

2020



# Performance indicators

Accelerating the future of energy, **together**

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# 2020 Sustainability highlights



AES is leading the **responsible transition** to a **net-zero future**, and we do this in measurable ways.



- Ran dozens of social impact programs that directly impacted over two million people
- Executed more than 140 community-focused initiatives around the world, with investment totaling ~\$2.6M, in response to the COVID-19 pandemic
- Achieved the signifier of Great Place to Work™ across 9 of our markets, recognizing our longstanding commitment to a diverse, inclusive and positive workplace that fosters personal and professional growth for all our people



- Signed contracts for over 3,000 MW of new renewable PPAs
- Announced the sale or retirement of 1.2 GW of coal generation
- Reduced coal-fired generation to under 25% of our total generation on a proforma basis<sup>3</sup>
- Set ambitious emissions reduction targets:
  - Accelerate the reduction of our proforma coal-fired generation to less than 10% by 2025<sup>4</sup>
  - Reduce the carbon intensity of our generation portfolio in line with a well below 2°C scenario by 2030<sup>5</sup>
  - Achieve net zero carbon emissions from electricity sales by 2040<sup>6</sup>, one of the most ambitious announcements to date by any major company in our industry
  - Achieve net zero carbon emissions for all business scopes by 2050
- Increased our target to sign 3,000-4,000 MW of new renewables contracts per year through 2025

<sup>3</sup> Based on the portfolio as of year-end, adjusted for any announced asset sales and retirements at that time

<sup>4</sup> Based on annual generation in MWh from the portfolio as of, or expected by, the relevant date, adjusted for: (i) (+) generation from new assets added to the portfolio; and (ii) (-) actual generation from announced asset sales or retirements

<sup>5</sup> Based on renewables growth and the feasibility of multiple possible asset scenarios

<sup>6</sup> Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1 and 2 emissions.

# Decarbonization Targets

At the core of our strategy is a focus on transitioning our portfolio to low-carbon and carbon-free sources of energy. AES supports the objectives of the Paris Agreement to limit the average rise in global temperatures to well below 2°C above preindustrial levels and to pursue efforts to limit it to 1.5°C, and we are taking decisive action to have net zero emissions from electricity by 2040.

As the world confronts the reality of climate change, we are taking decisive, measurable actions to both transform our own portfolio and create innovative solutions that enable others to rapidly decarbonize as well. We believe in the power of defined, measurable goals in both the near term and long-term, and we have set a wide range of environmental goals covering various aspects of our portfolio and operations.

We have set the following targets to achieve our decarbonization goals and we will achieve these targets by both reducing our coal generation while increasing the share of renewables in our portfolio:



**Net zero** – We have a target to achieve net zero carbon emissions from electricity sales by 2040<sup>11</sup>, one of the most ambitious announcements to date by any major company in our industry that owns a significant portion of thermal generation today. We also have a broader target to achieve net zero carbon emissions for all business scopes by 2050.

**Renewable growth** – In 2020 we set a target to sign 2,000 to 3,000 MW of new wind, solar and energy storage contracts, which we exceeded by signing 3,017 MW of Power Purchase Agreements (PPA), more than ever before in our history. As of the end of 2020 our 6,909 MW backlog of projects (defined as projects under construction or with signed contracts) was entirely renewables. Going forward, we have increased our target to sign 3,000-4,000 MW of new renewables contracts per year through 2025. AES supports the objectives of the Paris Agreement to limit the average rise in global temperatures to well below 2°C above preindustrial levels and to pursue efforts to limit it to 1.5°C, and sees the growth in renewable energy as key to meeting those objectives.

2025

Less than 10% of megawatt hours generated expected to come from coal-fired power plants<sup>8,9</sup>

2030

Generation portfolio carbon intensity in-line with a well below 2°C scenario<sup>10</sup>

2040

Net zero carbon emissions from electricity sales<sup>11</sup>

2050

Net zero carbon emissions for entire business portfolio<sup>12</sup>

<sup>8,9</sup>Based on annual generation in MWh from the portfolio as of, or expected by, the relevant date, adjusted for: (i) (+) generation from new assets added to the portfolio; and (ii) (-) actual generation from announced asset sales or retirements. Based on the portfolio as of, or expected by, the relevant date, including asset sales and retirements that are announced, but not yet closed.

<sup>10</sup>Based on renewables growth and the feasibility of multiple possible asset scenarios. Sectoral Decarbonization Approach target for power generation of 0.16 tCO<sub>2</sub>e/MWh based on 2016 baseline and modeled 2030 portfolios.

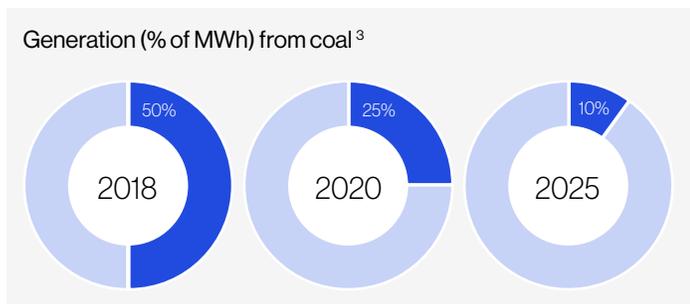
<sup>11</sup>Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1 and 2 emissions.

<sup>12</sup>Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1, 2 and 3 emissions.

# Decarbonization Targets

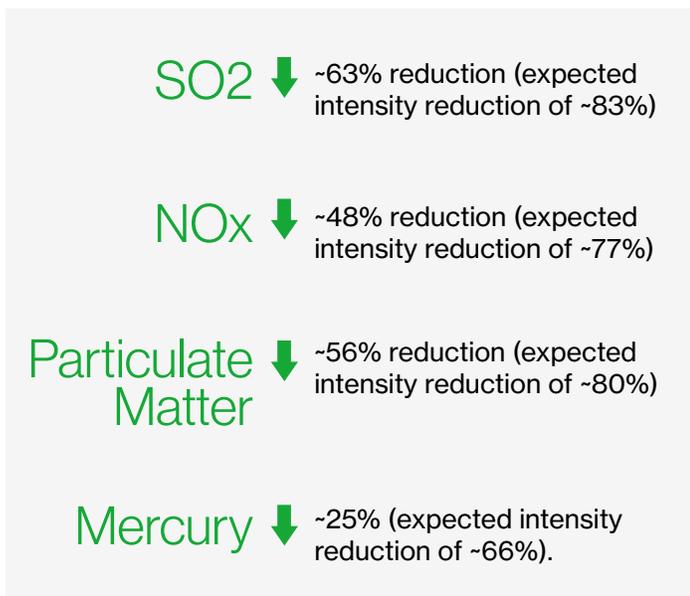


**Coal generation** – In 2020, we set – and achieved – a goal to reduce our generation from coal to under 25% of our total portfolio on a proforma basis<sup>13</sup>, down from 50% of generation in 2018. We are now focused on further reducing our proforma coal-fired generation to less than 10% by 2025. Since 2017 we have announced the sale or retirement of more than 10 GW of coal generation.



**Carbon intensity** – We have updated our target to reduce the carbon intensity of our portfolio set in 2018 to align with a well below 2°C scenario by 2030<sup>14</sup> based on the Sectoral Decarbonization Approach for power generation. This approach sets an intensity target for power generation of 0.16 t CO<sub>2</sub>e/MWh based on 2016 baseline and modeled 2030 portfolios that includes renewables growth and the feasibility of multiple possible asset scenarios.

**Other air emissions** – In line with our portfolio changes, we also have 2030 targets to reduce the following sources of air emissions (versus a 2016 baseline)<sup>14</sup>:



**Non-hazardous waste** – The largest component of our non-hazardous waste is coal combustion residuals (CCRs). As we continue to transform our portfolio to more renewable sources, we expect to reduce our CCRs by ~48% by 2030, versus a 2016 baseline, which represents an expected intensity reduction of ~77%)<sup>14</sup>.



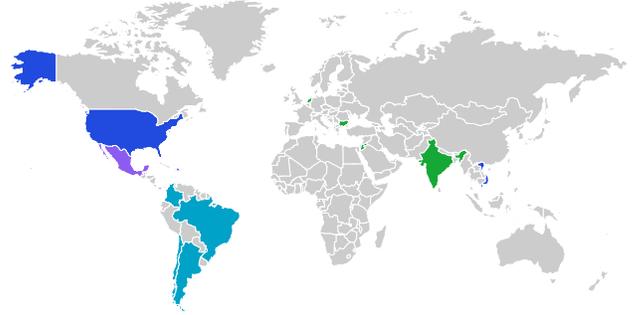
<sup>13</sup>Based on annual generation in MWh from the portfolio as of, or expected by, the relevant date, adjusted for: (i) (+) generation from new assets added to the portfolio; and (ii) (-) actual generation from announced asset sales or retirements. Based on the portfolio as of, or expected by, the relevant date, including asset sales and retirements that are announced, but not yet closed.

<sup>14</sup>Based on renewables growth and the feasibility of multiple possible asset scenarios.

# Company Overall information

A history of accelerating the future of energy, **together**.

Founded in 1981, AES is a global Fortune 500 energy company accelerating the future of energy in every market that we serve. We are improving lives by delivering the greener, smarter energy solutions the world needs. Our diverse workforce is committed to continuous innovation and operational excellence, and we partner with our customers to accelerate their strategic energy transitions while continuing to meet their energy needs today.



4 Continents

14 Countries

4 Market-oriented strategic business units

6 Utility companies

30,308

Gross MW in operation\*

\* 20,397 proportional MW (gross MW multiplied by AES' equity ownership percentage).

\$9.78 billion

Total 2020 revenues

2.5 million

Customers served

8,200 people

Our global workforce

6,909 MW

Renewable generation under construction or with signed PPAs

\$34.6 billion

Total assets owned & managed

# Company Overall information



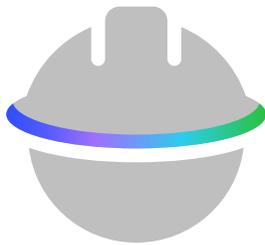
## Our purpose

Accelerating the future of energy, together.

Working with you, we're improving lives by delivering **greener, smarter energy solutions** the world needs.



## Our values



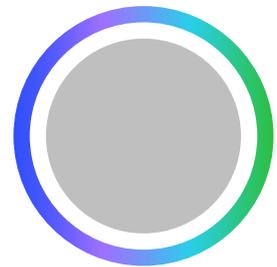
### Safety first

**Safety** is at the core of everything we do. We always identify potential risks to our people, contractors, customers, partners and communities, and measure success by how safely we conduct our work together while contributing to a greener energy future.



### Highest standards

We act with utmost **integrity** towards our people, contractors, customers, partners and communities, and hold the solutions we deliver together to global standards of **excellence**.



### All together

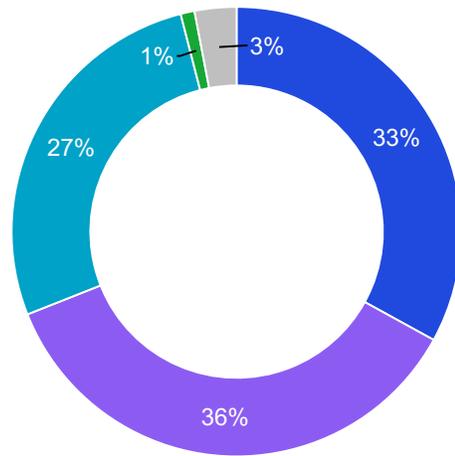
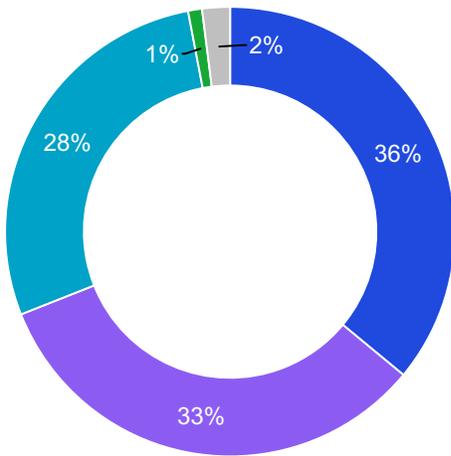
We work as one team across our business and with our people, contractors, customers, partners and communities. We meet changing customer needs with **agility** and have **fun** solving meaningful challenges as a team.

# Company Overall information

Figure 1- (EU1) / Megawatts (MW) in operation by fuel type (includes Energy Storage)

Gross installed capacity –  
30,308 MW

Proportional installed capacity –  
20,397 MW



■ Renewables ■ Natural Gas ■ Coal ■ Oil Diesel ■ Petcoke

■ Renewables ■ Natural Gas ■ Coal ■ Oil Diesel ■ Petcoke

Table 1- (GRI 102-7)- Beneficial ownership

The Vanguard Group, Inc. – 12.45%	Capital International Investors – 5.68%
Capital Group – 12.03%	State Street Global Advisors – 5.10%
FMR, LLC – 6.69%	No family or government owns more than 5% of shares
BlackRock – 6.44%	

# Company Overall information



Table 2- (EU1) / Proportional Megawatts (MW) in operation by fuel type

Technology	As of end of 2020	Technology	As of end of 2020
Coal (includes Anthracite & Lignite)	5,600	Wind	1,727
Pet Coke	544	Solar	1,098
Gas	7,368	Biomass	9
Oil (Diesel & Residual)	102	Energy storage	266
Hydro	3,677	Landfill	6



# Operational

Table 3 - (EU2) / Gross Energy Generated (MWH) (includes steam)

Energy Generated (MWH)	2018 Gross Energy		2019 Gross Energy		2020 Gross Energy	
	Full Basis	Equity Basis	Full Basis	Equity Basis	Full Basis	Equity Basis
<b>Total</b>	<b>130,781,590</b>	<b>83,985,940</b>	<b>120,964,446</b>	<b>75,043,540</b>	<b>115,564,879</b>	<b>75,271,522</b>
Coal (includes Anthracite & Lignite)	68,333,126	44,174,575	58,327,408	36,460,621	52,835,240	32,927,070
Pet Coke	4,087,848	4,046,969	4,300,173	4,257,171	3,962,914	3,923,285
Gas	28,005,395	19,633,751	28,979,290	19,551,335	28,717,579	21,053,934
Oil (Diesel & Residual)	321,809	157,909	216,247	105,961	24,638	12,072
Hydro	21,516,470	10,941,662	20,729,509	9,525,720	18,937,819	11,271,943
Wind	5,306,740	3,307,230	4,245,249	2,992,406	5,529,322	4,017,088
Solar	3,109,113	1,647,125	4,083,577	2,084,429	5,485,303	2,008,299
Biomass	73,850	49,480	51,705	34,642	43,126	28,895
Landfill	27,238	27,238	31,287	31,287	28,937	28,937

Table 4 - (EU11) / Generation Efficiency of Thermal Plants

Efficiency BTU/kWh)	2017	2018	2019	2020
Coal	10261	10310	10186	10499
Gas	8555	8406	8750	8660

Table 5- (EU30) / Average Plant Availability Factor

Average Availability Factor (%)	2018	2019	2020
Coal	91	90	95
Gas	94	89	91



Table 6 - (EU30) / Commercial Availability by Energy Source

Commercial Availability (%)	2017	2018	2019	2020
<b>AES Total</b>	<b>94.66</b>	<b>93.62</b>	<b>94.53</b>	<b>95.24</b>
Coal	92.74	92.33	93.66	95.05
Gas	95.47	92.41	94.24	91.37
Hydro	98.13	99.93	92.88	99.16
Wind <sup>15</sup>	90.19	92.32	92.93	93.66

Table 7 - (EU10) / Gross MW Under Construction at the End of 2020

Business/Project	Location	Fuel	Gross MW
Various in US	US - Various	Solar	77
		Energy Storage	42
Cuscatlan Solar	El Salvador	Solar	10
Central Line	US - AZ	Solar	100
Clover Creek	US - UT	Solar	80
McDonalds	Brasil	Solar	5
Farmácias São João		Solar	3
Tucano Phase 1		Wind	155
Tucano Phase 2		Wind	167
Campo Lindo	Chile	Wind	73
Los Olmos		Wind	110
Alto Maipo		Hydro	531
Mesamávida		Wind	68
Andes 2b		Solar	180
		Energy Storage	112
San Fernando	Colombia	Solar	59
Bayasol	Dominican Republic	Solar	50
Pesé Solar	Panama	Solar	10
Mayorca Solar		Solar	10
5B Costa Norte		Solar	1
Itabo Energy Storage	Dominican Republic	Energy Storage	7
<b>Generation Under Construction Total</b>			<b>1,850</b>

<sup>15</sup>Commercial Availability of a wind farm is determined using a different methodology, that is why it is not included in the AES total.

# Operational

Table 8 - (GRI 302-1) Energy consumption (MWh) by SBU

SBU	Consumption of fuels (MWh)					Energy Consumption from the grid	Energy sold	Total Energy Consumption
	Renewable (Biomass & Landfill Gas)	Non-Renewable (Fossil)						
		Coal	Petcoke	Gas	Oil			
US & Utilities		25,686,718		23,351,324	62,258	70,487	21,713,144	27,457,644
MCAC	120,683	11,572,601	17,087,663	10,170,125	267,223	17,240	9,721,934	29,153,600
Eurasia		28,992,864		2,584,067	173,359	29,955	10,806,742	20,973,503
South America	99,547	27,537,406		14,313,495	677,974	4,851	28,285,159	14,348,113
<b>Total</b>	<b>220,230</b>	<b>93,789,589</b>	<b>17,087,663</b>	<b>50,419,010</b>	<b>1,180,814</b>	<b>122,533</b>	<b>70,526,978</b>	<b>92,292,861</b>
Intensity / MWhh								1.23

Table 9 – (EU3) Number of distribution customer served

Business	Customers	GWH sold
<b>Total AES</b>	<b>2,513,296</b>	<b>31,667</b>
AES Indiana	513,800	14,559
AES Ohio	527,000	13,468
AES El Salvador	1,472,496	3,640





During 2020, there were no significant or material gas leakages at our facilities in the Dominican Republic or Panama.

Table 10 - (EU4) / Length of Distribution and Transmission Lines (by SBU and Country)

Profile by SBU	Business Country	Transmission Lines (Km) (High Voltage)		Distribution Lines (Km) (Low Voltage)	
		Overhead	Underground	Overhead	Underground
United States and Utilities	AES Indiana	1,805	12.55	5,930	6,720
	AES Ohio	2,762	13.34	16,778	6,123
	<b>Total US</b>	<b>4,567</b>	<b>26</b>	<b>22,078</b>	<b>12,843</b>
	El Salvador	0	0	39,420	116
South America	Chile	1,125	0	0	0
<b>Total AES</b>		<b>5,692</b>	<b>26</b>	<b>62,128</b>	<b>12,959</b>

Table 11 - (EU12) / Transmission and Distribution Technical Losses (%)

Technical losses	2017	2018	2019	2020
Transmission	2.29	2.09	1.90	1.87
Distribution	3.65	3.41	3.21	3.24

Table 12 - (EU28) / System Average Interruption Frequency Index (SAIFI)

Business	2017	2018	2019	2020
<b>Actual AES</b>	<b>1.64</b>	<b>1.29</b>	<b>1.11</b>	<b>1.18</b>
AES El Salvador	5.51	4.98	4.59	3.82
AES Ohio	0.82	0.92	0.98	0.95
AES Indiana	0.86	0.95	0.82	0.93

# Operational

Table 13 - (EU29) / Distribution System Average Interruption Duration Index (SAIDI)

Business	2017	2018	2019	2020
<b>Actual AES</b>	<b>2.74</b>	<b>1.84</b>	<b>1.69</b>	<b>2</b>
AES El Salvador	15.47	13.75	13.13	13.74
AES Ohio	1.69	1.79	2.13	1.94
AES Indiana	0.99	1.12	1.24	1.22

Table 14 - (EU29) / Transmission System Average Interruption Duration Index (SAIDI)

Business	2018	2019	2020
<b>Actual AES</b>	<b>0.12</b>	<b>0.18</b>	<b>0.08</b>

Table 15 - AES Consolidated Customer Satisfaction for Distribution Businesses

	2017	2018	2019	2020	2020 Target
% of Customer Satisfaction	86.3	87.5	86.4	88.4	87.2



# Environmental



Our strategy to meet our emission’s intensity reduction targets have been at the heart of our multi-year portfolio transformation, which includes the retirement or sale of over 10 GW<sup>16</sup> of coal plants through 2020, more than almost anyone else in our sector. We have also set ambitious goals to grow our renewables business, including plans to sign 3-4 GW of new contracts per year of wind, solar, and energy storage. By 2025, we expect 55%-60% of our earnings to come from renewable projects.

As of December 2020, approximately 44% of AES people work at locations that have voluntarily certified their EMS to the ISO 14001 international standard (50% of AES locations and 48% of power generation sites). These businesses require annual follow up audits to be conducted by international Certification Agencies, such as Bureau Veritas, Aenor or SGS, among others.

During 2020 none of the businesses we operate paid significant fines or penalties related to 2020 environmental or ecological issues<sup>17</sup>. However, certain matters are under investigation that could result in future penalties. Our Southland facilities, in California, and AES Indiana’s Petersburg facility paid fines in 2020 for 2019 incidents.



## Air Emissions

Our businesses manage air emissions using a combination of power generation plant combustion unit and air control equipment design, and proper operation of these two systems. The installation of air control systems is primarily dictated by locally applicable environmental laws and regulations. For example, our power plants can have pulse air fabric filter systems, electrostatic precipitators, flue gas desulfurization systems, selective catalytic and non-catalytic reduction systems, SO<sub>2</sub> scrubbers, and low NO<sub>x</sub> burners.



## Direct Greenhouse Gas Emissions

Table 16 - (GRI 305-1 / 305-4) Direct GHG Emissions (Scope 1) - Equity adjusted

Direct GHG Emissions	2017	2018	2019	2020 <sup>18</sup>
<b>Total Scope 1 (Thousand MT)</b>	<b>59,804</b>	<b>50,291</b>	<b>45,611</b>	<b>42,961</b>
Power Generation				
CO <sub>2</sub>	59,306	49,821	45,218	42,597
CH <sub>4</sub>	189	158	145	133
N <sub>2</sub> O	254	212	195	178
Other Sources				
CO <sub>2</sub>	36	64	45	47
SF <sub>6</sub> , HFCs and CH <sub>4</sub>	19	36	8	6
<b>Emissions Intensity (MT / MWh)</b>	<b>0.66</b>	<b>0.60</b>	<b>0.61</b>	<b>0.57</b>

<sup>16</sup>Includes announced sales or retirements

<sup>17</sup>Significance is determined by a threshold and this only refers to fines that were equal to or less than US\$10,000 USD.

<sup>18</sup>For 2020 the goal was 44,636. Goals account for any operational variations by factoring in portfolio changes (divestitures, shutdowns, acquisitions, growth, etc.) and are calculated by subtracting excluded sites from the highest target of the past three years

# Environmental

During 2020, 17% of our Scope 1 (CO<sub>2</sub>) emissions (equity adjusted) were under emission limiting regulation (California Greenhouse Gas Cap and Trade Program, State of Hawaii Act 234 relating to Green House Gas Emissions and Warrior Run the Regional Greenhouse Gas Initiative). While 32% of our Scope 1 (CO<sub>2</sub>) emissions were under both emissions reporting regulations and a regulatory program (US businesses).

AES' 2020 CO<sub>2</sub> emissions from biologically sequestered carbon include emissions from our landfill gas (Nejapa in El Salvador) and biomass (Laja in Chile) power plants.

During 2020, AES operating businesses implemented diverse emission reduction projects through, energy efficiency programs, and equipment replacements or low carbon energy installation, representing over 78 thousand metric tonnes of estimated annual CO<sub>2</sub> reductions. We also announced the retirement of two generation units, which will represent an estimated reduction of over 1 million metric tonnes of CO<sub>2</sub>, and over 1,700 metric tonnes of NO<sub>x</sub> and, 1,100 of SO<sub>2</sub>. This is in addition to the already announced retirements, in 2019, of two other units that will represent an approximate estimated reduction of 1,2 million metric tonnes of CO<sub>2</sub> and over 2,700 metric tonnes of NO<sub>x</sub> and 1,500 of SO<sub>2</sub>.

Table 17 – (GRI 305-1) CO<sub>2</sub> Emissions from Biologically Sequestered Carbon - Equity adjusted

Biogenic CO <sub>2</sub> Emissions Thousand metric tonnes	2017	2018	2019	2020
Biomass	56	69	59	32
Landfill Gas	24	19	24	21
TOTAL	80	89	83	53

## Direct SO<sub>2</sub>, NO<sub>x</sub>, and other air emissions

Table 18 - (GRI 305-7) Metric Tonnes of SO<sub>2</sub>, NO<sub>x</sub>, PM and Mercury Emissions - Equity adjusted

Emission	2017	2018	2019	2020 <sup>20</sup>
NO <sub>x</sub>	58,045	48,233	47,795	39,908
SO <sub>2</sub>	97,841	79,124	80,691	80,099
PM	5,723	4,187	3,691	3,822
Mercury	0.58	0.53	0.52	0.43

## Indirect GHG Emissions

Our indirect GHG emissions include tracking of:

- Electricity purchased from non-AES generated sources for a business's own use (Scope 2);
- Transmission and distribution losses of non-AES generated electricity sold to end users of AES distribution companies (Scope 2);
- Sales to customers by our distribution businesses (Scope 3); and
- Business air travel for our global operations (Scope 3).

Table 19 - (GRI 305-2) Indirect GHG Emissions (Scope 2) - Equity adjusted

Electricity-Related Indirect Emissions (Thousand metric tonnes CO <sub>2</sub> e)	2017	2018	2019	2020 <sup>21</sup>
Location Based Method	220	314	324	254
Market Based Method	228	318	328	256

Table 20 - (GRI 305-3) Indirect GHG Emissions (Scope 3)

Other Indirect Emissions (Scope 3) (Thousand metric tonnes)	2017	2018	2019	2020
Emissions due to Sale of Electricity to End Users	13871	10,070	9,972	7,269
Emissions due to Business Air Travel	0.8	1.1	1.2	0.2 <sup>22</sup>

<sup>20</sup>NO<sub>x</sub> goal 46,855 / SO<sub>2</sub> 80,337 / PM 3,675. Mercury 0.51

<sup>21</sup>2020 goal for location based 301, and market base 303.

<sup>22</sup>The decrease was, in part, due to COVID-19 pandemic



## Water and effluents

Our water inventories include cooling water (both recirculating water and water that runs through the cooling system once and is discharged); process water; and potable/drinking water (apart from bottled water). Water used for generation of electricity at our hydroelectric power plants, as well as water evaporation from cooling towers in our closed-circuit cooling systems, domestic sewage, rainwater and storm water effluents is not included in our water inventory.

All our water related data has been updated compared to previous reports to reflect equity adjusted values.

Table 21 - (GRI 303-3 / 303-4) Total Water Withdrawal and Discharge - Equity adjusted

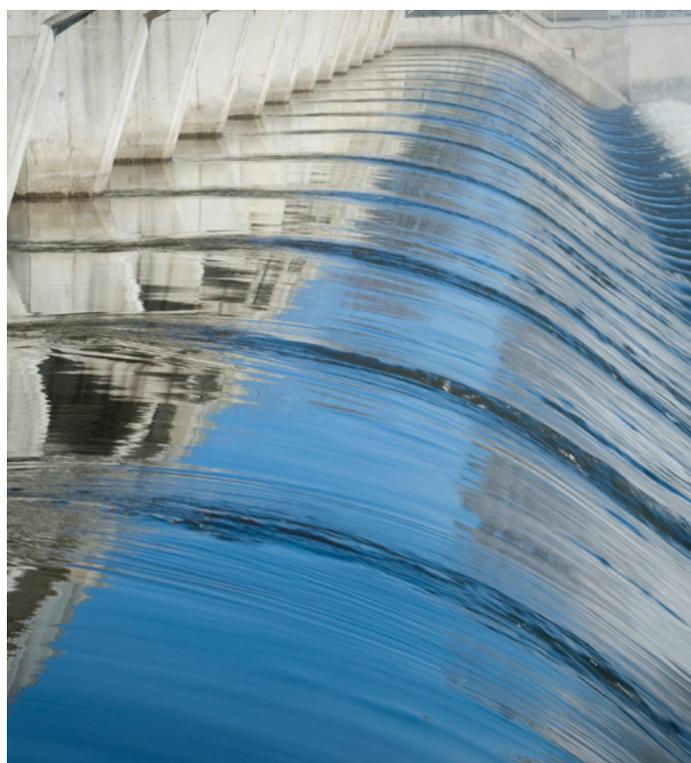
Million m3	2017	2018	2019	2020 <sup>23</sup>
<b>Total water withdrawn</b>	<b>4,687</b>	<b>3,670</b>	<b>3,353</b>	<b>2,855</b>
Surface	1,243	684	700	743
Seawater	3,414	2,961	2,625	2,095
Municipal	7	4	2	3
Groundwater	23	21	26	24
<b>Total water discharged/returned to the source (at similar or higher quality as raw water extracted)</b>	<b>4,553</b>	<b>3,563</b>	<b>3,270</b>	<b>2,755</b>
Water consumption	134	107	84	100
Water intensity (m3/MWh)	1.5	1.3	1.1	1.3

Table 22 - (GRI 303-5) Total water consumption from areas with water stress - Equity adjusted

Water consumption (m3)	2017	2018	2019	2020
Total Water Consumption	133,821,392	106,992,432	83,699,937	99,098,922
Fresh Water consumption % total consumption	8%	11%	15%	12%
Other Water consumption % total consumption	5%	14%	8%	6%

Table 23 - Percentage of water recycled / reused

Business	% recycled	Business / Location	% recycled
Chivor - Colombia	11	Hawaii	<1
Amman East	5	Maritza	2,4
Nueva Tocopilla - Chile	< 1		



<sup>23</sup>2020 goal for Total water withdrawn is 3051

# Environmental

Table 24- (GRI 303-3) Water Withdrawal by source and by SBU (m3) - Equity adjusted

SBU	Source	2017	2018	2019	2020
US & Utilities	Surface water	547,981,050	418,637,441	343,781,937	252,923,561
	Groundwater	15,200,917	15,066,815	15,487,273	14,945,847
	Seawater	1,078,485,940	801,136,778	725,756,931	598,452,908
	Municipal water	4,567,199	2,459,627	1,838,930	2,551,661
	<b>Total</b>	<b>1,646,235,106</b>	<b>1,237,300,661</b>	<b>1,086,865,071</b>	<b>868,873,977</b>
MCAC	Surface water	13,116,191	6,802,317	9,245,055	4,922,411
	Groundwater	3,898,264	3,568,045	1,638,174	5,386,850
	Seawater	18,629,059	2,355,367	105,919,690	106,899,911
	Municipal water	0	0	60	0
	<b>Total</b>	<b>35,643,515</b>	<b>12,725,728</b>	<b>116,802,978</b>	<b>117,209,173</b>
Eurasia	Surface water	36,239,030	11,790,258	20,646,250	18,896,286
	Groundwater	1,591,918	50,119	4,438,940	92
	Seawater	1,409,164,590	1,251,841,463	921,481,452	498,844,948
	Municipal water	2,032,028	774,971	321,113	26,821
	<b>Total</b>	<b>1,449,027,567</b>	<b>1,264,456,811</b>	<b>946,887,755</b>	<b>517,768,147</b>
South America	Surface water	645,483,260	247,216,234	326,309,842	466,467,318
	Groundwater	1,898,923	2,151,795	4,563,945	3,695,167
	Seawater	907,968,094	905,306,630	871,829,404	890,436,377
	Municipal water	413,732	489,572	223,697	163,949
	<b>Total</b>	<b>1,555,764,010</b>	<b>1,155,164,230</b>	<b>1,202,926,889</b>	<b>1,360,762,812</b>
<b>TOTAL</b>		<b>4,686,670,197</b>	<b>3,669,647,431</b>	<b>3,353,482,693</b>	<b>2,854,583,804</b>





Table 25 - (GRI 303-4) Water discharged by destination and by SBU (m3) - Equity adjusted

SBU	Source	2017	2018	2019	2020
US & Utilities	Surface water	479,931,727	655,947,988	720,110,929	541,529,529
	Groundwater	10,863,757	10,316,999	11,533,950	8,961,991
	Seawater	1,078,703,342	532,553,263	337,121,536	301,433,944
	Offsite Water Treatment	3,815	7,268	73,935	142,495
	<b>Total</b>	<b>1,569,502,641</b>	<b>1,198,825,518</b>	<b>1,068,840,349</b>	<b>852,067,958</b>
MCAC	Surface water	2,322,134	1,452,560	724,015	1,030,763
	Groundwater	332,470	483,086	450,990	341,104
	Seawater	20,480,720	3,110,652	105,264,320	105,878,907
	Offsite Water Treatment	0	0	878	317
	<b>Total</b>	<b>23,135,325</b>	<b>5,046,298</b>	<b>106,440,202</b>	<b>107,251,090</b>
Eurasia	Surface water	20,353,498	345,152	221,580	343,293
	Groundwater	0	0	0	0
	Seawater	1,409,583,117	1,250,407,495	931,705,217	499,352,275
	Offsite Water Treatment	169,451	128,022	300	3,812
	<b>Total</b>	<b>1,430,106,066</b>	<b>1,250,880,670</b>	<b>931,927,098</b>	<b>499,699,380</b>
South America	Surface water	595,224,412	215,586,061	296,478,610	422,277,491
	Groundwater	1,455,957	37,568	192,192	113,124
	Seawater	932,725,251	892,255,802	865,851,858	884,098,866
	Offsite Water Treatment	699,152	23,081	52,446	2,493
	<b>Total</b>	<b>1,530,104,773</b>	<b>1,107,902,513</b>	<b>1,162,575,106</b>	<b>1,306,491,974</b>
<b>TOTAL</b>		<b>4,552,848,804</b>	<b>3,562,654,999</b>	<b>3,269,782,755</b>	<b>2,765,510,403</b>

# Environmental

## Waste and byproducts

The AES EMS and global environmental standards establish 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.

CCRs represent almost 99% of our non-hazardous waste. CCRs are materials formed when coal is burned to generate electricity, and include bottom ash, fly ash, synthetic gypsum (also referred to as flue gas desulfurization (FGD) gypsum), FGD solids and cenospheres.

Table 26 - (GRI 306-4) CCRs Generation and Recycling/Reuse - Equity adjusted

	2017	2018	2019	2020 <sup>24</sup>
CCRs generated (metric tonnes)	6,110,794	5,602,885	5,530,895	5,475,834
CCRs recycled/reused (%)	32.7	23.9	20.8	28.3

Table 27 - (GRI 306-4) Other non-hazardous waste generated and recycled - Equity adjusted

Non-Hazardous waste	2017	2018	2019	2020
Metric tonnes	430,142	109,600	50,561	22,756
% recycled/reused	25.8	14.7	19.9	9.3 <sup>24</sup>

## Hazardous Waste

AES has a specific standard for Hazardous and Special Waste Requirements that sets minimum requirements at all operational locations. In accordance with the standard, all businesses must identify and comply with all local regulatory requirements associated with the management of hazardous waste and special waste. In addition, a hazardous waste and special waste management program must be in place unless regulatory exemptions apply.

According to AES standards, a waste is deemed to be hazardous if (1) it is so classified by local applicable rules and regulations, or (2) it qualifies as being hazardous under the "Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal" sponsored by the United Nations Environment Program and adopted on 22 March 1989."

Table 28 - (GRI 306-4) Hazardous Waste by SBU - Equity adjusted

Hazardous Waste	2017	2018	2019	2020
US & Utilities	633	504	907	340
MCAC	1,806	229	893	351
Eurasia	487	394	129	120
South America	1,748	1,030	1,283	997
TOTAL	4,674	2,157	3,212	1,808

## Biodiversity

Our management system allows us to monitor compliance with all biodiversity management plans based on our corporate standards, commitments and goals, as well as applicable local regulations.

Our approach to managing biodiversity impacts at our operating and construction sites is built upon three major principles outlined in our Environmental Policy and embedded in our Biodiversity Assessment and Protection Standard:

- Risk and impact assessment through analysis of our activities, their potential impacts, and necessary control measures. Activities built on this principle include the Aspects and Impacts Assessment (AIA) process, Project Execution Framework (PEF) process for pre-construction studies, as well as monitoring during and after construction, and local biodiversity studies if required. The standard also provides additional AIA assessment guidance to our businesses on biodiversity risks, including avoidance of direct impacts to World Heritage areas, IUCN Category I-IV protected areas or to avoid new actions that contribute or lead to the extinction of IUCN listed endangered species

<sup>24</sup>2020 goal for CCRs generated was 5,504,861, while CCRs recycled/reused was 20.63%



- Mitigation and control through implementation of monitoring programs and plans, engineering and other controls, and habitat restoration and protection; and
- Communication and awareness through collaboration with local scientific communities and other stakeholders, internal and external training, and education, etc.

The scope of our standard and commitment applies to all AES businesses, aligning with the mitigation hierarchy (avoid, minimize, restore and compensate) in our management of biodiversity. Our approach and commitment have the objective of ensuring that all AES businesses identify, assess, document and take proper mitigation action on biodiversity matters to avoid or, if avoidance is not possible, to minimize negative biodiversity impacts and to promote positive biodiversity impacts. We also develop partnership with NGOs and specialized institutions to promote diverse biodiversity programs.

Our commitment to biodiversity aims to achieve no net loss (NNL) or even a net gain in biodiversity in some cases, however, how and when this target is achieved depends on the business impact given that they are on different geographical areas, type of business and phase, occurring that in certain businesses targets have already been met and others are in process.

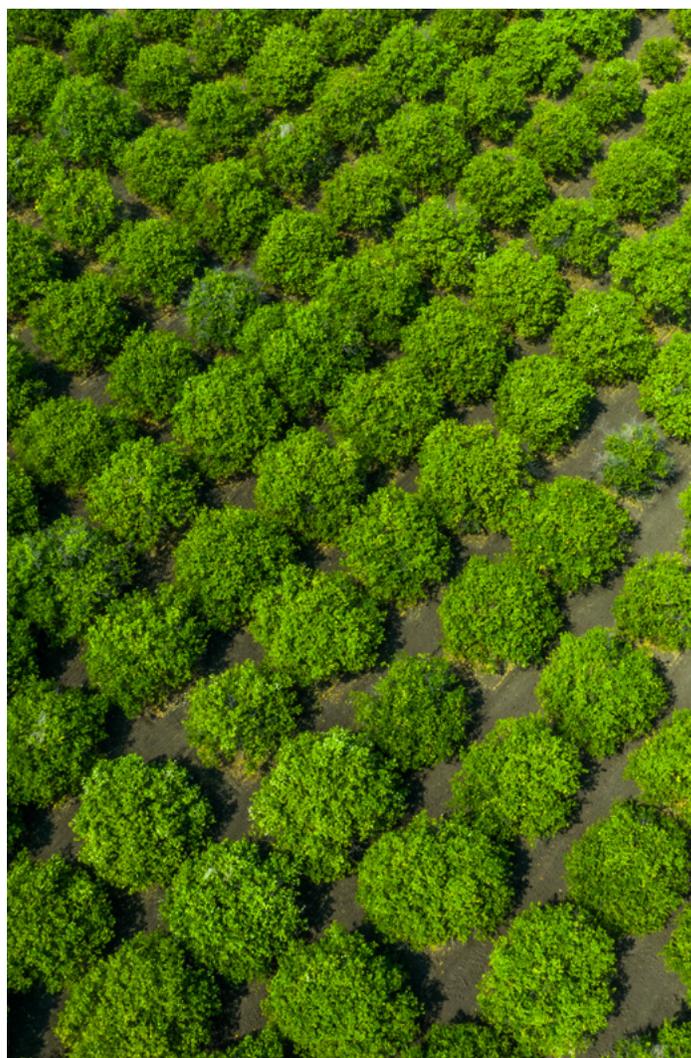
We operate in over 100 different sites, covering more than 54 thousand hectares. In addition to any impact assessments that could have been carried during the development and construction of a site, we have conducted biodiversity impact assessments in more than 30 sites (over 25,000 hectares). Of such sites, we determined that two thirds are in close proximity to critical biodiversity (over 20,000 hectares) and have biodiversity management plans in place.

Through 2020 we reforested more than 4.6 thousand ha. out of a total of 6.8 thousand to be compensated, which is equivalent to 68% progress, with respect to the total to be reforested by 2037 to achieve a no net loss (no net deforestation) goal. Regarding individuals, more than 21 million of specimens have been planted (compensated), which corresponds to 70% of our trees goal.

Usually, information on the environmental impact assessments for our projects under development or construction are made publicly available on dedicated webpages either by the businesses or the regulatory bodies.

Table 29- Links to the Public Websites containing EIA/ AIA Results

Major Construction Project / link	Country
<a href="#">Alto Maipo</a>	Chile
<a href="#">Campo Lindo</a>	Chile
<a href="#">Andes 2B and Parque Solar Andes</a>	Chile
<a href="#">Los Olmos</a>	Chile
<a href="#">Mesamavida</a>	Chile
<a href="#">Cuscation Solar</a>	El Salvador
<a href="#">Pese Solar</a>	Panama



# Social

## Partnering with communities for the future of energy

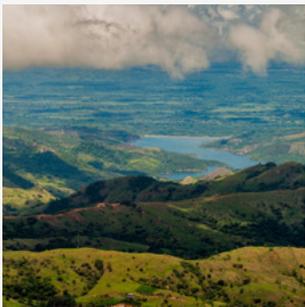
Our social impact programs are aligned with our purpose of accelerating the future of energy, together, the United Nations' Sustainable Development Goals and four focus areas: access to safe, efficient, and affordable energy and basic services, inclusive economic growth, the environment, and emergency relief efforts.



Partnering for access to safe, efficient, and affordable energy and basic services



Partnering for inclusive economic growth



Partnering for the environment



Partnering for relief efforts

In 2020, more than 2 million people benefitted directly from AES social impact programs and more than 10 million people benefitted indirectly. About one-third of our community-related activities, programs, donations and sponsorships were in response to the COVID-19 global pandemic, with over 30% of the money allocated to community-related activities, programs, donations and sponsorships focused on emergency relief efforts as well.

Contributions to the communities through some of these programs was recognized during 2020, including:



Awarded the EEI Utility Assistance award for assistance provided in the aftermath of Hurricane Isaias which hit July 30, 2020



Recognized as one of the World's Most Ethical Companies by the Ethisphere Institute for the seventh year in a row



Named to Fast Company's 2020 Edition of Best Workplaces for Innovators



Honored as a best place to work in Central America and the Caribbean and in Dominican Republic, El Salvador, Panamá, and Puerto Rico

Table 30 - Social Investment by Focus Area

Are of focus	Total of programs	Total of investment	Direct Beneficiaries (approximate)
Energy & Basic Needs	18%	24%	950,000
Inclusive Economic Growth	37%	29%	6,500
Environment	10%	12%	70,000
Emergency Relief	30%	31%	1,000,000
One-off Social Sponsorships	5%	3%	5,000



## Partnering for relief efforts

We work as one team with our people, contractors, customers, partners, and communities to respond to natural disasters or catastrophes in the communities. This includes making resources available, volunteering, and support/ting the front-line workers and organizations before, during and after an event.



In 2020, at the start of the COVID-19 pandemic we immediately prioritized the safety, health and well-being of our people and contractors, their families and communities by activating all our safety protocols and complying with all government mandates and recommendations so that we could continue delivering energy when people need it most. AES executed over 140 emergency relief initiatives focused on livelihood, energy and health, capacity-building and innovation totaling \$2.6M



## Partnering for access to safe, efficient, and affordable energy and basic services

We work as one team with our people, contractors, customers, partners, and communities to respond to natural disasters or catastrophes in the communities. This includes making resources available, volunteering, and support/ting the front-line workers and organizations before, during and after an event.



**Rural electrification:** Through our rural electrification initiatives and programs, we have contributed to reduce the number of households without electricity and improved the quality of life of thousands of families from rural zones that can

now enjoy the benefits of energy and can receive better education, health services, traffic safety and reduce their dependency on burning fuel. Benefitting more than 80,000 people directly.



**Electrical safety and energy efficiency:** Through our electrical safety and energy efficiency programs we educate communities about the safe use of electricity, the value of energy efficiency and the positive

environmental impacts. Through our education programs we help reduce energy consumption and increase savings on electricity bills while also engaging youth to inspire the next generation of energy workers. Benefitting more than 500,000 people directly.



**Improved health services:** AES businesses partners with health organizations to support long-term programs that create positive changes in the lifestyle of young people and adults and increase the access to resources

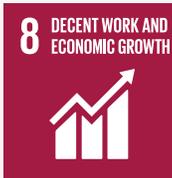
that contribute to a healthy lifestyle. Benefitting more than 211,000 people directly.

# Social



## Partnering for inclusive economic growth

We work as one team with our people, contractors, customers, partners, and communities to respond to natural disasters or catastrophes in the communities. This includes making resources available, volunteering, and support/ting the front-line workers and organizations before, during and after an event.



**Strengthening innovative entrepreneurship:** Through partnerships with different organizations, we support local entrepreneurs by providing training programs, tools to strengthen their business

models and funding to high impact projects to promote sustainable socioeconomic growth in the communities. To date more than 1,000 entrepreneurs directly benefitted.



**AES Women:** At AES we strengthen who we are by embracing diversity and inclusion in the workplace and developing programs for minority and vulnerable groups in the communities to create

opportunities for inclusive and sustainable economic development. To date more than 650 women have directly benefitted.



**Education:** Through partnerships with different schools in our markets, we work to ensure access to quality early education, increase the number of youths and adults who have relevant technical and vocational skills

for employment and decent jobs, and provide education facilities. Benefitting more than 5,000 students directly annually.



## Partnering for the environment

We work with our partners to develop programs focused on biodiversity protection and sustainable living. We strive to serve our communities at the highest standard of excellence.



**Species Protection and Reintroduction:** AES is taking action to protect and prevent the extinction of threatened species to conserve biological diversity.

**Reforestation and green spaces:** At AES we promote reforestation activities and actions through the establishment of partnerships with other organizations.



**Environmental Education:** Through education programs across communities and schools AES is committed to increasing awareness about the importance of recycling and the values of sustainability.



**Agrivoltaic:** Through our agrivoltaic programs, we partner with landowners and farmers to co-locate solar and agriculture farms. By opening access to the land, we are working together to sustainably manage vegetation, provide grazing land for livestock and, increasing income for farmers and providing educational opportunities for students to learn about renewable energy and farm life.





## Our People

Our people are committed to improving lives around the world by creating innovative energy solutions that will accelerate a safer and greener energy future. At AES, we work in diverse teams to deliver projects that bring positive global impact, providing our customers, communities and countries the opportunity for growth propelled by the availability of green, reliable and affordable electric power.

AES maintains many global relationships with labor unions and where we have unionized workforces, we work diligently to participate in effective collective bargaining efforts which are mutually beneficial to our people, the company and the unions (GRI 407-1). As of the end of 2020, 63% of our permanent full-time people were covered by collective bargaining agreements (GRI 102-41).

Every year, all AES people can receive training and development offerings in a variety of topics for multiple levels, from technical training to executive training to further develop their skills related to their positions. In 2020, each AES person averaged 40.56 hours of training with an average amount spent per FTE of US\$ 477.74.

Table 31 - (GRI 405-1 / 102-8) AES People Demographics by SBU

SBU	Permanent - Full time Employees	
	Female	Male
Eurasia	164	728
MCAC	150	619
South America	596	1994
US & Utilities	803	3146
<b>Total</b>	<b>1713</b>	<b>6487</b>

Table 32 - (GRI 405-1) Percentage of employees by age group

Age	% Total
Under 30	14
30 - 50	57
51 and over	29



Table 33 - Percentage of women in management positions

Management level	% Women
All management positions	23
Top management positions	21
Junior management positions	28

Table 34 - Workforce Ethnicity/race in our U.S. businesses

Race/Ethnicity	Share in total workforce
Asian	4
Black or African American	9
Hispanic or Latino	5
White	75
Indigenous or native	0.3
Native hawaiian	7

# Social

Table 35 - (GRI 401-1) Employee turnover rate

Turnover	2017	2018	2019	2020
Total	10	23	10.7	8.9
Voluntary	4.9	6	7.2	5.2

Table 36 - (GRI 102-38 / 102-39)

Location	Ratio	Increase
Argentina	19	2.6
Brazil	22	1.0
Bulgaria	17	-4.4
Chile	30	0.2
Colombia	13	0.9
Corporate	42	3.6
Dominican Republic	26	3.8
El Salvador	27	0
India	8	0.2
Jordan	7	0
Mexico	31	-0.5
Netherlands	5	3.1
Panama	25	0.2
Puerto Rico	3	-12.5
US	15	5.4
Vietnam	39	1.7

Table 37 - Total number of new employee hires and percentage of open positions filled by internal candidates

	2017	2018	2019	2020
New employee hires	1510	813	958	782
Percentage Open Positions Filled by Internal Hires	16.48%	16.01%	19.01%	17.67%





## Great Place to Work

On an annual basis, AES businesses participate in assessments and our people participate in engagement surveys and questionnaires from recognized institutions that make a comprehensive evaluation of our programs, policies and benefits to monitor employee satisfaction. During 2020 over 85% of our people participated in employee engagement assessments from the Great Place to Work Institute (Table 38) that showed an overall 84% of satisfaction.

Table 38 - Employee Satisfaction percent

2017	2018	2019	2020
81	79	79	84

Table 39 - HR and Workplace Recognitions

Country	Recognition, Category	Institution
Dominican Republic	Ranked 18th in the GPTW among all companies in the country. Ranked in 20th place among all companies in the Caribbean	Great Place to work Institute
El Salvador	Selected as one of the Regional Impact Companies in the areas of Corporate Image, inclusion and Corporate Social Responsibility.	Forbes
México	Best Workplaces in Mexico	Great Place to work Institute
	The 21 most inclusive companies in Mexico	"Empresas verdes" Magazine
	Best Companies for Young Professionals	Employers For Youth
Panamá	Ranked second in the category of 100 to 500 collaborators in the country. Ranked sixth among all companies in country. Ranked in 14th place among all companies in Central America	Great Place to work Institute
	Among the top 20 with the number 8 position among the Companies that attract women in Central America in Panama	Summa Magazine
	Certificate - International Work & Life Balance Program	European Institute of Social Capital
	Second place Employers for Youth	Employers for Youth
Puerto Rico	Ranked first company in country. Ranked 10th in the Caribbean	Great Place to work Institute

# Social

## Occupational Health and Safety

### Safety Performance

AES businesses calculate lost time incident (LTI) rates for their employees and contractors based on OSHA standards, so they are comparable across any industry or group.

Our target for LTI rates was set to be below the U.S. utility industry’s top quartile benchmark LTI rates (Figure 2). Our LTIs have improved over the past years.

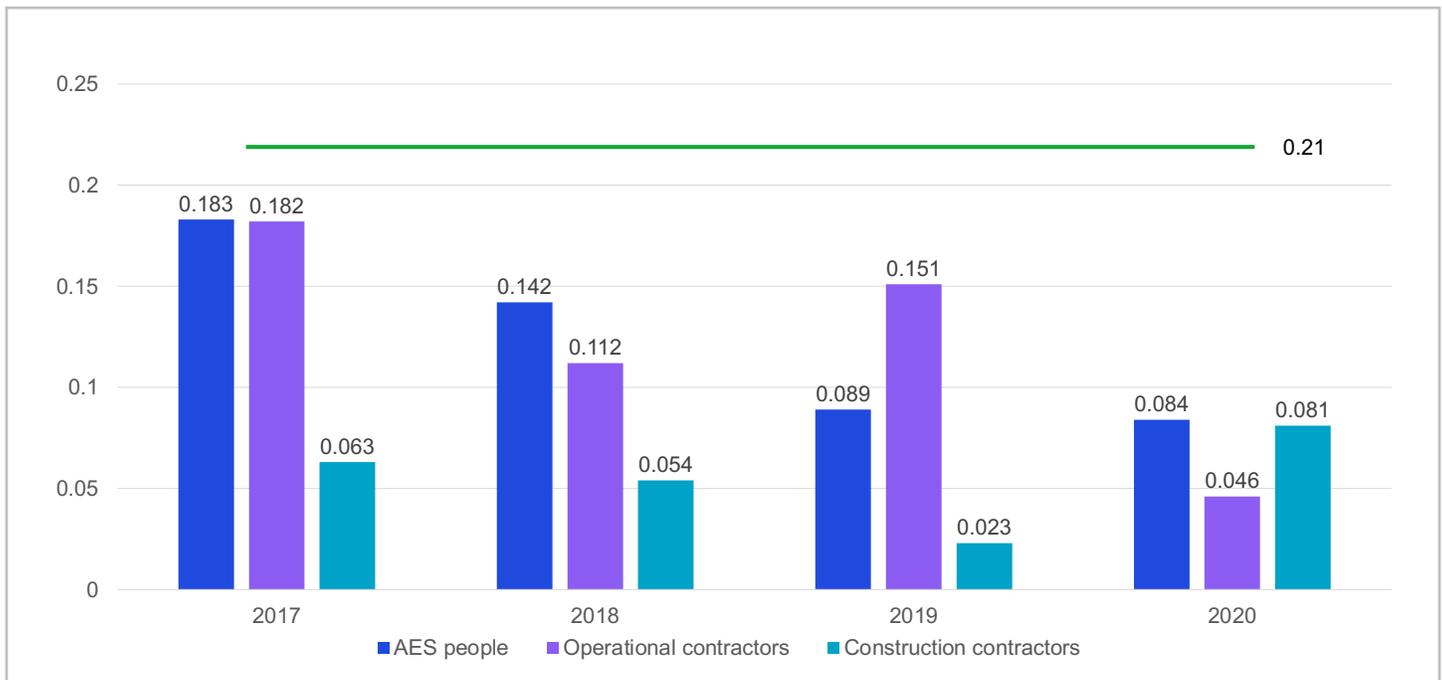


Figure 2 - (GRI 403-9) Lost Time Incident Rate for AES people and Contractors<sup>25</sup>

Our target is to have zero fatalities and though one fatality is one too many, we have seen a gradual decline in the number of fatalities. In 2020 we experienced one fatal event - one AES construction contractor employee (Table 40). The incident was immediately investigated using our newly deployed methodology of TapRoot, which allowed us to identify the right root causes, and to develop the corrective actions plans to mitigate these root causes.

Table 40 -(GRI 403-9) Occupational Fatality Cases

Occupational Fatalities	2017	2018	2019	2020
AES people	0	0	1	0
Contractors	2	3	1	1

AES businesses take a proactive approach to safety management with safety metrics that include safety Walk performance, identification of unsafe behaviors and conditions, reporting and investigation of near-miss incidents, and setting of and tracking the progress of SMS goals and action plans.

Table 41 - Proactive Safety Measures

Proactive Safety Measures	2017	2018	2019	2020
Safety Walks	94,952	50,719	49,651	39,331
Workplace Hazards	63,106	46,392	53,017	44,065

<sup>25</sup>Please note that there have been retroactive corrections made to manhours in different locations. Manhours worked is a key component of the LTI Rate equation, which is why some of the yearly rates have been changed compared to previous Sustainability Reports



Table 42 - Near Miss frequency rate

NM Frequency Rate	2017	2018	2019	2020
Near Miss Frequency Rate	2.72	2.81	3.18	2.72

Table 43 - Total recordable incident rate (TRIR) and frequency rate (TRIFR)

	2017	2018	2019	2020
TRIR	0.460	0.434	0.443	0.394
TRIFR	2.301	2.170	2.216	1.971

Table 44 - AES people severity rate

	2017	2018	2019	2020
	2.48	26.87	11.42	32.92

Table 45 - AES people Rate of fatal accidents

	2017	2018	2019	2020
	0.000	0.000	0.011	0.000



Table 46 - External Safety Recognitions 2020

Country	AES Business	Recognition	Granted by
Vietnam	Mong Duong II	RoSPA Gold Medal Award	British Safety Council
		Merit on Fire preventing & Fighting and Rescue	Cam Pha PC
		Acknowledgment for contribution to protecting and improving public Health	Cam Pha PC
Jordan	AES Levant Jordan (IPP4)	International safety award -British safety council	British Safety Council
		ROSPA H&S award from the ROSPA Institute	British Safety Council
	AES Levant	International safety award -British safety council	British Safety Council
		ROSPA H&S award from the ROSPA Institute	Royal Society for the Prevention of Accidentes (ROSPA)
Mexico	Eolica Mesa de la Paz	Health and Safety Award	Institute of Social Security of Mexico
	Merida III	Safety Management System Award	Secretaria del Trabajo de Mexico.
		Health and Safety Award	Institute of Social Security of Mexico.
	TEG/TEP (Mexico)	Safety Management System Award	Secretaria del Trabajo de Mexico.
		Health and Safety Award	Institute of Social Security of Mexico.
	Panama	Solar Panama	Panama Safety Awarded
Colombia	Chivor	Epidemiological surveillance system for biological risk (COVID -9) of AES Colombia were met	Colombian Safety Council
Chile	Gener - Angamos	Health and Safety Committee SAC-54 Certification	Safety Labor Institute (IST)
	Gener - Guacolda	Excellence Award 2020	Safety Labor Institute (IST)
	Gener - Laja	Distinction for Outstanding Innovation 2020	Safety Labor Institute (IST)
	Gener - Transmission Lines	National Distinction to Worker for "Outstanding Contribution in Prevention" for the Drone Pruner Project.	Safety Labor Institute (IST)
	Gener Costa - Ventanas	Contribution and Commitment of the Health and Safety Committee (CPHS) Recognition	Safety Labor Institute (IST)

# Social

## Public safety

During 2020, unfortunately we experienced six public fatal incidents across our businesses. As a part of our safety management system approach and standards, all public injury incidents and public fatality cases are closely tracked and investigated by local AES businesses. Based on the results, the necessary mitigation controls and measures are implemented as needed. For example, additional communication messages were implemented during 2020 in El Salvador, like the “electricity is not a game” campaign released through social media channels.

Table 47 - (EU25) Public Fatal Incidents

Fatal Incident Cases <sup>1</sup>	2017	2018	2019	2020
General Public	26	0	2	6



## Suppliers

AES has three key areas that perform supply chain activities with over 12,000 suppliers in 2020: fuels, global Supply Chain (non- fuel) and engineering and Construction Projects.

AES has a formal process to define critical suppliers. AES categorizes suppliers based on supply complexity and volume of spend. Critical suppliers are defined by the economic impact and the technology footprint they represent to our businesses and represents most complex suppliers, when is key to mitigate risks or economic impact associated with the supplier or spend category, or when there are opportunities for value co-creation.

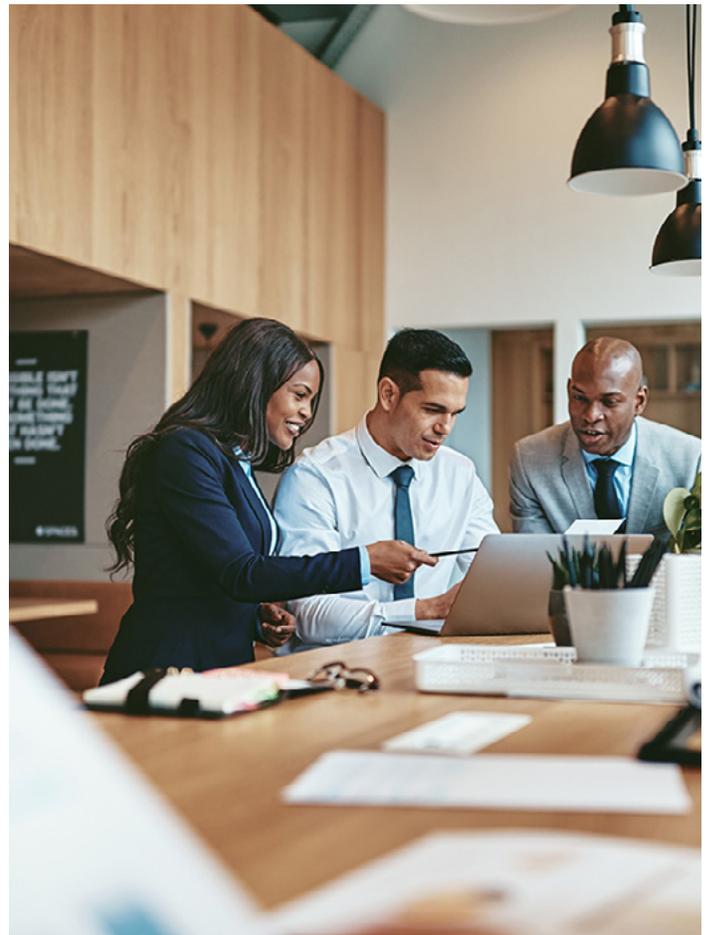
# Governance



At AES, we believe operating under the highest standards for corporate governance is an essential element to the success of the company.

We are committed to best practices in corporate governance. Highlights for our corporate governance practices are described below:

- Independent Board. Ten out of eleven Directors are independent.
- Separation of the Roles of CEO and Chairman. These roles are separate, and our Chairman is an independent Director.
- Annual Elections of Directors by Majority Vote. All of our Directors are accountable to Stockholders through an annual election with a majority vote standard.
- No Supermajority Voting Provisions. Neither our Sixth Restated Certificate of Incorporation (“Charter”) or our Amended and Restated By-Laws (“By-Laws”) contain any supermajority voting provisions.
- Proxy Access. Stockholders may nominate Directors through proxy access.
- Stockholder Right to Call a Special Meeting. Stockholders holding 25% of the outstanding shares of the Company’s stock have the right to call special meetings of Stockholders.
- Stockholder Right to Act by Written Consent. Stockholders have the right to act by a written consent signed by Stockholders holding no less than the minimum number of votes necessary to authorize an action at a meeting.
- Rigorous Director Stock Ownership Requirements. Non-employee Directors are expected to hold equity ownership in the Company of at least five times the Director’s annual Board retainer within five years after election to the Board.
- Communication with the Board. Stockholders may communicate with any individual Director, any Board committee, or the full Board.
- Director Engagement. Our Directors attended an average of 91% of Board and committee meetings in 2020.
- Annual Say on Pay Vote. The Company’s Say on Pay approval rating exceeded 93% at each of the last eight annual meetings.
- Annual Board and Committee Self-Evaluations. Through this process, the Board annually reviews the qualifications, experiences, and contributions of its Directors to provide for a Board that is comprised of the right mix to achieve AES’ strategic goals.
- Limit on Director Tenure to Ensure Fresh Board Perspectives. Under our Corporate Governance Guidelines, we expect that Directors will serve for at least four consecutive one-year terms but no more than 15 cumulative one-year terms
- Diverse Pool of Director Nominee Candidates. Our Corporate Governance Guidelines require that qualified women and racially and ethnically diverse individuals are included in the pool of candidates from which potential director nominees are chosen.



# Governance

## Board of Directors

The AES Corporation is led and managed by our Chief Executive Officer and the Executive Leadership Team (ELT) with the guidance and oversight of our Board of Directors. Our actions, including those of the AES ELT and the Board, are grounded in the three shared values that shape the company's culture: safety first, highest standards and all together.

Our Corporate Governance Guidelines require the separation of the offices of the Chairman of the Board and CEO. Whenever possible if the Chairman is independent, he or she will also serve as Lead Independent Director. Since 1993, we have separated the offices of Chairman and CEO. Since 2003, our Chairman has been an independent Director who has also acted as Lead Independent Director.



The Board maintains four standing Committees: Compensation Committee, Financial Audit Committee, Governance Committee, and Innovation and Technology Committee.

The Board and Committees provide oversight over the risk management practices implemented by management. The Financial Audit, Governance and Compensation Committees are comprised solely of independent Directors, each with a different independent Director serving as Chairman of the Committee.

The AES Board of Directors, which includes the Company CEO, has oversight and direct input to ensure that factors related to climate change are incorporated in the Company's decision making. Specifically, the Governance Committee oversees all environmental, social and governance issues and regularly provides Committee updates to the full Board of Directors. In addition, the Innovation and Technology Committee oversees AES' efforts to foster innovation as we seek to lead the industry in new sustainable solutions.

## Director Characteristics and Diversity

We have strengthened our Board succession and recruitment, in line with AES' strategy, to better lead the Company as it evolves. We are committed to actively seeking women and minority director candidates as part of our succession and recruitment planning and in 2020 we updated our Corporate Governance Guidelines to require that qualified women and racially and ethnically diverse individuals will be included in the pool of candidates from which potential director nominees are chosen.

During 2020, our Board had ten members. Nine members, including the Chairman, were independent and one member is an Executive Director (AES' CEO). In 2021, we increased the number of Directors to 11 by adding an additional independent Director. A number of our independent Board members are currently serving or have served as Directors or as members of senior management of other public companies.

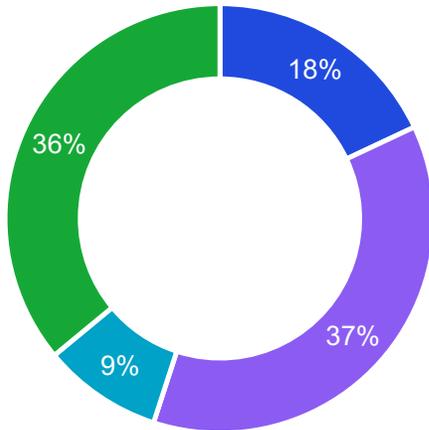
The following highlights some of the characteristics of our Directors as of September 2021. Further details of the experience of the Directors are included in Governance section of our website..

Gender diversity	Racial/Ethnic diversity	Independence	Average Tenure
45%	36%	91%	5.81



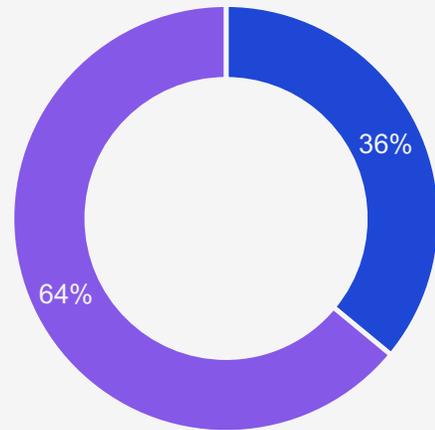
## Director Characteristics and Diversity

Tenure



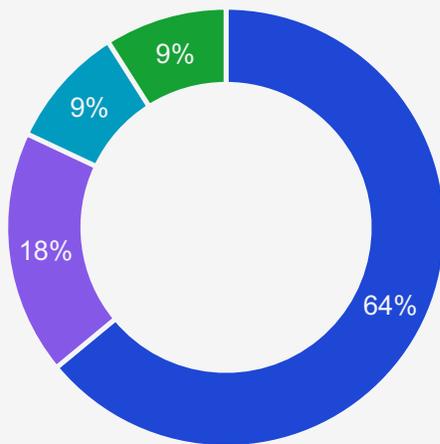
- 0-2 years
- 3-5 years
- 6-10 years
- > 10 years

International diversity



- Born outside the US
- Born in the US

Race / Ethnicity



- White/Caucasian
- Hispanic/Latino
- Asian/South Asian
- African American/Black



# Governance

## Anti-harassment and discrimination policy

Along with our Code of Conduct, we have an Anti-Harassment Policy that clearly states that we do not tolerate discrimination, harassment or mistreatment of any individual in the AES work environment, and strictly prohibits harassment on the basis of sex, sexual orientation, gender, gender identity and/or expression or other types of workplace harassment on the basis of, race, national origin, ethnicity, age, religion, marital status, physical or mental disability, pregnancy, childbirth, or related medical condition, military or veteran status, or any other characteristic protected under applicable law.

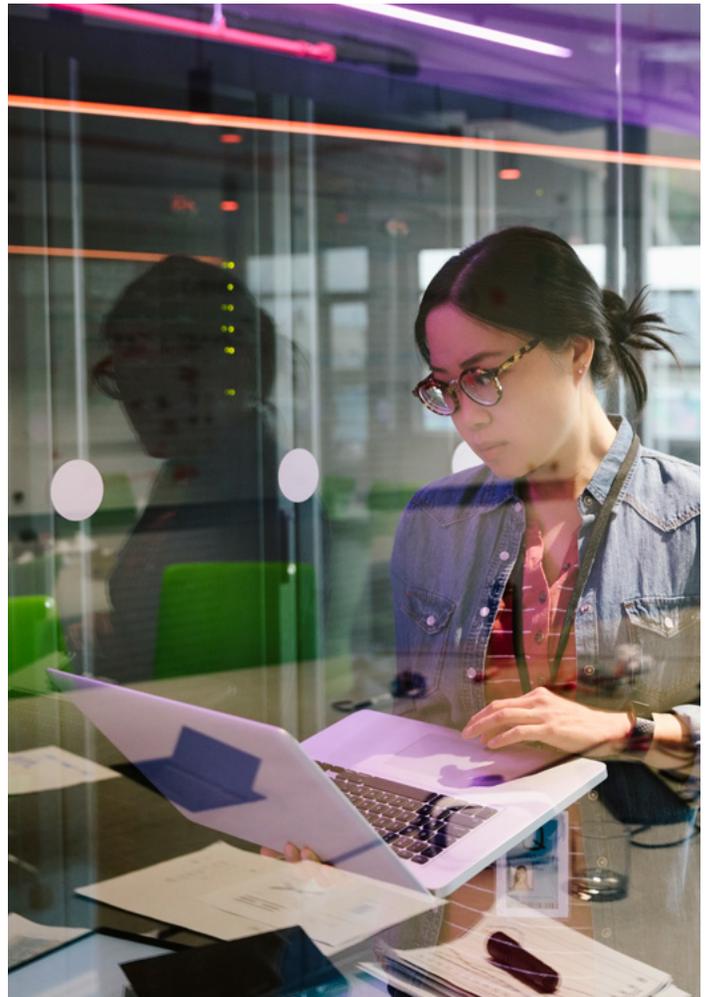


This Policy applies to all AES people worldwide. In addition, temporary workers, contractors, consultants, agents, representatives, and all others who perform AES work are required to ensure that their actions on behalf of AES meet the same high standards expected of AES people. Complaints of harassment are taken seriously and are investigated promptly. The policy specifies that if a violation of the policy occurs, it will result in discipline by AES, up to and including termination of employment.

## Cybersecurity

The Governance Committee is responsible for “oversight of the Company’s cybersecurity program and related issues.” The Chief Information Security Officer (CISO) who is the head of Cybersecurity and responsible for conducting employee security awareness training, developing secure business and communication practices, identifying security objectives and metrics, choosing and purchasing security products from vendors, and corresponding management actions. In addition, our CISO meets regularly outside of board meetings to educate our independent directors on cybersecurity topics.

While the Global Cybersecurity team regularly triages events, as a result of our efforts, AES has not had a significant cybersecurity event – including the capture of a control system, unauthorized loss of sensitive company data, or breach of customer records.



# External Assurance



## External assurance

AES has used the services of Lloyd's Register Quality Assurance Inc. (LRQA) to verify and conduct a limited assurance since 2013 of AES businesses':



Air emissions data



Water withdrawal and discharge data



Waste and recycle/reuse data



Generation in MWh



Lost time incidents

In addition to third-party verification, we use an internal AES quality assurance/quality control (QA/QC) process to validate reporting every year.

All the data included in the environmental and social performance indicators covers all businesses where AES has operational control.



# LRQA Independent Assurance Statement

## Relating to The AES Corporation's Greenhouse Gas and Environmental Health and Safety Inventories for Calendar Year 2020

This Assurance Statement has been prepared for The AES Corporation in accordance with our contract.

### Terms of Engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by The AES Corporation (AES) to provide independent assurance on its greenhouse gas (GHG) emissions and Environmental Health and Safety (EHS) data (Assertion) for Calendar Year 2020 against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is in accordance with ISO 14064 - Part 3 for GHG emissions and current best practice for other EHS data.

Our assurance engagement covered AES' international corporate-level operations and activities during Calendar Year 2020, and specifically the following requirements:

- Verifying conformance with:
  - AES' reporting methodologies for the selected datasets,
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data<sup>1</sup>
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG emissions;
    - Scope 3 GHG emissions verified by LRQA only include Electricity Sales and Business Air Travel.
  - Other Air Emissions (Sulfur Dioxide, Nitrogen Oxides, Particulate Matter, Mercury);
  - Gross and Net Electricity Generation;
  - Water Withdrawal and Discharge;
  - Hazardous Waste Generated;
  - Ash/Gypsum Generation and Recycle; and
  - Lost time incidents.

Our assurance engagement excluded the following data and information:

- The following sources of GHG and other emissions were excluded from the inventory on the basis of their de minimis contribution to the total inventory: administrative offices, wind and solar renewable energy plants, energy storage, AES Distributed Energy, and fugitive methane emissions from coal);
- Water accessed for generation at hydroelectric plants is not considered a withdrawal or discharge. For consistency, all water use at hydroelectric plants is excluded;
- GHG emissions and EHS data related to AES' suppliers, contractors and any other third-parties were excluded, except as follows: Lost Time Incident data for operations and construction contractors is included where AES has personnel onsite to enforce AES' EHS requirements.

LRQA's responsibility is only to AES. LRQA disclaims any liability or responsibility to others as explained in the end footnote. AES' responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of AES.

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<sup>1</sup> <http://www.ghgprotocol.org/>

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that AES has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Table 1. Summary of AES Greenhouse Gas and Environmental Health and Safety Data for Calendar Year 2020**

EHS Data <sup>1</sup>	Quantity	Units
Scope 1 GHG Emissions, excluding Biogenic	43,433,444	Metric Tonnes CO2e
Scope 1 GHG Emissions, Biogenic	53,528	Metric Tonnes CO2e
Scope 2 GHG Emissions Electricity Purchases (Location-Based)	43,491	Metric Tonnes CO2e
Scope 2 GHG Emissions Electricity Purchases (Market-Based)	44,823	Metric Tonnes CO2e
Scope 2 GHG Emissions Transmission & Distribution Losses	210,938	Metric Tonnes CO2e
Scope 3 GHG Emissions Category 3 Electricity Sales	7,269,482	Metric Tonnes CO2e
Scope 3 GHG Emissions Category 6 Business Air Travel	184	Metric Tonnes CO2e
Sulfur Dioxide Emissions	177,172,274	Pounds
Nitrogen Oxides Emissions	88,980,465	Pounds
Particulate Matter Emissions	8,576,989	Pounds
Mercury Emissions	948	Pounds
Gross Electricity Generation	75,338,431	Megawatt Hours
Net Electricity Generation	70,537,347	Megawatt Hours
Total Water Withdrawal	4,309,208,702	Cubic Meters
Total Water Discharge	4,183,772,575	Cubic Meters
Total Ash/Gypsum Generation	8,376,838	Metric Tonnes
Total Ash/Gypsum Reuse/Recycle	2,312,861	Metric Tonnes
Hazardous Waste Generation	4,011	Metric Tonnes
Lost Time Incident Case Rate-AES Employees	0.083	Per 200,000 Hours
Lost Time Incident Case Rate-Operations Contractors	0.045	Per 200,000 Hours
Lost Time Incident Case Rate-Construction Contractors	0.081	Per 200,000 Hours

1. GHG, Other Air Emissions, and Electricity Generation data is based on equity share. Water, Hazardous Waste, Ash/Gypsum, and Lost Time Incident data are based on operational control.
2. Hazardous Waste classifications determined by local regulation and may vary from site to site

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing 2020 GHG emissions data and EHS records at an aggregated level;
- Performing a risk assessment and developing a Verification Plan and Sampling Plan;
- Interviewing relevant employees of the organization responsible for managing GHG emissions and EHS data;
- Sampling 2020 GHG emissions and EHS data from individual facilities for comparison with aggregated data;
- Providing findings on misstatements or nonconformities in the draft report; and
- Confirming AES resolution of findings.

**LRQA's Standards, Competence and Independence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: March 31, 2020



Brooke Farrell  
LRQA Lead Verifier  
On behalf of Lloyd's Register Quality Assurance, Inc.  
1330 Enclave Parkway, Suite 200  
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LRQA reference: UQA00000462

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# Forward Looking - Information



The information presented here is meant to provide an overview of The AES Corporation and is not meant to be precise or inclusive of all the Company's inputs and outputs. Please see The AES Corporation's 2020 Annual Report on Form 10-K for detailed notes and further explanations of financial information and this Sustainability Report for more social and environmental information.

In this document we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1935 and of the Securities and Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Although we believe that these forward-looking statements and the underlying assumptions are reasonable, we cannot assure you that they will prove to be correct.

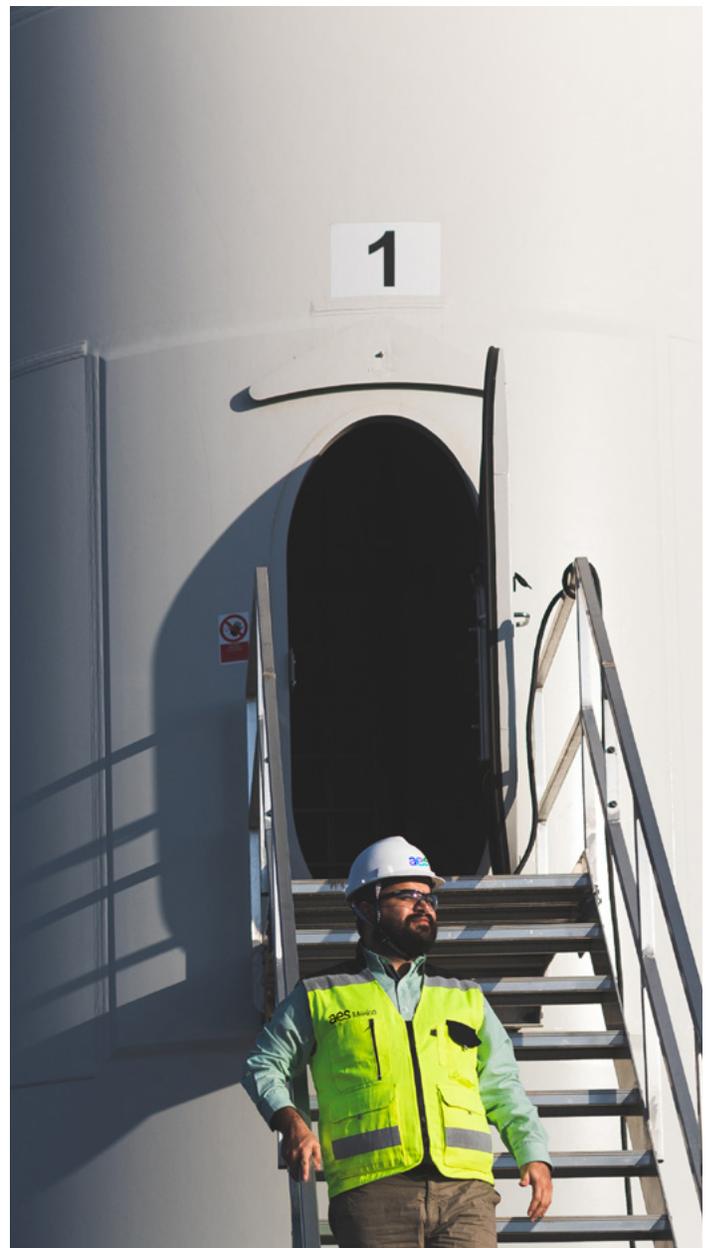
Forward-looking statements involve a number of risks and uncertainties, and there are factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. Some of those factors (in addition to others described in our Annual Report on Form 10-K and in subsequent securities filings) include:

- the economic climate, particularly the state of the economy in the areas in which we operate and the state of the economy in China, which impacts demand for electricity in many of our key markets, including the fact that the global economy faces considerable uncertainty for the foreseeable future, which further increases many of the risks discussed in our Annual Report on Form 10-K;
- changes in inflation, demand for power, interest rates and foreign currency exchange rates, including our ability to hedge our interest rate and foreign currency risk;
- changes in the price of electricity at which our generation businesses sell into the wholesale market and our utility businesses purchase to distribute; to their customers, and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk;
- Changes in the prices and availability of coal, gas and other fuels (including our ability to have fuel transported to our facilities) and the success of our risk management practices, such as our ability to hedge our exposure to such market price risk, and our ability to meet credit support requirements for fuel and power supply contracts;
- changes in and access to the financial markets, particularly changes affecting the availability and cost of capital in order to refinance existing debt and finance capital expenditures, acquisitions, investments and other corporate purposes;
- our ability to fulfill our obligations, manage liquidity and comply with covenants under our recourse and non-recourse debt, including our ability to manage our significant liquidity needs and to comply with covenants under our senior secured credit facility and other existing financing obligations;
- our ability to receive funds from our subsidiaries by way of dividends, fees, interest, loans or otherwise;
- changes in our or any of our subsidiaries' corporate credit ratings or the ratings of our or any of our subsidiaries' debt securities or preferred stock, and changes in the rating agencies' rating criteria;
- our ability to purchase and sell assets at attractive prices and on other attractive terms;
- the impact of the COVID-19 pandemic;
- our ability to meet targets to increase our renewables portfolio, reduce coal generation, and reduce carbon intensity;
- our ability to compete in markets where we do business;
- our ability to operate power generation, distribution and transmission facilities, including managing availability, outages and equipment failures;
- our ability to manage our operational and maintenance costs and the performance and reliability of our generating plants, including our ability to reduce unscheduled down times;
- our ability to enter into long-term contracts, which limit volatility in our results of operations and cash flow, such as PPAs, fuel supply, and other agreements and to manage counterparty credit risks in these agreements;
- variations in weather, especially mild winters and cooler summers in the areas in which we operate, the occurrence of difficult hydrological conditions for our hydropower plants, as well as hurricanes and other storms and disasters, wildfires and low levels of wind or sunlight for our wind and solar facilities;
- the performance of our contracts by our contract counterparties, including suppliers or customers;
- severe weather and natural disasters;
- our ability to raise sufficient capital to fund development projects or to successfully execute our development projects;
- the success of our initiatives in renewable energy projects and energy storage projects;
- the availability of government incentives or policies that support the development of renewable energy generation projects;
- our ability to keep up with advances in technology;

# Forward Looking - Information

- changes in number of customers or in customer usage;
- the operations of our joint ventures and equity method investments that we do not control;
- our ability to achieve reasonable rate treatment in our utility businesses;
- changes in laws, rules and regulations affecting our international businesses, particularly in developing countries;
- changes in laws, rules and regulations affecting our utilities businesses, including, but not limited to, regulations which may affect competition, the ability to recover net utility assets and other potential stranded costs by our utilities;
- changes in law resulting from new local, state, federal or international energy legislation and changes in political or regulatory oversight or incentives affecting our wind business and solar projects, our other renewables projects and our initiatives in GHG reductions and energy storage, including government policies or tax incentives;
- changes in environmental laws, including requirements for reduced emissions, GHG legislation, regulation, and/or treaties and CCR regulation and remediation;
- changes in tax laws, including U.S. tax reform, and challenges to our tax positions;
- the effects of litigation and government and regulatory investigations;
- the performance of our acquisitions;
- our ability to maintain adequate insurance;
- decreases in the value of pension plan assets, increases in pension plan expenses, and our ability to fund defined benefit pension and other postretirement plans at our subsidiaries;
- losses on the sale or write-down of assets due to impairment events or changes in management intent with regard to either holding or selling certain assets;
- changes in accounting standards, corporate governance and securities law requirements;
- our ability to maintain effective internal controls over financial reporting;
- our ability to attract and retain talented directors, management and other personnel;
- cyber-attacks and information security breaches; and
- data privacy.

Additional risks and uncertainties are identified and discussed in AES' reports filed with the Securities and Exchange Commission and are available on the SEC's website ([sec.gov](http://sec.gov)). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. If one or more forward-looking statements are updated, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements.



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