AES has invested in the energy sector in the Philippines since 2008, and currently operates Masinloc, a 660 MW thermal power plant in the Zambales Province. Through the AES Philippines Foundation, AES was present from the first moment after Typhoon Haiyan struck the country in 2013, to provide emergency assistance efforts for the victims of the typhoon.

A multidisciplinary team with representatives from AES Philippines, the AES Philippines Foundation and AES' Corporate office was able to travel to Leyte and Tacloban City, some of the areas most affected. The team focused on helping to get people the essentials they needed for survival, including providing water filters and relief kits to families in coordination with the Department of Social Welfare and Development. At the Villamor Airbase, near Manila where AES' local and Asian Headquarters are located, AES held a medical mission with medical doctors who provided vaccines, medical consultation, x-rays and ultrasounds. AES people from the Philippines and Asia also volunteered in the medical mission.

In addition, AES entered into a partnership with De La Salle University to provide psychological support and help victims cope with trauma and loss.

With the scale of destruction brought by the typhoon and almost 11 million people affected, recovery will take time and resources. That is why AES is also working to implement sustainable projects with long-term benefits that will provide the Philippines with tools to rebuild the affected areas and restore basic services such as access to electricity. In February 2014, AES signed a memorandum of agreement in Manila with world-renowned NGO, Habitat for Humanity, to build 50 homes and electrical connections for families in Tacloban City in line with AES' efforts to implement sustainable projects with long-term benefits.



# Environmental Performance

## Our Approach - DMA

At AES, we are aware of the importance of the environment in which our businesses operate, and we are committed to developing energy solutions in an environmentally responsible manner. Through impact evaluations, technological innovation, and implementation of appropriate environmental controls, we seek to select not only an environmentally compliant but also an environmentally sound energy solution for each market we serve.

The foundation of AES' environmental management approach is embodied in the four principles of AES' Environmental Policy, which is applicable to our operating businesses and construction projects around the world. The Policy sets environmental performance expectations and serves to inspire all AES people to strive for, achieve, and maintain world-class environmental performance. The AES Environmental Policy is available on our webpage: <http://www.aes.com/Sustainability/Environment>.

All the aspects of our environmental performance are managed in accordance with our Environmental Management System (EMS) framework which is consistent with the principles of the ISO 14001 Environmental Management System standard, which addresses environmental risk and regulatory compliance management processes.

Pursuant to the EMS framework, each business has established an environmental program that allows for continuous environmental performance monitoring, environmental risk assessments, development of objectives, targets and action plans, and periodic audits and management reviews. Our global EHS Management Information System (EMIS), AES Online, enables the collection of key environmental data from every AES business across the world.

In line with our EMS framework and industry best practices, we have developed 11 specific environmental standards that set minimum environmental performance requirements and in many cases set environmental management requirements that are more stringent than local requirements.

Adherence with AES' EMS framework is verified under the formal external (conducted by EHS specialists coming from outside the audited site) and internal (conducted by operating site personnel) EHS audit programs. Each audit finding (if any) is accompanied by a corrective action plan and an agreed upon completion date. Also, although all our operating businesses and construction projects adhere to our EMS framework, about 50% of our AES operating businesses have voluntarily certified their EMS to the ISO 14001 international standard.



Figure 7 - AES EHS Governance Structure and Goal Setting

We have also established a governance structure that ensures assigning clear roles, responsibilities and accountability for overall EHS performance and goal attainment. Each business is responsible for aligning their local EHS goals with AES Global and SBU goals.

### *2013 Global Environmental Goals*

AES first established the expectation for setting of local level environmental goals in 2008 with the company-wide implementation of our EMS framework. Since then, we made a commitment to set new annual goals as part of our ongoing pursuit of environmental operational excellence.

2013 GLOBAL ENVIRONMENTAL GOALS	ACHIEVEMENT
1) At least 95% of employees at each AES business must attend environmental awareness training during 2013.	<b>98% training rate achieved</b>
This annual training communicates AES' expectations for AES people related to environmental protection, stewardship and sustainability. Its content fulfills the broad requirement for "environmental awareness" training under the ISO 14001 standard but does not replace environmental training that may be warranted by the specific task being performed or by local legal or regulatory requirements.	
2) Each AES business will complete an EMS Scorecard evaluation during 2013 and create EMS action plans as needed.	<b>100 % EMS Scorecard evaluations completed</b>
In 2013, AES established a 12-element EMS Scorecard evaluation process to assess the quality and strength of environmental management systems and culture at AES operating businesses and construction projects. Businesses need to score 80 or better out of 100 to be reflective of world-class performance. The 2013 EMS Scorecard assessments resulted in the implementation of documented EMS corrective action plans.	
3) Each AES business will complete a comprehensive environmental aspects and impacts assessment (AIA) during 2013 and create EMS action plans as needed.	<b>100 % of annual AIAs completed</b>
AES has an environmental aspects and impacts assessment (also known as environmental risk assessment) tool to identify the aspects of the businesses' operations and services that interact with the environment and assesses whether these environmental aspects have the potential for significant impact on the environment. For 2013, each AES location with an EMS was required to update its AIA, and establish EMS action plans as needed.	

## **Aspect: Air Emissions - DMA**

Combustion of fuels to generate electric power results in the release of both conventional and greenhouse gas (GHG) emissions. Depending on the fuels used to generate power, these conventional air emissions may consist of sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), particulate matter (PM) and mercury (Hg). Also, the combustion of fuels results in the direct emission of Scope 1 GHGs, primarily carbon dioxide (CO<sub>2</sub>).

Air emissions from AES' generation businesses comply with applicable international, regional, national and local regulatory structures. Wherever possible, our businesses take appropriate, practical steps to reduce air emissions.

Air emission levels depend on many factors, including generation diversity and efficiency, demand for electricity, weather, fuel availability and prices, and emission controls deployed.

Variations from year to year result primarily from the acquisition and divestment of assets.

Air emissions are tracked using continuous emission monitoring systems (CEMS) and/or operational parameters (e.g., fuel use and appropriate emission factors). Often, air emissions are managed by the businesses using a combination of power generation plant combustion units and air pollution control equipment (APCE).

The installation of emission control systems is primarily dictated by locally applicable environmental laws and regulations. Also, our businesses are required to report air emission quantities to various local and national environmental regulatory agencies.

AES used the services of Lloyd's Register Quality Assurance Inc. (LRQA) to conduct a limited assurance of all AES' 2013 air emissions data with a main objective of increasing credibility and transparency of AES' air emissions reporting.

In addition to third party verification of 2013 emissions data, an internal AES quality assurance/quality control (QA/QC) process was used to validate reporting in prior years (2010, 2011 and 2012).

#### G4-EN15; G4-EN18 - DIRECT GREENHOUSE GAS EMISSIONS, SCOPE 1

Our Scope 1 data represents CO<sub>2</sub> equivalent (CO<sub>2</sub>e) emissions from AES power generation units (excluding minor emission units such as startup boilers, emergency generators, etc.) on an equity ownership adjusted basis. CO<sub>2</sub>e emissions are calculated using methodologies and emission factors from "The Greenhouse Gas Protocol" (WRI/WBCSD), and, in addition to CO<sub>2</sub> emissions, include trace emissions of CH<sub>4</sub> and N<sub>2</sub>O emitted during the fuel combustion process.

Our CO<sub>2</sub>e values take into account the combined global warming potential (GWP) contributions of our CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O emissions. Further details on how the emissions are calculated, are disclosed in AES' response to the Climate Disclosure Project's (CDP) Climate Change Questionnaire. AES' Scope 1 emissions stayed below the 2013 target of 99 million metric tons, and decreased by 6.68% compared to the 2012 CO<sub>2</sub>e emission total. This decrease is mainly attributed to the divestment of some of our assets in Spain, China and the United States, and, in part, due to the decreased operations of some of our plants in Chile and the United States. The CO<sub>2</sub>e emission levels slightly decreased in 2013 compared to 2012 due to AES businesses using less intensive carbon fuels. The table below shows the GHG emissions values for the years spanning from 2010 to 2013:

Table 6 - Scope 1 Greenhouse Gas Emissions, 2010 - 2013

Greenhouse Gas Emissions	Unit	2010	2011	2012	2013	2013 Target
Scope 1 (Equity Proportional)	Metric Tonnes	78,338,846	74,010,712	80,550,459	75,169,843	99,000,000
Intensity (Thermal Generation)	CO <sub>2</sub> e/MWh	0.750	0.757	0.782	0.765	
Intensity (Total Generation)	CO <sub>2</sub> e/MWh	0.654	0.647	0.668	0.654	



Figure 8 - AES Direct CO2 Emissions, 2010 - 2013

Some AES businesses participate in emission trading schemes such as the Regional Greenhouse Gas Initiative (RGGI), the European Union Emissions Trading System (EU ETS) and the California Greenhouse Gas Cap and Trade Program. During 2013, AES businesses in Europe allocated 442,912 emission allowances via the EU ETS. Further, some of our businesses validate their emissions data through third party auditors. For example, our businesses subject to the EU ETS verified 7,420,594 metric tons of CO<sub>2</sub>e emissions. Refer to the table below for more complete information.

Table 7 - EUSS Profile: Allocation of CO2 Emission Allowances by Carbon Trading Framework

Carbon Trading Framework	SBU involved	2013 Allocation	Allowances Purchased	Verified Emissions Metric Tons CO <sub>2</sub> e
European Union ETS	EMEA	442,912	5,586,148	7,420,594
Regional Greenhouse Gas Initiative	US	0	1,600,000	1,624,845

AES' 2013 CO<sub>2</sub> emissions from biologically sequestered carbon include emissions from our biomass (Laja, Chile, Andes SBU) and landfill gas (Nejapa, El Salvador, MCAC SBU) burning power plants.

Table 8 - CO2 Emissions From Biologically Sequestered Carbon, 2010 -2013

CO2 Emissions			Units	2010	2011	2012	2013
Direct	biogenic	CO <sub>2</sub>	Metric Tonnes	213,77	240,010	196,982	123,467

The main reason for biogenic CO<sub>2</sub> emissions fluctuations throughout the last four years is divestment of assets and organic growth through the addition of Nejava in 2011.

AES has voluntarily disclosed these and other details on our carbon emissions via the CDP Climate Change (Investor CDP) Program. Complete details related to AES' inventory, methodology, regulatory regime, generation sources, etc., can be found at <http://www.cdproject.net>.

Although remaining direct Scope 1 GHG emissions from non-power generation sources (such as those from motor vehicle uses) are believed to be small, beginning in 2014 AES will enhance its Scope 1 GHG inventory process by collecting the following additional data listed below:

- Emissions from smaller, non-power generation fuel-fired stationary sources,
- Emissions from AES-owned transportation vehicles, and
- Emissions from direct releases of CH<sub>4</sub>, SF<sub>6</sub> and HFC-based air conditioning refrigerant gases.

#### G4-EN16; G4-EN17- INDIRECT GHG EMISSIONS, SCOPE 2 AND SCOPE 3

Through the end of 2013, we tracked Scope 2 GHG emissions only at our Brazil SBU. These emissions include electricity purchased from non-AES business generated sources for the business' own use as well as transmission and distribution losses of non-AES generated electricity sold to end users (AES distribution companies).

The 2013 target for Scope 2 GHG emissions was set for the Brazil SBU at 174,780 metric tons CO<sub>2</sub>e to reflect a 3.2% reduction compared to actual 2011 emissions. However, the target was not achieved because the Brazil SBU was unable to purchase electrical power containing lower CO<sub>2</sub>e emission intensities.

#### G4-EN21 - NO<sub>x</sub>, SO<sub>2</sub> and OTHER EMISSIONS

In 2013, our SO<sub>2</sub> total emissions increased due to an increase in coal-fired unit dispatch and the divestiture of certain gas-fired units (impacted SO<sub>2</sub> emission intensity only). However, during the preceding three years, our businesses collectively achieved a general downtrend in SO<sub>2</sub> total emissions by managing our fuel diversity and employing better emission controls.

The data below is adjusted by equity ownership and refers to AES' SO<sub>2</sub> and NO<sub>x</sub> emissions resulting from our businesses' major fuel combustion units.

Table 9 - SO<sub>2</sub>, NO<sub>x</sub> and Other Emissions, 2010 - 2013

SO <sub>2</sub> NO <sub>x</sub> and Other Emissions	Unit	2010	2011	2012	2013
<b>Actual Direct SO<sub>2</sub> Emissions</b>	Short Tons	221,406	190,838	187,675	215,722
	Pounds/MMBtu	0.475	0.426	0.410	0.534
<b>Actual Direct NO<sub>x</sub> Emissions</b>	Short Tons	100,115	94,487	95,202	85,025
	Pounds/MMBtu	0.215	0.211	0.208	0.210
<b>Actual Direct Mercury Emissions</b>	Metric Tons	3.12	0.45	0.40	0.43



Figure 9 - AES SO2 Emissions Trend, 2010 -2013

The annual quantities of NOx emissions depend on the dispatch by fuel type and NOx emission controls available. During 2013, NOx mass emissions continued to go down as a result of lower dispatch while the NOx intensity stayed relatively stable reflecting the high degree of NOx controls we are using on our power generation units.

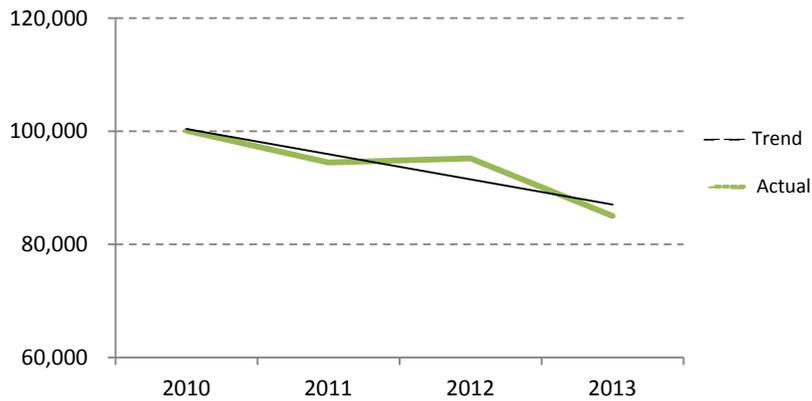


Figure 10 - AES NOx Emissions Trend, 2010 -2013

Air emissions data related to mercury includes emissions from coal-fired electric power generation units. Available 2010 to 2013 mercury emissions data presented in [Table 9 - SO2, NOx and Other Emissions, 2010 - 2013](#) only reflects emissions data available for the majority, but not all, of our U.S. SBU coal-fired units, and is data that has not been externally verified.

#### G4-EN19 REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

Our businesses are continuously looking for ways to improve power generation efficiency and reduce emissions. For example, Indianapolis Power & Light Company (IPL), an AES integrated utility company began in January 2013 significant air equipment control upgrades at its 1,752 MW Petersburg coal-fired power plant in Southern Indiana. When completed, the project will reduce sulfur-based airborne emissions, as well as airborne emissions of other acid gases, mercury (Hg), and other hazardous air pollutants (HAPS). This approximately \$400 million project involves the installation of fabric filter unit air emission controls, upgrading existing electrostatic precipitator unit air emission controls, providing capabilities for activated carbon injection and calcium bromide sorbent injection, and installation of new continuous emission monitoring systems.

Another air emissions control project that was underway during 2013 was at three coal-fired power plants at AES Gener in Chile: Ventanas, Norgener and Guacolda. The retrofit work was undertaken to comply with more stringent particulate matter, SO<sub>2</sub> and mercury emission requirements issued by the Chilean Ministry of the Environment. In 2012, AES Gener began the installation of emissions control equipment, including SO<sub>2</sub> scrubbers, high efficiency ESPs and low NO<sub>x</sub> burners at the Ventanas (Units 1 and 2) and at the Norgener (Units 1 and 2) power plants. For the Guacolda power plant, we began installing emissions control equipment for Units 1, 2, and 4 in August 2013. Through the end of 2013, AES Gener had spent a total of about \$174 million on these air emission control improvements.

Also, some of our distribution businesses offer renewable energy and demand-side efficiency programs. The characteristics of the programs depend on the market conditions. For example:

- From 2009 through 2013, DP&L's residential and business programs helped customers save 864,000 MWh of energy and helped reduce peak capacity by 140 MW.
- IPL's residential and commercial/industrial DSM programs achieved a reduction of 316,293 MWh in the period 2010-2013.
- AES' Brazilian distribution companies, AES Eletropaulo and AES Sul's investments during 2013 resulted in the reduction of over 42,000 MWh in consumption of the customers.

### Aspect: Water - DMA -

Water availability is a critical risk factor for the electric power industry and in particular for our operations at locations where we need water to operate efficiently. On an annual basis, our individual facilities may use from only a few hundred cubic meters of water (like wind generation sites) to more than 700 million cubic meters of water (such as in a large thermal power plant).

The water is predominantly used for the steam cooling process at our thermal plants. As part of the process, a small portion of the water evaporates while most of it is returned to the water source body. Water use is also key to our hydroelectric power plants, which comprise about 20 percent of our power generation installed capacity – however, these waters are only passed through the turbines of our hydroelectric power plants and immediately returned to the environment.

To ensure proactive resource management, AES performs periodic analysis and stress testing on

water availability on a local and aggregate basis. Also, as part of the EMS, AES businesses assess water use for potential impacts and mitigation when conducting environmental risk assessments on an ongoing basis.

Through periodic external and internal EHS audits, we monitor the management of water resources and its compliance with regulatory requirements. Findings are properly addressed and closure actions are established.

Considering the nature of this resource for our operations, we conducted an assessment of our plants' exposure to water related risks using the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) Global

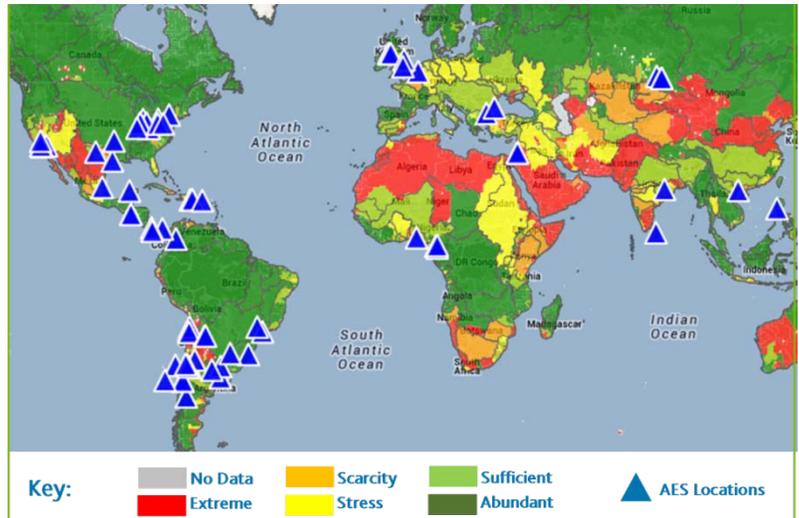


Figure 11 - AES: 2025 Projected Annual Renewable Water Supply Per Person by Watershed

Water Tool. The tool establishes relative water risks in a company's portfolio in order to prioritize actions, assists with long term water management strategy and can be used as a strategic tool during the evaluation of new project development initiatives.

Based on the analysis of AES' 2013 water withdrawal and discharge data, we identified that some of our facilities are located in regions where water supplies are under stress (water-stressed regions are considered to be those with a per capita water supply of less than 1,700 cubic meters per year).

**G4-EN8; G4-EN 9; G4-EN10; WATER WITHDRAWAL AND DISCHARGE**

AES includes cooling water, process water, potable/drinking water (with the exception of bottled water) in our water withdrawal inventory. Our water discharge inventory includes cooling water and process water discharges from open cycle cooling systems; however, domestic sewage, rainwater and storm water effluents are not considered to be discharges and are not included in the inventory. Facilities with closed circuit systems are considered to be "zero-discharge".

The water withdrawal target set for the year (12.6 billion cubic meters of water) was achieved.

Table 10 - Water Withdrawal and Discharge, 2010 – 2013 (Million Cubic Meters)

Water Withdrawal and Discharge	2010	2011	2012	2013	FY 2013 Target
<b>Total Water Withdrawal</b>	7,573.30	8,727.90	7,310.80	8,117.05	12,600.00
<b>Total salt / brackish water withdrawal</b>	4,104.70	4,292.80	4,090.40	5,662.20	
<b>Total municipal water supplies (or from other water utilities)</b>	24.60	26.50	47.00	7.07	
<b>Total water from all other sources</b>	3,443.90	4,408.60	3,173.40	2,447.78	
<b>Water returned to the source of extraction at similar or higher quality as raw water extracted</b>	5,688.30	7,191.20	6,984.50	7,804.53	

During 2013, water withdrawal rates stayed consistent with the preceding three years while AES increased the amount of water it returned to the source of extraction. AES' businesses utilized approximately 8.1 billion cubic meters of water, more than 96.1 percent of which was directly returned to the source at similar or higher quality than the raw water extracted. The drop seen in municipal water sources withdrawal is principally due to the divestiture of our transmission and distribution businesses in Ukraine.

All the water withdrawal and discharge data for 2013 was verified by Lloyd's Register Quality Assurance Inc. (LRQA).

Overall, in 2013, AES recycled and reused over 1.7 billion cubic meters of water. Water conservation efforts at individual operations include AES Masinloc (Philippines), which decreased water related costs by 47.7 percent through improvement of their demineralization process and optimization of water consumption. Another example is from AES Eletropaulo in Brazil, whose corporate headquarters in Barueri uses an internal treatment system to recycle and reuse water. Our construction projects in Chile reuse water for dust suppression on project roads, while our coal-fired power plants reuse water for fly ash and coal yard dust suppression.

### EXCELLENCE IN OPERATIONS – OPTIMIZING WATER WITHDRAWING

The AES Huntington Beach power plant in California won Best Project Contributing to Value, Sustainability and Innovation at the 2013 European Process Excellence Awards for the Water Optimization Project. Using problem solving tools, the team at AES Huntington Beach installed new flow meters and pressure gauges to control flush water system from circulating water pumps. The project resulted in 17% decrease of water use by all units and over \$95,000 in savings.

This award is designed to recognize important projects that are not primarily aligned to or selected for their direct financial impact. This award is judged on business impact and innovation, but with a specific focus on business impact and value created outside of pure financial results such as customer experience, innovation, sustainability and green projects, and ethics and the community.

## ASPECT: Effluents and byproducts - DMA -

Community and stakeholder interest in the way our industry manages coal combustion products, wastes, spills and effluent discharges is high. As we mentioned in Aspect: Water, our water discharges may include cooling water and process water discharges, which can impact the quality of receiving streams such as temperature and pH. These impacts are managed through diligent control and monitoring of all water discharges for temperature, pH and chemical composition. The control may also include monitoring of upstream and downstream areas from our water discharge sources, as well as monitoring of groundwater around our ash ponds. The results of these measurements are reported to regulators on a periodic basis.

The typical waste streams from electric power generation, transmission and distribution businesses may include municipal solid wastes, construction and demolition debris, and hazardous and special byproducts, such as PCBs, solvents, used oils, herbicides, etc. At this time, we are not quantifying these on an aggregate level as these wastes are generated in relatively small quantities. However, these types of wastes are being recorded on an individual business level and reported to regulators on a periodic basis.

Our EMS and Global Environmental Standards set minimum requirements for the management of hazardous and special wastes, chemical and raw material management and spill prevention and control through assessment of hazards, management actions, and establishing preventive and control measures. Each AES business is required to have emergency response plans, including spill prevention and containment plans. All spills are reported on a monthly basis through our EMIS.

### G4-EN22; G4-EN23; COAL COMBUSTION PRODUCTS (CCPs) GENERATION, REUSE AND RECYCLE

Coal combustion products (CCPs) include bottom ash, fly ash, synthetic gypsum (also referred to as flue gas desulfurization (FGD) gypsum), FGD solids, and cenospheres. CCPs are generated when power plants burn coal to generate electricity, or through the use of emission control technologies. CCPs could present an economic opportunity as they can become a source of savings and revenues when managed properly.

The following table summarizes the 2013 targets for CCPs generated and recycled as well as the actual amounts generated and recycled during the past four years. The values have not been adjusted for AES equity interest (i.e., the waste totals and beneficially reused percentages are on a total site basis even if AES has less than 100% equity interest in a site).

Table 11 - CCPs Generation and Recycling/Reuse, 2010 - 2013

	2010	2011	2012	2013	2013 Target
<b>CCPs Generated (metric tons)</b>	6,594,290	8,159,071	6,918,972	7,278,372	10,300,000
<b>CCPs Recycled (percent)</b>	30.6 percent	30.4 percent	35 percent	36.7 percent	32 percent

AES businesses make efforts to recycle and reuse CCPs in engineered products including cement, concrete, road bases, wallboard and even bowling balls. This benefits the environment, the energy industry and the products themselves. As a result of these efforts our businesses have increased CCP recycling and reuse by 6.1 percent since 2010. The percentages of recycling represent the total amount of CCP, but also include, in a small portion, some other solid fuel combustion byproducts such as wood and petcoke ash that were beneficially reused or recycled across AES.

AES used the services of Lloyd's Register Quality Assurance Inc. (LRQA) to conduct limited assurance of AES' 2013 CCP generation and recycle/reuse data.

The beneficial reuse and recycling of coal combustion products resulted in both cost savings and revenue generation during 2013. During the year AES businesses recycled a total of 2,669,791 metric tons of CCPs, which resulted in over \$13 million in avoided land disposal costs. Additionally, by recycling CCPs, AES received over \$3 million of revenues from the CCP off takers, who beneficially reused these materials.

In addition to CCP, solid waste recycling results in additional sources of environmental cost savings and revenue generation. In 2013, AES businesses generated over \$1.5 million in revenues, of which Eletropaulo in Brazil alone contributed approximately \$840,000. Similarly, by recycling solid waste, Eletropaulo avoided costs of about \$200,000 of potential fees for landfilling the same amount of waste.

In 2013, AES' utilities in Brazil began an important project: the recycle more, pay less program, which offers discounts in power bills to customers who deliver recycled material (paper, plastic, metal, glass and TetraPak packages) to the collection points distributed across the concession area.

#### G4-EN24 SPILLS

AES reportable spills are any liquid spills that are disclosed to local environmental regulators and/or that are lost off AES property into the environment at a quantity equaling or exceeding 55 gallons (210 liters). Non-reportable spills usually represent small spills that are and can be quickly contained, or spills that are released into secondary containment.

In 2013, AES businesses recorded a total of 23 reportable spills, which represents a 15 percent decrease compared to 2012. The volume of spills reported in 2013 ranged from 20 US gallons to 500 US gallons. These spills were caused primarily by equipment leaks and equipment failures.

All reported spills were cleaned up within the short time frame after the discovery of the spill and the contaminated residues were disposed of properly. None of these spills resulted in significant environmental impacts, regulatory enforcement actions and/or significant fines/penalties, which is why they were not included in our 2013 Annual Report 10-K.

## Aspect: Biodiversity - DMA -

AES produces, distributes and sells energy across a vast geographical area, and these operations can have interaction with diverse ecosystems, landscapes and species. These interactions can occur during the construction and the operations phases of our facilities.

The business case for biodiversity protection includes maintaining our license to operate and reputation by reducing the environmental impact of operations; and contributing to healthy ecosystems such as wetlands that are critical to the quality of life and commercial livelihood of stakeholders and customers in the communities we serve. Risks related to biodiversity include impacts to avian species and the cost of non-compliance with wildlife protection laws and regulations.

To help manage these risks, AES has developed and is implementing the following biodiversity impact management instruments:

- A new environmental standard on assessing biodiversity risks (currently in draft);
- The AES Environmental Management System (EMS) Framework;
- The Environmental Aspects and Impacts Assessment (AIA) Tools for each type of business (hydro, coal, wind, transmission and distribution, construction); and
- The performance of environmental impact assessment on new projects.

One essential element of each AES location's EMS is to perform environmental aspects and impact assessments (AIAs) annually and/or before major operational or construction project changes are planned. Since the AIA assessment processes/tools that AES has used since 2008 may not assess biodiversity risks in sufficient detail, we have developed a draft "AES Biodiversity Strategy and Assessment Guide" to provide additional AIA guidance to our businesses on biodiversity risks.

For construction projects, including their site location selection process, biodiversity risks are assessed and mitigated during the pre-construction permitting and environmental impact assessment phases of the project. Stakeholders at the local level are involved in reviewing and commenting on the business' potential risks/impacts on biodiversity. Usually, information on the environmental impact assessments for our projects that are under development or construction are made publicly available on dedicated webpages either by the businesses or the regulatory bodies.

Project Name	Links to Publicly Available Environmental Impact Assessments for AES Projects in Development or Under Construction
Alto Maipo	<a href="http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=2933044">http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=2933044</a>
Cochrane	<a href="http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=3030994">http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=3030994</a>
Guacolda V	<a href="http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=3510778">http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=3510778</a>
Amman East IPP4	<a href="http://www.ebrd.com/pages/project/eia/44284.shtml">http://www.ebrd.com/pages/project/eia/44284.shtml</a>
Mong Duong II	<a href="http://www.adb.org/projects/documents/mong-duong-thermal-power-project-0">http://www.adb.org/projects/documents/mong-duong-thermal-power-project-0</a>

Our businesses operate in accordance with all applicable laws regarding biodiversity issues. Based on the results of EIAs and AIAs our businesses develop targets and action plans to mitigate their impacts on local flora and fauna. The following are recent examples of individual AES biodiversity enhancement initiatives:

- At AES Tietê in Brazil, a nursery is maintained where 1 million seedlings of 120 native tree species are produced every year. With a goal of reforesting 241 hectares per year, AES Tietê has reforested 2,768 hectares of land from 2001 to 2013. This project is considered pioneering and unique, and was registered in 2011 by the Executive Committee of the United

Nations Framework Convention on Climate Change (UNFCCC).

- At AES' St. Nikola wind plant in Bulgaria, a target of maintaining less than 1 percent mortality of bird species has been set. A monitoring program is in place during the lifetime of the wind farm. Mortality searches are conducted systematically on the basis of international recognized scientific standards. Collision risk mitigation is done in the form of shutting down turbines in case of collision risk conditions. Results are disclosed in seasonal reports and annual summaries on a dedicated website <http://www.aesgeoenergy.com/site/index.html>.

#### *Restoring Habitats and Protecting Wildlife*

Across our operations, we own or manage thousands of acres of land associated with power generation facilities, and distribution and transmission networks that also serve as habitats for a diverse range of plant and animal species. We implement a number of initiatives to support the natural ecology on these properties and mitigate any impacts that may occur due to our operations. Some examples of such initiatives are:

- Sixpenny Wood and Yelvertoft Wind Farms in the United Kingdom implemented a restoration program to re-plant hedgerows and plants to encourage wildlife to continue using the site after construction.
- Alto Maipo construction project in Chile, implemented a program to protect several colonies of cururos (*Spalacopus cyanus*), a species of rodents endemic to Chile. In the Red List of Chilean Terrestrial Vertebrates this species is classified as Endangered.
- Masinloc in Philippines, is working to maintain and protect five hectares of natural habitat for around 200 Philippine ducks, a species that is considered endangered and currently has a total population of only 5,000.
- Dayton Power & Light J. M. Stuart Station and Indianapolis Power & Light Harding Street Station became home to populations of peregrine falcons. Thanks in part to these efforts, peregrine falcon populations have been thriving and are no longer considered threatened.

# Stakeholder Engagement

## Our Approach - DMA

As a company we interact and work together with a wide range of people, employees, organizations, communities, governments, customers, and businesses. At AES, Stakeholder Engagement refers to the process of developing strong, proactive and consistent relationships with key stakeholders of the company. The Stakeholder Engagement is integrated into the company's global strategy as AES recognizes that it is a critical part for sustainability and its local affiliates' success and their licenses to operate.

At the corporate level, the Global Stakeholder Engagement group provides the key elements of our engagement strategy, and at the same time manages certain key corporate level relationships such as government officials, ambassadors, international institutions, country representatives, heads of state, regulators, and trade associations. Also, at the corporate headquarters, we manage interactions and communications with investors and shareholders, high level government policy makers and institutions like the Federal Energy Regulatory Commission or North American Electric Reliability Corporation. At a local level, the Market Business Leaders (highest senior leader at a country level) are the ones directly overseeing the stakeholder engagement with the support of functional area leads.

The Global Stakeholder Engagement guidelines, available internally to all our businesses, highlight the key elements of our engagement strategy and are comprised of a number of steps to engage with stakeholders. During 2013, the Global Stakeholder Engagement group developed a customized online platform for businesses to better anticipate and prepare for stakeholder risks, map stakeholders and effectively manage each Stakeholder Engagement strategy.

### G4-24; G4-25; G4-26; G4-27 – STAKEHOLDERS

AES engages with thousands of diverse stakeholders across the globe. In conducting business while striving to improve lives, AES interacts with a wide variety of individuals, organizations, governments, communities and other market players. We consider all these groups to be important stakeholders. Customers, employees, lenders and investors are also stakeholder groups with whom we want to maintain solid relationships. These relationships are numerous, diverse and continuously evolving

The following table summarizes AES' current stakeholders and provides examples of ways of engagement, issues discussed, and how the issues are addressed. The examples provided are typical but may not necessarily apply to all our businesses.

Table 12 - Main Stakeholders

AES Stakeholders	Engagement	Key Issues	How issues addressed
<b>Suppliers</b>	As a supplier of products and services ourselves, we understand the importance of open communication. We promote suppliers success through clear policies, procedures, terms and conditions	<ul style="list-style-type: none"> <li>• Direct contact between vendors and AES' supply chain buyers and sourcing specialists</li> <li>• Supplier performance score cards</li> <li>• Published policies and guidelines such as safety requirements, environmental guiding principles and supplier diversity objectives</li> </ul>	<ul style="list-style-type: none"> <li>• Centralized management of key supply chain categories such as fuel sourcing</li> <li>• Developed and communicated safety, environmental, and diversity guidelines to existing and prospective suppliers</li> </ul>
<b>Investors / Shareholders</b>	<p>We regularly communicate with our investors regarding our business strategy and plan, risk management, financial returns, growth and governance via:</p> <ul style="list-style-type: none"> <li>• Annual Investor Meetings</li> <li>• Annual and Corporate Social Responsibility Reports</li> <li>• Quarterly earnings presentations</li> <li>• Investor Relations Website</li> <li>• Investor Calls</li> <li>• Proxy communications</li> <li>• Rating Agency discussions</li> <li>• Traditional and Social Media</li> <li>• Investor and public forum events</li> </ul>	<ul style="list-style-type: none"> <li>• Company Management</li> <li>• Governance</li> <li>• Strategy and growth plans</li> <li>• Financial performance and liquidity</li> <li>• Dividends</li> <li>• Risk Management</li> <li>• Environmental performance</li> <li>• Return on investment</li> </ul>	<ul style="list-style-type: none"> <li>• Restored a healthy balance sheet and maintained sufficient liquidity</li> <li>• Ensured that investors are provided timely information on key issues</li> <li>• Corporate reorganization to streamline the business for profitability</li> </ul>
<b>Customers:</b>	<p>We are invested in understanding our customers' perspectives and in addressing their concerns via:</p> <ul style="list-style-type: none"> <li>• Internet based feedback interface</li> <li>• Customer satisfaction surveys</li> <li>• 24/7 Customer call center</li> <li>• Publications and reports</li> <li>• Energy efficiency and demand response programs</li> <li>• Residential customer education programs</li> <li>• Sustainable energy solutions</li> <li>• Customized energy management solutions</li> <li>• Wholesale and retail power and gas market participation</li> <li>• Increased focus on diversity within our key customer groups</li> <li>• Traditional and social media</li> <li>• Participation in public events</li> </ul>	<ul style="list-style-type: none"> <li>• Managing energy use with new technologies</li> <li>• Lowering energy costs</li> <li>• Using cleaner energy sources, including renewables</li> <li>• More efficient energy use</li> </ul>	<ul style="list-style-type: none"> <li>• Provided information and energy management tools via our websites</li> <li>• Continued peak demand management programs</li> <li>• Conducted advanced metering and dynamic pricing pilot</li> <li>• Deployed on-site renewable energy systems for commercial customers</li> <li>• Conducted energy-efficiency audits and building retrofits, and provided incentives for numerous energy efficiency measures</li> <li>• Provided risk management services for wholesale and retail customers</li> </ul>

AES Stakeholders	Engagement	Key Issues	How issues addressed
<b>Governments</b>	<p>It is our duty to communicate with local, state, and federal government officials in the countries where we do business to ensure that we develop sound energy policies that balance reliability, affordability and environmentally sound practices via:</p> <ul style="list-style-type: none"> <li>• Meetings with officials</li> <li>• Meetings with elected officials in communities surrounding power plants and utilities infrastructure</li> <li>• Power plant tours</li> <li>• Emergency planning exercises conducted with local/state agencies</li> <li>• Policy white papers, testimony and briefings</li> <li>• Regulatory proceedings and rate cases</li> <li>• FERC and NERC reporting</li> <li>• Reporting in compliance with national and local requirements across the globe</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability</li> <li>• Security, affordability and sustainability of electricity supply</li> <li>• Energy market structure and regulation</li> <li>• Job creation</li> <li>• Environmental compliance</li> <li>• Federal policies</li> <li>• Financial/OTC derivatives</li> <li>• Safety</li> <li>• Fuel diversity and balanced energy matrix</li> </ul>	<ul style="list-style-type: none"> <li>• Investment in new technologies to keep long-term electricity supply reliable, affordable and cleaner</li> <li>• Engaged in discussions with federal governments, partnership groups and EPA about environmental performance and policy</li> <li>• Engaged directly on financial reform legislation, GHG policy, Clean Energy Standard and federal loan guarantees</li> </ul>
<b>Industry Observers</b>	<p>We engage in dialogue with NGOs and other industry observers around the world through:</p> <ul style="list-style-type: none"> <li>• industry organizations, conferences and direct dialogue</li> <li>• Participation in advisory councils, business alliances of NGOs</li> <li>• Collaboration with NGOs in facilitating policy making dialogues</li> <li>• Website</li> <li>• Traditional and Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Business development</li> <li>• Infrastructure</li> <li>• Environmental performance and policies</li> <li>• Job creation</li> <li>• Safety</li> <li>• Skilled work force development</li> </ul>	<p>Engaged in many NGO-sponsored dialogues on energy and environmental policy topics, including GHG policy, Clean Energy Standard and renewable energy incentives.</p>
<b>Community</b>	<p>We invest in, support and ensure dialogue with the communities where we conduct business via:</p> <ul style="list-style-type: none"> <li>• Periodic community meetings in communities surrounding our facilities</li> <li>• Career fairs</li> <li>• Volunteer projects and financial contributions</li> <li>• Participation in community events</li> <li>• Website</li> <li>• Traditional and Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• Employment of local talent</li> <li>• Business development in local community</li> <li>• Infrastructure</li> <li>• Environmental performance and policies</li> <li>• Job creation</li> <li>• Safety</li> <li>• Skilled work force development</li> <li>• Social benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Updates on key issues and projects and feedback mechanisms on website</li> <li>• Skilled work-force development programs with industry and labor stakeholders at community educational locations</li> <li>• CSR programs</li> <li>• Education on safe, adequate and efficient use of energy</li> </ul>

AES Stakeholders	Engagement	Key Issues	How issues addressed
<b>AES People:</b>	Engaging our people is critical to our business success and our employees expect open discussions about workplace safety, career opportunities, job satisfaction, diversity and inclusion, and benefits and salary via: <ul style="list-style-type: none"> <li>• AES People surveys</li> <li>• Company intranet – OurAES.com</li> <li>• Multi-lingual update communications from company executives</li> <li>• Electronic newsletters</li> <li>• Employee Helpline</li> <li>• Yearly performance reviews</li> <li>• Online courses, classroom training and college degree programs</li> <li>• Leadership and employee development opportunities</li> <li>• AES Global Congress on Innovation, Technical Excellence and Sustainable Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Workplace safety</li> <li>• Career opportunities</li> <li>• Job stability</li> <li>• Diversity and inclusion</li> <li>• Salary and benefits</li> <li>• Company strategy and leadership</li> <li>• Having a positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>• Promoted two-way communications</li> <li>• Increased feedback mechanisms</li> <li>• Increased involvement in company related activities</li> </ul>

Also as part of the process to evaluate our new projects as well as to conduct daily operations, we identify the key stakeholders based on the unique characteristics of each country and business operation. This identification is determined based on:

- The position or favorability
- The level influence
- The level of involvement
- The level of interest or concern.

## Aspect: Impacts on Education and Living Standards in our Communities

Infrastructure projects bring opportunities to local communities by providing employment, creating a demand for services and materials which helps the local economy, and improves resident's quality of life via the provision of safe and reliable energy. Working with the local government and impacted people, the local AES businesses design and employ plans and programs for the communities impacted.

AES permanently engages in dialogue with community stakeholders to continue building relations based on respect, trust, respect and collaboration. AES businesses have implemented varying levels of engagement with local communities. Whether entering a new location or operating at an existing facility, we are focused on programs that can make a community stronger economically, socially or environmentally.

AES has a company-wide document with guidelines for developing Sustainable Corporate Social Responsibility Programs. These guidelines, suitable to different local contexts, provide tools for AES businesses to develop and implement sustainable social responsibility programs that are beneficial for our core business and the sustainable development of the communities in which the company operates.

Some of our programs designed improve education and living standards include: Access to electricity and basic services; Education and training, providing vocational training and employment opportunities for young people; Safety education, among others.

During 2013, 55% of the community related activities, programs, donations and sponsorships were in the area of education, capacity building and social welfare. Also, 89.6% of the money allocated to the community related activities, programs, donations and sponsorships were for education and infrastructure. This includes provision of electricity for underserved populations, education on safety, vocational training, and provision of school supplies, among others. All the programs donations and sponsorships benefited more than 600,000 people directly and over 24 million people indirectly.



### CULTURE AND CITIZENSHIP HOUSE

The Culture and Citizenship House is a project of AES Brazil, contributing to the transformation of low income communities where it is present, giving power to children and adolescents to develop themselves as true citizens. To-date, more than 300,000 people have benefited from the participation in regular courses, lectures and presentations.

The project is comprised of seven units in the State of São Paulo and Rio Grande do Sul, supported by AES Eletropaulo, AES Tietê and AES Sul. The schedule covers two fronts – local and human development, with transversal themes, such as safe and efficient use of electric energy and the responsible consumption of natural resources. In the Houses, activities are offered to children and adolescents, from Monday to Friday, such as circus, visual and digital arts, music, theater, dance and artistic gymnastics. The pedagogic methodology applied and developed is monitored closely by a team of trustees of many knowledge fields. The project includes the engagement of several stakeholders, including city halls, Criar Institute, National Association of Private Higher Education Institutions, Social Assistance and Reference Center, Public Schools, Municipal Councils of the Rights of the Child and

Adolescent and Guardianship Councils.

Various businesses were recognized in 2013 for their CSR programs and activities.

- 1) IPL was honored with United Way of Central Indiana's "Spirit United" award that recognizes "exemplary and consistent volunteer and financial support for United Way's mission: helping people learn more, earn more and lead safe and healthy lives."
- 2) The American Chamber of Commerce has recognized AES Dominicana for best practices in corporate social responsibility.
- 3) Termoelctrica del Golfo (TEG) in Mexico was named as a "Empresa Socialmente Responsable (ESR)" or a Socially Responsible Business by the Center for Responsible Management Education (CRME) which recognizes companies that have outstanding practices in the four dimensions, ethics, community relations, environmental management, and employee relations.

- 4) The American Chamber of Commerce recognized AES Philippines with a Corporate Social Responsibility Excellence Award.
- 5) AES Eletropaulo was recognized for its efforts to help young children through its “Centro Educacional Infantil Luz e Lápis” initiative which won the “Prêmio Criança 2012” award from Fundação Abrinq, a Brazilian foundation dedicated to the rights of children and teens.

## Aspect: Public Safety

At AES we believe that our success is directly linked to the safety and well-being of the people in the communities where we operate and that is why AES businesses strive to keep our host communities and service areas safe.

Public fatalities can be a result of the public coming into contact with our medium and low voltage lines during activities such as construction and vegetation pruning near our networks, contacting downed belectrical lines, horseplay and kite flying near our networks, making illegal network connections, intentional theft of AES equipment or material. These incidents exclude traffic accidents with our stationary network infrastructure such as power poles.

Although the occurrence is rare compared to the total interactions our work and facilities have with the public in our communities, public fatality cases due to contacting our electrical systems can occur. All such incidents are recorded and investigated by the local AES business, and based on the results of these investigations mitigation measures such as increased public outreach are implemented as needed.

Our efforts to create awareness to the general public of the dangers of coming into contact with our assets have resulted in a 17 percent decrease in the number of public fatalities since 2010 as shown in the table below.

Table 13 - Public Fatal Incidents, 2010 - 2013

Fatal Incident Cases <sup>6</sup>	2010	2011	2012	2013
General Public Members	53	52	45	44

Each individual life affected by our operations is important. This is why our businesses develop diverse programs and activities to ensure the safety of our customers and our communities, such as emergency preparedness drills, electrical safety tips on websites and safety information outreach and campaigns.

Our distribution businesses provide safety information on their websites. There, customers can find tips for how to protect themselves and their families during power outages or when power

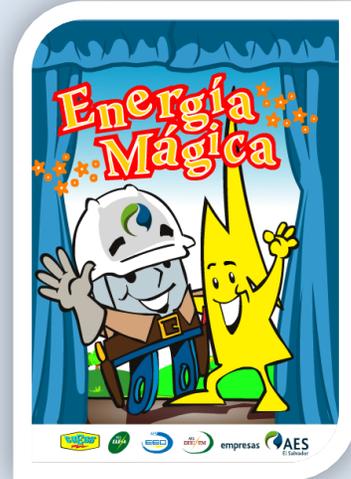
<sup>6</sup> Fatalities that occurred in 2013 took place in the following three countries: Cameroon (20 fatalities); Brazil (23 fatalities); and Ukraine (1 fatality).

Note: Our assets in Ukraine and Cameroon were sold during 2013 and early 2014 respectively.

lines are down, and information on electrical safety from tree pruning awareness to holiday safety. They also have developed public awareness campaigns to mitigate the risks related to activities near the power grid and promote the safe use of electricity.

### “Magical Energy” (AES El Salvador, MCAC SBU)

Developed by AES’ El Salvadoran distribution companies, Magical Energy (Energía Mágica) is a public safety program that teaches children how electricity is generated, how to use it safely, and how the efficient use of electricity is related to environmental conservation. With this program AES El Salvador reached over 67,000 people in 2013, which exceeded their goal of 55,000 people. Since the beginning of the program in 2007, almost 290,000 people have benefited from the program.



### “Live Without Incidents” Campaign (AES Brazil, Brazil SBU)

This campaign was launched in 2011 with the focus of broadcasting informative videos on local TV channels and messages on popular radio stations describing potential safety risks and how to avoid dangerous situations when members of the public are conducting activities near the power grid. As part of the campaign, both of AES’ distribution companies in Brazil organize safety blitzes, which aim at bringing information to the population and contribute to the reduction of incidents in the communities they serve. In 2013, a total of 1.26 million people directly benefited from the actions taken by the “Live Without Incidents” campaign.

# AES People

## Our Approach - DMA

Every day, AES people work towards our shared mission of improving lives by providing safe, reliable and sustainable energy solutions in the communities and countries in which we operate. Our people are the foundation of our ability to achieve the long-term goals we've set for the company. We recognize that the thousands of AES people are our greatest asset. Without the leadership, diversity, skills and knowledge that our people bring to the work they do, the success we've achieved would not have been possible.

AES' work is performed by permanent employees, which we refer to as AES people or supervised workers. In 2013, AES' variation in people numbers is associated with an asset divestiture. By December 31, 2013, of the nearly 22,000 permanent full-time people, 75 percent were covered by collective bargaining agreements. We experienced a decline in this population in 2013 as a result of business divestitures made including the sale of assets like in the Ukraine.

SBU	Permanent - Full Time Employees		
	Female	Male	Total
Andes	208	1,301	1,509
Asia	79	318	397
Brazil	1,851	6,386	8,237
EMEA	1,187	4,488	5,675
MCAC	252	1,423	1,675
US	742	2,817	3,559
Corporate	127	202	329
<b>Total</b>	<b>4,446</b>	<b>16,935</b>	<b>21,381</b>

Figure 12 - AES People Demographics 2013

Our workforce is comprised of individuals from diverse backgrounds, cultures and disciplines. We do not view diversity simply as a responsibility to be met, a policy to implement, benefits to offer or a program to run at AES. Our view on diversity and the value it brings to our company and the communities we serve is not defined by race, gender, age or orientations. To AES, leveraging our diversity is truly integrated into how we work and how we compete to win in the global marketplace.

Our commitment to diversity and inclusion is reflected in the global workforce that we've developed and nurtured. AES people who track our finances, run our plants and restore power after storms reflect the customers and communities whose lives are bettered by the services we provide and the investments we make in local safety, infrastructure, education and environmental programs.

We manage our talent globally, which means we have a view into our people that hail from the 22 countries in which we operate, affording us the opportunity to offer experiences that help our people develop to their fullest potential and ensure we have diversity across our leadership. As a result of these practices being integrated into how we work, and the ways in which we select and promote talent, 54 percent of our corporate leaders are from traditionally underrepresented groups today including minorities and women.

## **ASPECT: GLOBAL TALENT MANAGEMENT**

We take a comprehensive approach to attracting, developing and energizing our talent around the world. Our Global Talent Management strategy considers the full life cycle of an AES person, with a framework that enables us to get the right people to the right place in the organization at the right time that will help people reach their potential at AES and help AES meet its commitments.

First, we must select the right candidate for the role and someone that will fit AES' culture. Then we need to on-board the individual and immediately begin leveraging and further assessing his or her skills and competencies. We also have to focus on long-term engagement and ensuring the individual is fairly and competitively rewarded for their performance.

We believe it is important to develop our talent from within the company, to ensure we have the right talent and skills to continue to meet the demands of our business and fulfill our mission. We develop our talent focusing in three key areas that might be adapted to respond to specific business needs: Formal Learning Programs, Assessments and Career Planning, and Experience and Exposure.

AES people receive ongoing training that is essential to the company's business related to areas such as leadership, compliance and safety. Training and development programs are made through online resources, formal classroom training and on-the-job learning opportunities. In 2013, AES had an average of 69 hours of training per person.

We take the time to understand the current state of our talent through reviews, development assessments, measuring performance, and providing coaching and mentoring. Since 2009, AES has adopted a comprehensive global performance management system that includes all middle and top management positions in addition to local systems in each country where we operate. In 2013, 90 percent of AES people participated in a formal performance appraisal process.

An additional assessment tool we use to help leaders grow their capabilities is our 360 survey, also known as the AES Leadership Development Survey. The assessment provides an individual with feedback from their manager, peers and reports that they can use to improve their effectiveness as a leader.

We also make sure our people have diverse opportunities to learn and share best practices from experience. It's a priority for us to give people different experiences in different roles to broaden their views and enhance their capabilities. We also aim to provide people with opportunities to grow through experience in their current roles. One particular example is our companywide Congress on Innovation, Technical Excellence and Sustainable Practices. The biannual congress brings together people from around the world at all levels of our businesses to discuss best practices and ideas that can be replicated to drive business performance.



Figure 13 - Expectations for AES People

## INVESTING IN OUR FUTURE AT AES BRAZIL

AES Brazil has been making an investment in its future leaders since 2009. The company recognized the need to accelerate the development of technical professionals to bring new talent with fresh ideas into the organization and to develop qualified internal candidates for leadership positions. A new trainee program was developed with input and direction from leaders and introduced to minimize the learning curve for high potential people.

The two-year program recruits, screens and accepts recent graduates from competitive universities. Participants work on high impact projects and rotate through different areas of focus every six months. To help people develop the skills to succeed at AES, regular training is offered to build their professional skills such as project management and their industry acumen about the electricity sector. They receive input and guidance through a mentoring program and performance appraisals upon each rotation. Trainees are also exposed to leadership through regularly planned activities such as breakfasts.

Over the last five years, the program has had great success in achieving its objectives. The program graduates 90% of its trainees and has helped to identify new high potential talent. Projects led by trainees have contributed to sustainable improvements in processes, innovative changes to our systems and costs savings. AES Sul in Brazil also was recognized as one of "The Best Places to Start Your Career" in Exame Magazine.

## BUILDING OUR COMPETITIVE ADVANTAGE IN INNOVATION

At AES we have a track record of turning great ideas into real solutions that transform the way we do business, open opportunities for us to grow the company and contribute to our bottom line. In 2013, we held the first companywide AES Congress on Innovation, Technical Excellence and Sustainable Practices.

Since 2006, AES has hosted three regional Congresses. At each Congress, AES people from different countries gathered together to share innovative ideas and experiences that they have developed in their businesses to achieve operational excellence.

The first global Congress took place at our US SBU headquarters in Indianapolis, Indiana. During a two day gathering, more than 150 AES people heard from key note speakers and viewed presentations from fellow AES people across our businesses and countries; all focused on innovative ideas and projects that represent a benefit or improvement for our businesses. Almost 1,000 ideas and projects were presented by our people. A committee from diverse functional areas evaluated the projects based on its creativity, efficiency, efficacy, value creation, implementation and replicability, and recognized the top 12.

### *Strengthening our Culture*

In 2012, we began to focus on making the way we work a competitive advantage for the company by bringing energy to what we do through how we work together and the values we share around the world. We began our efforts by conducting a third-party assessment of the strength of our culture using the Denison Model which links organizational culture and leadership practices to performance metrics.

From what we learned, we took very specific actions to strengthen our AES culture. First, we created and inspired a long-term vision and strategy for the company that was underscored by our mission of improving lives by providing safe, reliable and sustainable energy solutions in every market we serve. We also looked at ways we could be more efficient in the way we work and the ways in which we work together, drove capability development as a source of competitive advantage for the company and further aligned the organization for success by fostering coordination, collaboration and simplified processes.

We've seen the results of our efforts through our second survey conducted in the fall of 2013. The results showed that we are 50% better at working according to our vision, 24% better at raising performance everywhere, 32% better at working together and 40% better at adapting to the markets in which we work. As we look ahead, we plan to continue to take action on the feedback we've received and to measure our progress through a targeted pulse survey and future full re-surveys of the organization.

### *Rewarding our people*

At AES we invest significant time and resources to ensure our compensation programs are competitive and reward the performance of our people. We have in place a performance-oriented total rewards program that allows us to attract, retain and motivate top talent.

AES people, who are not part of a collective bargaining agreement, are eligible for an annual merit-based salary increase. In addition, individuals are eligible for a salary increase if they receive a significant promotion. The following tables include the ratio of compensation for the highest-paid individual in each country to the compensation for all employees, and the increase in compensation for the highest-paid individual to the median increase for all employees

LOCATION	Ratio	Increase	LOCATION	Ratio	Increase
<b>Argentina</b>	15	2.5	Netherlands	10	1.7
<b>Brazil</b>	89	1.1	Nigeria	5	1.0
<b>Bulgaria</b>	24	0.6	Northern Ireland	8	0.5
<b>Chile</b>	35	0.0	Panama	24	0.0
<b>Colombia</b>	20	0.0	Philippines	74	0.0
<b>Corporate Headquarters</b>	46	3.7	Puerto Rico	7	2.2
<b>Dominican Republic</b>	16	0.0	Sri Lanka	5	3.3
<b>El Salvador</b>	28	1.3	USA	15	3.7
<b>Kazakhstan</b>	47	0.0	Vietnam	55	0.3
<b>Mexico</b>	7	2.8			

Figure 14 - Annual Compensation Ratios and Compensation Increases

### *Being recognized as a great place to work*

We are aiming to make AES the best energy company it can be by creating a workplace that enables our people to reach their potential, collaborate with others and contribute to the company's success while living our Values. Our goal is to be recognized as a great place to work in the markets in which we operate. Our businesses participate in questionnaires and assessments that are performed by recognized regional and local institutions that not only consider the companies programs, policies and benefits, but also survey their employees.

In 2013, six of our businesses across four SBUs achieved this level of recognition.

Strategic Business Unit	Country	Business and 2013 Recognition	Institution
<b>Andes</b>	Chile	AES Gener - Great Place to Work	Great Place to Work Institute
<b>Brazil</b>	Brazil	AES Sul - Best Company to Work For	Você SA Magazine
<b>EMEA</b>	Bulgaria	AES Bulgaria - Investors in People	Investors in People
<b>MCAC</b>	Dominican Republic Puerto Rico Mexico	AES Dominicana - Great Place to Work AES Puerto Rico - Great Place to Work AES TEG-TEP - Best Company to Work For	Great Place to Work Institute

### *AES Performance Excellence - APEX*

Our ability to strive for excellence in all that we do depends on sharing ideas, successes and lessons learned across our global organization. The AES Performance Excellence (APEX) is a continuous improvement program and provides common methodologies and tools to solve business challenges. The program was established in 2006 and offers more than tools to solve problems—it provides opportunities for AES people to add more value, satisfy customers, share best practices and grow through learning.

In 2013, more than 450 projects were completed and represented more than US \$200 million in benefits to AES, surpassing the target of US \$120 million in benefits and 400 projects concluded. We continued to develop our skills in performance improvement conducting five training sessions in Lean Six Sigma, exceeding our target of three sessions.

We strive for excellence and recognize success at AES.. Our annual APEX Global Awards recognize teams that make a difference based on the projects they implemented. Our APEX program and associated key projects have also being recognized by a leading third party in process excellence. In 2013, two AES projects and one program from one of our SBUs were named as finalists during the 15th PEX Week in Orlando, FL.

**2013 APEX Awards:***First Place / AES Puerto Rico: Improve Boiler Reliability and Material Impact*

The team used APEX tools and methods to address and eliminate the challenges faced with FBHE terminal tube failures, reducing the plants Equivalent Forced Outage Rate (EFOR), decreasing PPA penalties, reducing maintenance costs, improving overall variable margin and avoiding more than US \$9 million in penalties.

*Second Place / DPL: Secure the Sale*

The team looked at why customers were switching and implemented proactive and reactive retention strategies. The “Secure the Sale” project successfully secured US \$3 million of net benefits per year that was at risk due to customer switching. The programs developed for one territory are now in use across Ohio and have been included in the 2014 budget.

*Third Place / Bulgaria: Heat Rate Optimization*

This project evaluated and found ways to improve the plant’s efficiency and commercial performance. Through the successful implementation of this project, the business saved more than US \$1.6 million in 2013 and developed a process for other EMEA generation businesses to benefit from their solutions.

## ASPECT: OCCUPATIONAL SAFETY

As we put safety first, we are committed to protecting our employees from work-related hazards as well as promoting their health. We aim to provide our people with a safe and healthy working environment.

The formal agreements AES businesses have established with trade unions cover several health and safety issues, including risk premiums, sickness allowances, accident compensation, hospitalization, dental care assistance and life insurance. Additional topics may also be included in order to meet local legislation in the countries where our businesses operate.

In addition, our businesses invest in programs and actions to ensure the individual's health, safety and ergonomics, specific tailored to the realities of each location. AES businesses offer several benefits, services and policies to our people, which are continuously improved by organizational environment and market survey, to guarantee that the company is aligned with the local practices and also in compliance with all legal aspects. Some of these programs include:

- Overall ergonomics in the workplace, including illumination, noise, indoor air quality, temperature and ergonomic furniture assessments.
- Programs against smoking, addressed to employee and family, includes informative and motivational lectures, weekly psychological support groups sessions, in addition to medication, when necessary.
- Nutrition programs that offer educational lectures on the importance of well-balanced nutrition and healthier routine (including personalized professional assistance).
- Programs focused on non-work-related stress management and sedentary lifestyle, including: a and walks for employees and family recreation; welfare advisor that employees can contact directly and confidentially; training activities conducted on topics related to cardio vascular risks and care for physical activities.

- Labor gymnastics, focused on ergonomic risk control and prevention of musculoskeletal disorders caused by fatigue arising from muscle tension at work, non-corrected posture vices, as well as movements or efforts in detriment of joint health.
- Vaccination campaigns: Shots of seasonal flu distributed to employees.

All AES people also can benefit from the services of International SOS to ensure proper care in the event of a work related illness or injury or travel related emergency, either medical or associated to a special situation such as an evacuation due to civil unrest, etc.

**SAFETY MANAGEMENT**

Since electric utility operations can potentially pose risky working environments, we put safety first for our people, our contractors and the communities we serve. Our goal is to create a workplace free of incidents and send every single one of our people and our contractors home to their families at the end of each work day.

AES has established a Safety Management System (SMS), which is built on the OHSAS 18001 Occupational Health and Safety Management System model. The SMS covers 12 functional elements in the areas of Leadership, Structure, and Processes and Actions, and provides a consistent framework to set expectations, measure performance, and drive improvements in our safety and health management.

Incident Management	Observations & Audits	Effective Communications	Training & Development
PROCESSES & ACTIONS			
Line Management Accountability & Responsibility	Safety Personnel	Integrated Organizational Structure	Motivation & Awareness
STRUCTURE			
Management Commitment	Policies & Principles	Goals & Objectives	Procedures & Performance Standards
LEADERSHIP			

Figure 15 - AES Safety Management System Functional Elements

As part of the SMS, each business has to:

- Establish and maintain procedures for the identification and reduction of health and safety risks;
- Establish consistent methods for managing occupational health;
- Implement AES' policy of conducting all business in a responsible manner, free from uncontrollable hazards; to respect the health and safety of all AES people, contractors, customers, suppliers and community neighbors; and to comply with all applicable health and safety laws and regulations of the countries where our businesses operate; and

- Achieve AES' vision of being a recognized global leader for progressive, best-in-class health and safety practices and performance.

At the core of AES' SMS are the four Safety Beliefs and six Safety Principles, which were established to continuously reinforce the importance of safety. In addition, AES' SMS forms the basis on which AES has adopted 31 specific safety standards. These overarching standards are based on global electric utility best practices, and often exceed the safety regulatory requirements of the country where the AES business is located.

1. Safety comes first for our people, our contractors and the individuals in our communities, and all work activities worldwide need to be conducted in a safe manner that promotes personal health, safety and well-being.
2. All occupational incidents can be prevented.
3. Working safely is a condition of employment and each person is responsible for their own safety as well as the safety of their teammates and the people in the communities in which we work.
4. All AES people and contractors have the right and obligation to stop work as soon as they identify a situation they believe to be unsafe.

Figure 16 - AES Safety Beliefs

As AES businesses track actual and near miss safety incidents globally, the more significant ones are routinely communicated to all AES people and contractors using various means including monthly summaries of significant incidents, AES safety alerts/bulletins, and local business safety meetings to convey lessons learned so that the occurrence of similar incidents can be avoided.

*2013 Global Safety Goals*

Our annual safety goals are our commitment to our people, our contractors and the communities in which our businesses operate and set our path to achieve world-class safety performance. The global safety goals established for 2013 were:

TARGET GOAL	ACHIEVEMENT
1) Complete 100% of safety walks based on targets set by every business. At a minimum, each business leader (or equivalent) must carry one safety walk per month and each team leader (or equivalent) two safety walks per month.	<b>133% of safety walk goal completed</b>
The Safety Walks Program is one of the cornerstones of our proactive safety management program. It was established 10 years ago with the main objective of reinforcing AES culture of safety, emphasizing the importance of identifying and addressing workplace hazards and unsafe behaviors and providing effective feedback on our people's behavior and safety practices.	

2) Conduct monthly safety meetings at each location where there is at least 96% annual participation of AES people	98% of participation rate achieved
<p>The monthly safety meetings were established in 2010 as part of the 3-year safety action plan, and continue to take place in every business to this day. The meetings involve all AES people and many times contractors, and are one of the tools to obtain feedback from our people and contractors on any safety concerns, small wins or initiatives. Topics covered during these meetings range anywhere from AES Safety Belief discussions to managing stress at work, and always include a review of a recent incidents.</p>	
3) Complete the DuPont Safety Perception Survey with at least 85% participation of AES people in the survey.	100% of participation rate achieved
<p>The DuPont Safety Perception Survey (SPS) measures progress towards achieving and maintaining a world-class safety culture and performance through evaluation of AES people and contractor perceptions of our safety program, and identification of behaviors, attitudes and other factors that can impact safety culture. We first conducted the SPS in partnership with DuPont in 2009 and in 2013 we conducted a new survey that showed an overall improvement in safety perception of 10.6% across AES compared to the 2009 baseline survey. The 2013 results were used to develop a set of action plans to improve safety perceptions in targeted safety management / culture areas.</p>	

### *Safety Performance Metrics*

AES businesses track and report multiple proactive and reactive safety metrics. Proactive safety metrics include safety walk performance, identification of unsafe behaviors and conditions, near miss incidents, and setting of and tracking the progress of SMS action plans. Reactive safety metrics are those related to actual unsafe events that have occurred, and include first aid cases, OSHA recordable cases, Lost Time Incident (LTI) cases, and occupational fatality incidents. AES reactive safety metrics reporting is substantially based on US OSHA reporting requirements (29 CFR 1904).

### *Reactive Safety Metrics: Occupational Fatalities*

The number of fatalities in 2013 represents a 43% decrease compared to the previous year, nevertheless the target of zero employee or contractor occupational fatalities was not achieved. The following table summarizes AES businesses' occupational fatality cases during the years 2010 – 2013 for AES people and contractor personnel.

**Table 14 - AES Occupational Fatality Cases, 2010 - 2013**

Occupational Fatalities	2010	2011	2012	2013
AES People	2	3	1	1
Contractors	5	3	6	3

The fatality case trend for the past four years for AES people has been decreasing, while for contractors the trend has been variable. We believe that the reason for these performance

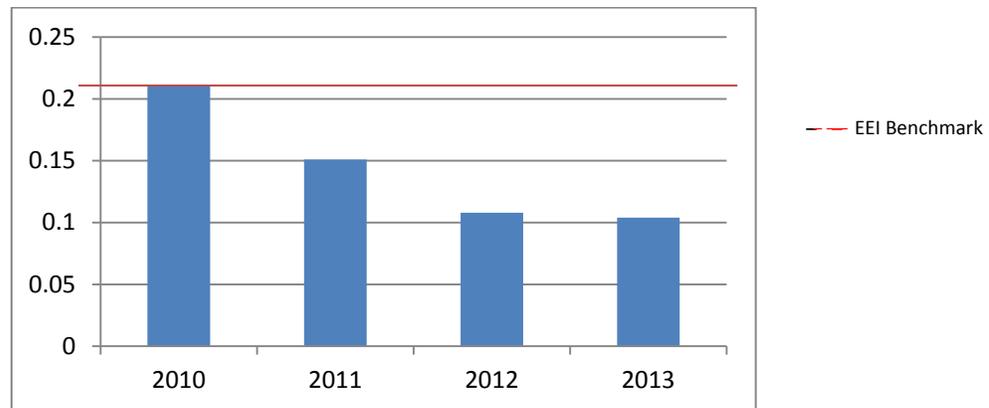
trends is that our OHS programs and efforts have a more direct influence on AES people than contractors.

We took a hard look at the circumstances that led to each of those fatalities, and turned them into learning opportunities. By taking corrective actions, improving our processes, and sharing our experience, we will be able to avoid similar incidents from occurring in the future. We continue to execute our program focused on safety management system excellence and proactive safety to strive to reach a zero incident workplace.

#### *Reactive Safety Metrics: Lost Time Incident Rates (LTIR)*

AES has been able to significantly reduce the number of lost time occupational safety incidents impacting AES people and contractors by rigorous implementation of our OHS programs across the globe during the last four years, including executing a proactive 3-year safety action plan during the 2010 to 2012 period that emphasized safety management system excellence and behavior based safety practices.

The standard basis for determining LTI case rates is based on 200,000 labor hours, which equates to 100 workers who work 40 hours per week and 50 weeks per year. Our target for LTI rate was set to be below the Edison Electric Institute (EEI) top 25% benchmark LTI rate. Our businesses have been below this benchmark for the last several years. During 2013, AES' businesses achieved their lowest Lost Time Incident Rates for AES people, operational contractors and construction contractors – our businesses' aggregate LTIR went down 3% for AES people, 34% for operational contractors and 70% for construction contractors compared to 2012.



**Figure 17 - Lost Time Incident Rates – AES People, 2010 - 2013**



Figure 18 - Lost Time Incident Rates - Operational & Construction Contractors, 2010-2013

In 2013, our businesses experienced a total of 51 Lost Time Incidents across our workforce with the following breakdowns: 24 LTIs for AES people, 23 LTIs for operational contractors, and 4 LTIs for construction contractors. The majority of incidents resulted from injuries from: falling/flying or moving objects (19.6%); slips, trips and falls from the same elevation (17.6%); lifting, hoisting and rigging activities (15.7%). Other types of incidents included a combination of less frequent injuries from exposure to or contact with rotating equipment, exposure to or contact with hazardous material, exposure to fire/explosion, as well as mobile plant equipment incidents.

Safety and health performance has been improving during the last 4 years as a result of our proactive approach to safety. We believe that the 32.5% reduction in LTIR for AES people and the 53.4% reduction in LTIR for contractors achieved in 2013 compared to the average LTIR achieved during the 2010–2012 period is attributable to our safety culture and steady focus. However, to avoid complacency, we have initiatives in place to continue driving safety performance improvement and consistency throughout the company.

2013 LTIR for AES people and contractors has been verified by Lloyd’s Register Quality Assurance Inc. (LRQA), who conducted a limited assurance of our LTIR data and results.

#### *Proactive Safety Metrics: Near Misses and Safety Walks*

AES believes that all occupational incidents are preventable, which is why we have instituted several programs targeted on proactive safety practices.

The difference between a near miss incident (where an injury could have happened, but did not actually occur) and a serious injury or fatality is often just a matter of a few inches in position or a few seconds in time. We can prevent injuries and save lives by reporting, collecting, sharing and analyzing near miss experiences and workplace hazards that if not addressed may lead to a more serious injury.

Safety walks are usually conducted by AES leaders, and involve work activity observations and interaction with work team members in the field.

Our proactive safety walk and near miss efforts completed during the 2010 to 2013 period are illustrated in the following table. We consider both of these to be proactive safety metrics because a high level of leadership-work team engagement via safety walks identifies potential safety risks and improves safety culture and the reporting and correction of near miss incidents allows us to learn lessons from non-injury events so as to avoid future more serious incidents involving actual injuries.

**Table 15 - Proactive Safety Metrics, 2010-2013**

Proactive Safety Indicator	2010	2011	2012	2013
Safety Walks	127,295	99,307	114,613	115,890
Near Misses	2,032	1,089	575	724

Our annual numbers of safety walks has remained consistently high indicating that our leaders and work teams are frequently interacting on safety. The number of near miss incidents reported has been falling and this is to be expected because the number of our injury-related incidents has also been falling as our safety culture improves. However, we did see a small increase in the number of near miss incidents reported over the last two years due to our efforts to encourage some AES businesses that may had been underreporting such events in the past to focus on better identifying them because of the benefits their identification and correction provides.

#### *Internal Safety Recognition*

Recognition for positive efforts and results is an essential element of a world-class safety culture. AES' Safety Milestone Program grants recognition to operational businesses and construction projects that achieve significant milestones based on the number of hours or years without an LTI.

The businesses that achieved one or more safety "no LTI" milestones in 2013 were:

AES Business	Country	Period without an LTI	Date Achieved
<b>ANDES SBU</b>			
Quebrada de Ullum	Argentina	15 years	April 2013
Gener – Norgener	Chile	10 years	May 2013
Gener Costa - Laguna Verde	Chile	5 years	November 2013
Gener Termo Andes	Chile	5 years	December 2013

<b>ASIA SBU</b>			
Masinloc	Philippines	5 years	December 2013
Mong Duong (EPC Construction Project)	Vietnam	1 million hours	January and August 2013
Mong Duong (EPC Construction Project)	Vietnam	2 million hours	March and September 2013
Mong Duong (EPC Construction Project)	Vietnam	4 million hours	April and October 2013
Mong Duong (EPC Construction Project)	Vietnam	6 million hours	November 2013
Mong Duong (EPC Construction Project)	Vietnam	8 million hours	December 2013
<b>BRAZIL SBU</b>			
Eletropaulo	Brazil	1 million hours	April and December 2013
Eletropaulo	Brazil	2 million hours	May and August 2013
Eletropaulo	Brazil	4 million hours	October 2013
Sul	Brazil	2 million hours	November 2013
<b>EMEA SBU<sup>7</sup></b>			
Kieoblenergo	Ukraine	4 million hours	March 2013
Sonel Lagdo Hydro Dam	Cameroon	10 years	July 2013
Elsta	Netherlands	10 years	October 2013
Ebute	Nigeria	10 years	October 2013
Ust-Kamenogorsk CHP	Kazakhstan	1 million hours	November 2013
Amman East IPP4 (EPC Construction Project)	Jordan	1 million hours	November 2013
<b>MCAC SBU</b>			
Itabo	Dominican Republic	1 million hours	July 13
Andres/Los Mina	Dominican Republic	5 years	August 13
<b>US SBU</b>			
Eagle Valley	United States	10 years	May 13
Storm Lake	United States	10 years	May 13
Palm Springs	United States	5 years	August 13

Figure 19 - Internal safety milestones 2013

Another internal AES recognition program is the Golden Hard Hat Award. Created in 2009, the Golden Hard Hat Award honors each year an AES business that makes significant improvements in comparison to prior safety performance, that develops and rolls out new safety techniques or

<sup>7</sup> Note: Kievoblenergo, Storm Lake and AES-SONEL were sold during 2013 and early 2014.

practices, that can apply to and benefit other AES businesses, or that implements systematic proactive practices. This highest safety recognition was granted to Mong Duong II (Mong Duong) construction project in Vietnam.

In addition to global recognition programs, each business is encouraged to establish local recognition programs for individual employees.

#### GOLDEN HARD HAT

In 2013, AES' highest safety recognition was granted to Mong Duong II, in Vietnam, a construction project which is part of the Asia SBU.

At Mong Duong II, leadership and people overseeing the project adapted and responded to the unique challenges that this project presented, and succeeded in creating a strong safety culture at the site. At any given time, thousands of contractors are working on this project from more than 20 subcontractors with high personnel turnover. The team has been successful in engaging its contractors and building a qualified and experienced EHS team. To build such a strong safety culture, they've incorporated a number of elements into their safety program. Their efforts include 14 different safety proactive initiatives to address safety challenges such as The Hall of Fame/Walk of Shame and Jobsite "Home Made" Tools Collection Box.

Mong Duong II created a safety culture that was non-existent in similar construction

projects in Vietnam. Contractors are well engaged to the AES safety programs and beliefs at Mong Duong II.



#### External Safety Recognition

Our businesses have also received numerous external safety awards as a recognition of our strong safety culture and performance. The following list identifies awards received during 2013.

AES Business	Country	Recognition	Granted by
<b>Andes SBU</b>			
Campiche	Chile	6 million hours without an LTI	Consejo Nacional de Seguridad (National Safety Council)
Ventanas	Chile	2 million hours without an LTI	Consejo Nacional de Seguridad (National Safety Council)
AES Gener	Chile	"Rosalino Fuentes" Award	Consejo Nacional de Seguridad (National Safety Council)
AES Gener	Chile	Gran Premio IST (Grand Prize IST)	Instituto de Seguridad del Trabajador (Worker Safety Institute)
Norgener	Chile	10 years without an LTI	Mutual de Seguridad (Safety Insurance)
Chivor	Colombia	ARL SURA Excellence Award. World Class Company category	ARL Sura ARL (Labor Risk Administrator SURA )
Chivor	Colombia	The Emerald Cross Medal of Merit. Excellence Category.	The Colombian Safety Council

<b>Asia SBU</b>			
Masinloc	Philippines	ISO 14001:2004 Certification	Bureau Veritas
Masinloc	Philippines	OHSAS 18001:2007 Certification	Bureau Veritas
Kelanitissa	Sri Lanka	International Safety Award-Merit	British Safety Council
Mong Duong	Vietnam	Silver Achievement Award – Occupational Safety and Health	Royal Society for the prevention of accidents (ROSPA), UK
<b>Brazil SBU</b>			
Tietê	Brazil	Eloy Chaves award - Safety	ABCE - Eloy Chaves award
Tietê	Brazil	ABS - Health and Safety Management System Excellence	ABS - Agencia Brasil de Segurança
<b>EMEA SBU</b>			
Maritza	Bulgaria	British Safety Council Safety Award Merit	British Safety Council
Amman East	Jordan	British Safety Council Safety Award Merit	British Safety Council
Amman East	Jordan	RoSPA Gold Award	Royal Society for the Prevention of Accidents (ROSPA), UK
Sogrinsk CHP	Kazakhstan	Recognition letter	Republic of Kazakhstan Department of Labor
Sogrinsk CHP	Kazakhstan	British Safety Council Safety Award Merit Pass	British Safety Council
Ust-Kamenogorsk CHP	Kazakhstan	Recognition letter	Republic of Kazakhstan Department of Labor
Elsta	Netherlands	RoSPA Gold Award	Royal Society for the Prevention of Accidents (ROSPA), UK
Elsta	Netherlands	British Safety Council Safety Award Merit Distinction	British Safety Council
Kilroot	United Kingdom	RoSPA Gold Award	Royal Society for the Prevention of Accidents (ROSPA), UK
<b>MCAC SBU</b>			
Merida III	Mexico	OHSAS 18001:2007	Orion Registrar, INC.
AES Panama	Panama	OHSAS 18001:2007	SGS
<b>US SBU</b>			
Shady Point	USA	Four million hours without an LTI	Oklahoma Secretary of Labor

Figure 20 - External Safety recognitions – 2013

#### Four AES Businesses recognized for putting safety first by RoSPA

Four of our businesses in the EMEA and Asia SBUs, Ballylumford, Kilroot, Jordan and Mong Duong, were recognized for their excellence in their workplace health and safety by RoSPA, the British Royal Society for the Prevention of Accidents.

RoSPA has recognized select public and private companies annually since 1956 for excellence in work-related health and safety performance. The AES businesses were selected for this recognition based on the level of development and performance of their occupational health and safety management system, and also reportable accident rate and enforcement experience.

Ballylumford and Kilroot received a Gold Award, and Jordan and Mong Duong – a Silver Award in 2013.

### *Health and Safety Committees*

Under the AES Safety Management System (SMS) framework, all AES people and contractors must undergo training to prevent work-related risks and occupational health hazards. Although this type of training is occasionally coordinated at the global and strategic business unit level, it is principally managed locally by business leadership and safety professionals.

The extent and type of training that AES people and contractors undergo is dictated by the safety and health risk exposure each individual has - the most highly exposed individuals will be required to attend a substantial number of hours of training annually, while AES people and contractors with a lower level of exposure (e.g. administrative workers) participate in at least monthly local safety meetings where safety and health performance updates and awareness are conveyed - the attendance level of AES people at these monthly safety meetings during 2013 was at 98%.

Specific emergency training, provision of personal protective equipment, setting of education/training targets and tracking of hours spent on training is all done at the local level. All these areas are reviewed periodically using the AES external and internal EHS audit process. AES external EHS audits are performed by an AES audit team of EHS professionals coming from outside the business being audited typically every 3 years for operating locations and annually for major construction sites - these audits focus on EHS management systems and culture, including the quality of overall EHS training at the business.

### **SAFETY AWARDS**

- 1) AES Shulbinsk HPP and AES Ust-Kamenogorsk HPP hydroelectric power plants in Kazakhstan received 2013 International Safety Awards with Merit from the British Safety Council for having demonstrated a “commitment to the health, safety and well-being” of their people.
- 2) Seven AES businesses in EMEA won an International Safety Award in 2013 from the British Safety Council in recognition of their proven commitment to workplace health and safety:
  - a) AES 3C Maritza East 1 Ltd (Bulgaria)
  - b) AES Elsta BV (Netherlands)
  - c) AES Jordan PSC (Jordan)
  - d) AES Maritza East 1 Waste Disposal Facility (Bulgaria)
  - e) AES Rivneoblenergo (Ukraine)
  - f) AES Shulbinsk Hydropower Plant (Kazakhstan)
  - g) Ust-Kamenogorsk Hydropower Plant LLP (Kazakhstan)
- 3) AES Mong Duong was awarded the Royal Society for the Prevention of Accidents 2013 Silver Award.
- 4) AES Sul received certification of its Integrated Management System (IMS) that covers ISO 14001:2004 (environmental management system) and OHSAS 18001:2007 (work health and safety management system).
- 5) AES Eletropaulo received ISO 14001 and OHSAS 18001 certifications (ISO 14001 is an international standard that certifies excellence in environmental management, by identifying and controlling the issues and impacts of their activities in the environment. OHSAS 18001 is focused on occupational health and safety management.)
- 6) AES Galabovo in Bulgaria won a best practice award from the regional Health & Safety at Work organization which is part of Bulgaria’s National Center for Health & Safety.