

2021



Improving lives



Accelerating the future
of energy, **together**



This report was published May 18, 2022 and contains forward-looking statements within the meaning of the Securities Act of 1933 and of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those related to future energy demand, future power prices, the availability and cost of natural gas, the growth of solar and other renewable forms of electricity generation and energy storage, future carbon taxes or regulations, potential rates of reduction in coal-fired electricity generation, the expected operating life of existing coal-fired electricity generation plants, the level of energy efficiency investments, the impact of demand-side management and AES' corporate strategy. Forward-looking statements are not intended to be a guarantee of future results, but instead constitute AES' current expectations based on reasonable assumptions. These assumptions include, but are not limited to, normal levels of operating performance and electricity volume at our distribution companies and operational performance at our generation businesses consistent with historical levels, as well as achievements of planned productivity improvements and execution of AES' corporate strategy. Actual results could differ materially from those projected in our forward-looking statements due to risks, uncertainties and other factors. Important factors that could affect actual results are discussed in AES' filings with the Securities and Exchange Commission (SEC), including, but not limited to, the risks discussed under Item 1A "Risk Factors" and Item 7 "Management's Discussion & Analysis" in AES' 2021 Annual Report on Form 10-K and in subsequent reports filed with the SEC. Readers are encouraged to read AES' filings to learn more about the risk factors associated with AES' business. AES undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Material contained on our website is not part of and is not incorporated by reference in this report. Any Stockholder who desires a copy of the Company's 2021 Annual Report on Form 10-K filed on February 28, 2022 with the SEC may obtain a copy (excluding Exhibits) without charge by addressing a request to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203. Exhibits also may be requested, but a charge equal to the reproduction cost thereof will be made. A copy of the Form 10-K may also be obtained by visiting the Company's website at www.aes.com.

Through **innovation** and **partnership**, we can realize the **net-zero future** our world needs.

Improving lives for 40 years

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



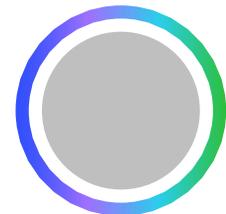
Safety first

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

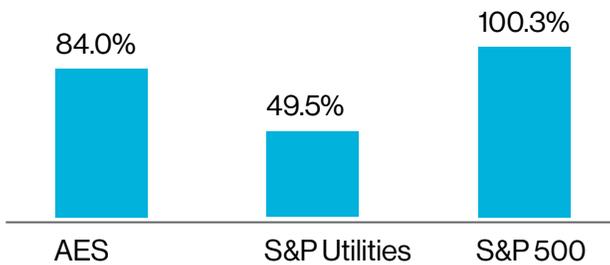
We work as one team across our business and with our people, contractors, customers, partners and communities. We meet changing customer needs with **agility** and have **fun** solving meaningful challenges as a team.

Credit ratings

	2016	2019	2021
Fitch	BB-	BBB-	BBB-
Moody's*	Ba3	Ba1	Ba1
S&P	BB	BB+	BBB-

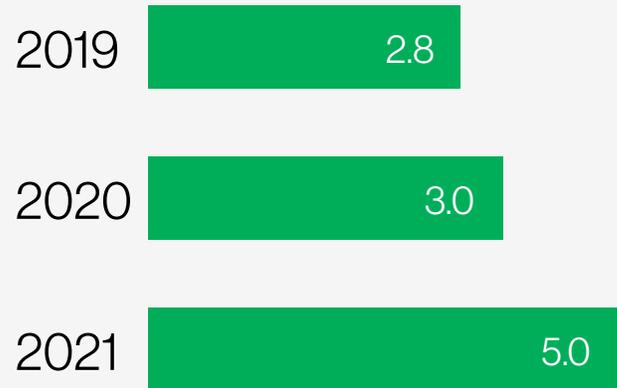
*Upgraded to Positive outlook in August 2021

Total Shareholder Return (TSR) 2019-2021



We're leading green growth

PPAs Signed in GW



Recognized for success

In innovation

Edison Electric Institute's Edison Award for the Alamos Battery Energy Storage Project in California



In partnership

Award for Corporate Excellence (ACE) by the US Department of State for sustainable energy security at our Colón facility in Panamá



In management

Top Utility ranking in WSJ Management 250



In ESG

CFI- Best ESG Power Producer



In people

2021 Great Place To Work in Latin America



In ethics

World's Most Ethical Companies 8-time honoree





Chairman and CEO letter

In 2021, we learned just what we are capable of when we focus on our values and our purpose. It was one of AES' most successful years in our 40-year history, made possible through a focus on health and safety, working to our highest standards and an "all together" mindset with communities, customers and broader stakeholders.

We signed contracts for approximately 5 GW of new wind, solar, hydro and energy storage projects, more than any other year in our history and an increase of 65% compared to 2020. Behind this growth was a focus on innovation and partnership. We work with many of the world's largest companies and organizations, from Chilean copper mining companies to US-based technology firms, to develop new solutions that incorporate new approaches, new technologies and commercial structures. In 2021, we launched the first large-scale renewable project that utilizes wind, solar, hydro and storage resources to ensure the customer receives hour-by-hour renewable energy to meet its needs throughout the year, which Axios referred to as "the new frontier of corporate clean energy"¹. We also were recognized with our industry's highest honor for a record-setting seventh time with the Edison Electric Institute's EEI Award for advancing the global energy storage industry with our Alamos BESS project in California.



Fluence achieved a historic milestone last year with its Initial Public Offering. This business originated from AES' work more than 14 years ago to conceive and test the world's first lithium-ion energy storage system connected to an electric grid. Fluence closed the year with 4.2 GW of energy storage projects. Fluence ranked first on Guidehouse's list of utility-scale energy storage systems integrators and was named one of Fast Company's Most Innovative Companies in 2021. In addition to the role that energy storage plays in enabling innovation across the sector, we have much pride in its environmental benefits, both enabling more wind and solar on the grid and offsetting the need for new gas-fired peaking power plants.

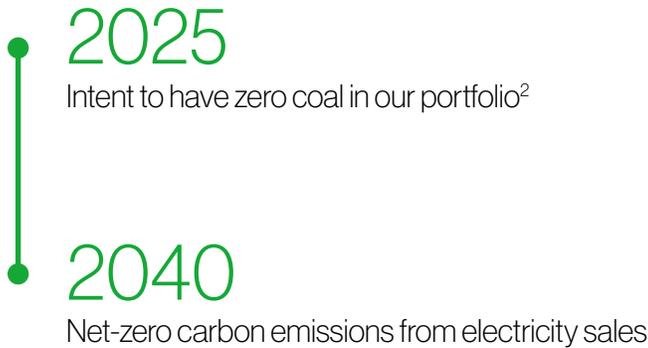
Perhaps some of our greatest accomplishments for the year were the steps we took to ensure our continued near- and long-term growth.

We ended the year with a pipeline of roughly 59 GW, with 68% in the US, the largest in our history and a key source of future growth. We acquired several smaller renewable development companies to solidify our scale in the industry and build upon our talent base. We continued to develop and advance new innovations that will provide competitive advantages going forward, such as the use of automated solar installation techniques or prefabricated solar panels that allow for a simpler and faster installation process.



¹<https://www.axios.com/research-energy-corporate-government-carbon-c5dd0fc1-ebdd-484f-8f21-ad9bf52cb526.html>

In 2021, we completed important regulatory approval processes for our US utilities that will enable future investments to incorporate new technologies and the transition to lower carbon sources of generation. We announced plans at AES Indiana to add solar and solar plus storage facilities to largely replace retiring coal units. At AES Ohio, we received regulatory approval for our multi-year Smart Grid plan to incorporate new technologies, including digital technologies to improve energy efficiency and customer choice to benefit all of the communities where we operate.



We also expanded our portfolio carbon-reduction targets in 2021 as we continued to develop solutions that help enable the economy-wide transition to lower carbon forms of energy. Our goal to achieve net-zero emissions from electricity by 2040 and additional near-term targets to measure our progress demonstrate our commitment to reducing our own carbon emissions and ensuring a safe and responsible transition. In fact, the Transition Pathways Initiative listed AES as one of only a handful of US utilities that are fully aligned with the Paris Agreement's goal to limit global warming to 1.5°C.

Throughout the year, we maintained our disciplined approach to execution. From our work to secure long-term, US-Dollar denominated contracts to our systematic approach to innovation, we continue to take the steps today that will ensure our success going forward.

John B. Morse Jr.
Chairman and Lead
Independent Director
May 18, 2022

Andrés Gluski
President and Chief
Executive Officer
May 18, 2022



² Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.

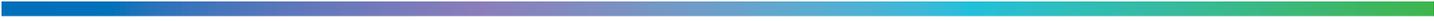


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Addressing one of the greatest challenges of our time

We believe that climate change is one of the **most critical issues of our time** and acting quickly to protect our planet is essential. The resolve to be part of the solution has never been higher with nations and organizations of all types making **commitments to a greener future** for all.



The **clean energy transition** will require a ~\$100 trillion³ investment through 2050

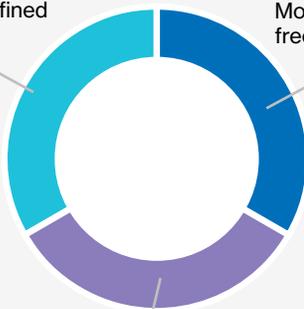
12,000 GW³ of renewables and energy storage additions by 2050

Digital revolution

The digitalization of everything, redefined markets

Decarbonization revolution

Moving to carbon-free energy globally



2nd electrical revolution

The electrification of everything

³ Based on the mid-point of Bloomberg New Energy Finance's (BNEF) New Energy Outlook 2020 clean electricity and green hydrogen pathway.

The need to decarbonize and transition to greener sources is central to combating climate change. As we electrify a growing number of industries and a larger portion of our lives, we believe that the opportunity for new forms of low carbon energy will continue to grow at a rapid pace.

At AES, we see an enormous business opportunity from the once-in-a-lifetime transformation of the electricity sector driven by decarbonization, electrification and digitalization. There is a massive need for more renewable energy as well as an opportunity for innovation to develop new products and solutions that help customers achieve their individual decarbonization goals. AES is well-positioned to help lead the transformation that is needed.

Accelerating the future of energy, **together.**

AES operates across many markets and technologies with a focus on accelerating the future of energy. With approximately 8,450 people across 14 countries, we are motivated to lead the industry in developing and growing the solutions that will enable the transition to low-carbon sources of energy and help achieve the Paris Agreement's goal of net-zero emissions across the entire economy by 2050.



At the core of AES' strategy is a dual focus on:



1. Growing our portfolio of low-carbon products and solutions



2. Working to develop and incubate new solutions and business models



Growing our portfolio of low-carbon products and solutions

In 2021, we signed contracts for approximately 5,000 MW of renewable power. According to Bloomberg New Energy Finance, AES signed contracts to sell more renewable power to corporate customers than any other developer in the world in 2021.⁴ AES' total backlog of projects with signed contracts but which are not yet in operation, was 9.2 GW at the end of the year. These projects serve as the foundation and core component of future growth.

Central to our renewables' growth strategy is a focus on customer collaboration and co-creation, which helps us develop unique solutions based on specific customer needs. This approach not only contributes to customer satisfaction and repeat business, but it also allows AES to work with key customers on a bilateral basis rather than just through participation in bid processes.

This approach has led to the co-creation of several first-of-a-kind industry innovations. In 2021, AES made history with an agreement to supply 24/7 carbon-free energy for Google data centers in Virginia, enabling the energy powering those data centers to be 90% carbon-free when measured on an hourly basis. AES also signed an agreement with Microsoft to support the company in achieving its 100/100/0 by 2030 goal (referring to 100% of electricity, 100% of the time, generated from zero carbon sources) by providing around-the-clock renewable energy to power its data centers located in the state.



We are also working with some of the world's largest metal mining companies in their transition to renewable energy in South America, essentially reducing the emissions of major supply chains. One of the ways we are serving the mining industry is through our Green Blend offering, in which we work to integrate renewable energy with thermal power during select hours of the day to reduce overall emissions.

With our utilities, we are working with a broad range of stakeholders to transition to lower carbon forms of energy while promoting a just transition for the workers and communities who may be impacted by the closure of fossil fuel facilities. At AES Indiana, for example, we retired 230 MW of conventional generation in 2021 and are working to retire an additional 415 MW by 2023, while adding new solar and energy storage to the grid.

Our renewable growth strategy also includes taking steps to ensure and enable growth in future years. We massively expanded our pipeline of development projects, which grew to 59 GW at the end of 2021, both through acquisitions and increased investment in development activities, such as securing land or advancing permitting and interconnection processes. For our projects in late-stage development, we worked to secure supplier arrangements to avoid any potential delays in relation to industry shortages – aided by our scale, supplier relationships and advanced planning measures.



⁴ <https://about.bnef.com/blog/corporate-clean-energy-buying-tops-30gw-mark-in-record-year/>

Working to develop and incubate new solutions and business models

We understand that the energy industry is changing rapidly, and we aim to proactively seek solutions that will give us a continued competitive advantage. At the core of our innovation strategy is AES Next, our business and technology incubator. AES Next works to identify new and innovative business ventures that provide leading-edge and greener energy solutions that add value today and are expected to drive our business in the future.

AES Next identifies upcoming trends in the industry or opportunities for innovation. From there, we either develop capabilities in house or make strategic investments in third-party ventures, targeting those in which we see benefit to our overall portfolio and where we believe AES can add value.

One area in which AES Next has added significant value to AES as a whole is through the early development of energy storage. Our long history and deep insight into energy storage has allowed us to be at the forefront of developing new applications and incorporating it into existing technologies to give us a competitive advantage, such as through our solar + storage design or virtual reservoirs for hydroelectric projects. AES was one of the first developers of battery-based energy storage, deploying the first-ever battery storage system on an electric grid in 2008. This business evolved to be Fluence, the number one energy storage integrator in the world, according to Guidehouse Insights.⁵ In 2021, Fluence achieved yet another major milestone with its IPO and listing on Nasdaq.

Another area of focus for AES Next has been digital systems which enable energy efficiency and resource optimization. Specifically, in 2018, AES invested in the company now known as Uplight, an energy efficiency software company that works directly with more than 80 utilities and has access to over 100 million households and businesses in the US. Uplight is on the forefront of the shift to low-carbon and digital solutions and uses data and analytics to help utilities incorporate consumer energy efficiency programs and optimize supply and demand. In 2021, AES and Uplight extended their partnership with an investment by Schneider Electric and an overall valuation of the business of \$1.5 billion.



AES Next is also working to develop and incubate technologies that help us accelerate our deployment of renewables. One example is our investment in 5B, a prefabricated solar solution company that has patented technology allowing projects to be built in one-third of the time and on half as much land, while being resistant to hurricane force winds. We see 5B's MAVERICK technology as a source of current and future competitive advantage for AES, allowing us to build more projects in places where there is land scarcity, constraints around height or soil disruption or hurricane risk. Likewise, 5B benefits from the ability to grow rapidly on our platform, and we are currently developing projects with 5B technology in the US, Puerto Rico, Chile, Panama and India.

Another example is our 2021 launch of Atlas, a first-of-its-kind AES-developed solar robot designed to enhance the speed, efficiency and safety of solar installations. Atlas complements AES' skilled workforce by performing the heavy lifting, placing, and attachment of solar panels while adding new high-tech jobs. We see both Atlas and 5B as tools to help build and scale our solar business safely and efficiently.



⁵ <https://guidehouseinsights.com/reports/guidehouse-insights-leaderboard-utility-scale-energy-storage-systems-integrators>

Helping customers meet their energy objectives

We focus on outcomes rather than simply projects or technologies. As customers work on their own transitions to lower-carbon sources of energy, our work is defined by how we can help them achieve their goals.

New clean energy

New renewable energy

We help customers develop and scale their renewable energy supply with solar, wind, energy storage and hybrid solutions

24/7 carbon-free energy

We work with customers to develop a holistic energy strategy and implement a tailored portfolio to run on 24/7 carbon-free energy

Green blend

We incorporate renewable energy alongside conventional generation

Cleaner reliability

Resilient power

We aim to optimize contracts with cost-effective, reliable energy solutions best suited to meeting customers' evolving needs

Structured supply

We strive to secure low-cost, resilient energy and accelerate economic growth and a sustainable future in the communities where our customers operate

Fuel logistics

We develop infrastructure solutions and manage complex logistics to provide customers with more reliable energy from

Advanced energy networks

Smart distribution networks

We drive customer action for more energy efficiency and smart integration of distributed energy resources. This offering lights up homes and businesses through next-generation utility platforms to ensure safe, reliable and efficient energy

Clean energy navigator

We connect our commercial customers to business relevant insights and solutions intended to improve their operations while meeting their sustainability goals

Scalable ecosystems



FLUENCE

A Siemens and AES Company

Fluence, a publicly-traded company formed in 2018, is a global market leader in energy storage technology solutions and services, combining the agility of a technology company with the expertise, vision and financial backing of two respected industry giants.



Uplight

Uplight, powering the customer energy experience for more than 80 electric and gas utilities and more than 100 million utility customers, provides energy applications for demand side management, energy analytics, disaggregation, utility marketplaces, utility personalization, home energy management, demand response and more.



5B

5B, accelerating the world's energy transition through the deployment of solar 3X faster and with 2X the energy using the same amount of land. Together we are working to transform the delivery of solar projects from the ground up with their flagship technology, MAVERICK: a plug & play, prefabricated solar block that is folded up, packed onto a truck, shipped to site and deployed in minutes.



MOTOR

Mobilizing the adoption of electric vehicles by providing consumers a seamless electric vehicle buying or subscription experience, including a fully digital sales channel, provision of a home charging station, selection of the best electricity tariff, and enrollment in the utility managed charging program.

Empowering our people

At the core of AES' success is a focus on the wellbeing of our people and a work culture that is inclusive, supportive and dynamic. We aim to create a workplace that not only attracts and retains the best people, but where people feel valued, engaged in the work they are doing, and united by the common goal of creating innovative energy solutions.

Our values



Safety first



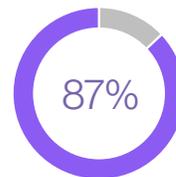
Highest standards



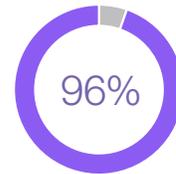
All together

glassdoor

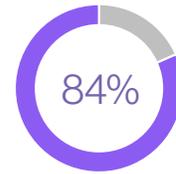
AES corporation reviews



Recommend to a friend



CEO approval



Positive business outlook

COVID-19 response

Direct access to information

Since February 2020, AES CEO Andrés Gluski and other senior leaders have hosted bi-weekly live broadcasts with guest health and wellness experts. Through these sessions, our people have been able to gain access to the most current information and have a chance to engage in Q&A with some of the top leaders in various fields.

Testing resources for families

Throughout much of the pandemic, we contracted with CVS to provide on-site testing for our people and their families at several of our locations.

Mental health support

We expanded our Employee Assistance Program to provide free counseling and mental health services to all of our people and their immediate families in every market where we work.

AES Solidarity Fund

We launched an employee relief fund to provide financial assistance to AES people impacted by COVID-19, including those who have suffered from a COVID-19 fatality in their immediate family or those whose spouse lost work due to the pandemic.

AES workforce by country of origin

US	36%
El Salvador	12%
Chile.....	11%
Argentina.....	10%
Brazil.....	7%
Bulgaria.....	5%
Vietnam	3%
Mexico	3%
Panama	3%
Dominican Republic.....	2%
Colombia	2%
Others.....	7%



Talent development

We take a comprehensive approach to support our people throughout their careers using a 70-20-10 framework:



*Over \$2,000 spent per employee on average in 2021

Empowering the next generation of leaders

The Global Energy4Talent Trainee Program provides passionate early career professionals with experience and exposure throughout the company. Throughout the two-year program with rotations every six months, trainees are responsible for leading strategic projects developed with the help of an AES mentor and area leaders. This program helps enable new and fresh perspectives that feeds innovation while supporting the sharing of best practices across the organization.



Diversity, Equity, Inclusion and Belonging

At AES, we see our diversity as a key source of our competitive advantage. We strongly believe that better decisions are made when more viewpoints are considered, which is why we prioritize fostering a work environment where people feel they have the opportunity to express their opinions and bring their full selves to work. Developing and nurturing an inclusive work environment has a clear impact on our bottom line, and we believe it helps lead to the high level of employee satisfaction that is seen in our Glassdoor ranking. In 2021 we achieved the milestone of a Board of Directors comprised of 50% women (among independent Directors), and we aim to have women in 30% of our senior leadership positions.

AES benefits from a workforce that is unique among its US peers. As a US-based company with a significant international presence and a diverse group of businesses, we are both global and local, and our workforce inherently encompasses people from a wide set of backgrounds. We are motivated to ensure that all people – regardless of their gender, race or even country of origin – feel respected, safe and empowered.



Current Workforce Statistics

Gender



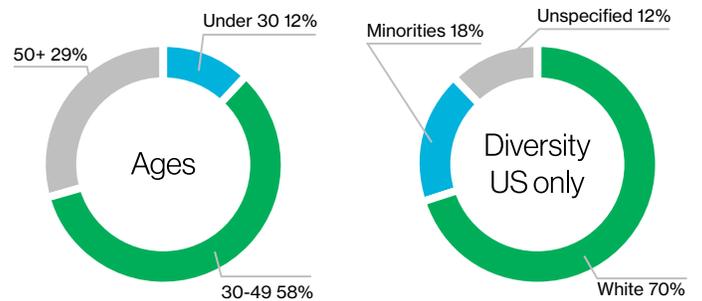
Operations and Maintenance 73% of total workforce



General and Administrative 27% of total workforce



Male ■ Female ■



Mujeres Con Energía (Women in Energy)

To promote gender equality, six years ago AES Colombia launched the Mujeres Con Energía campaign to hire women across the operations and maintenance of Chivor, a hydroelectric power plant, from entry-level to management positions. In 2021, AES Colombia inaugurated San Fernando Solar, a project that during construction hired 280 women to work in various technical, operational and administrative roles. This translated into more than one-third of the hired workforce being female, while ensuring that almost 90% of the total workforce was local.



Diversity and representation

Gender targets

50%

of independent directors
(achieved in 2021)

30%

of senior managers

2021 hires

69%

Under-represented groups overall, including women and racial/ethnic minorities (US only)

39%

Women (global)



Domestic partner benefits, parental leave and fertility benefits in the US

AES offers domestic partner benefits in the US for anyone in a committed relationship regardless of gender or marital status. Similarly, AES has a new parent leave program in the US to provide equal benefits to all parents, including the birth mother and father, adoptive parents and nonbiological parents. The new parent benefit provides six weeks of leave at full pay to allow time to bond with the new child. An additional six weeks of medical leave is also provided to birth mothers with an additional two weeks for a cesarean section. Additionally, in 2021, AES launched a fertility program that anyone in the US can utilize, and in 2022 expanded that benefit to include adoption benefits as well.

Human Rights Campaign

2022 Score

90

Equity and inclusion



Direct messaging from senior leaders

who not only share their own experiences with DE&I but emphasize the degree to which an inclusive culture is fundamental to our success



Hosting external speakers and events to increase awareness of implicit bias

such as through AES' multi-year partnership with Risha Grant, a bias, diversity and inclusion expert



Company-wide requirements for training related to unconscious bias and preventing discrimination and harassment

with additional training for those in management positions



Creation and support for Employee Resource Groups (ERGs)

which unite communities of AES people with common interests or backgrounds



Offering equitable parental leave and competitive adoption and fertility benefits in the US



Providing flexible work arrangements

which enable working parents to meet home and work obligations in a way that makes sense for them

Setting the bar higher for the environment



Today, our environmental focus is even more central to the work that we are doing and is fundamentally linked to our business strategy. AES supports the objectives of the Paris Agreement to limit the average rise in global temperature to 2°C above preindustrial levels and to pursue efforts to limit the increase to 1.5°C. We are taking decisive action to transform our own portfolio to reduce carbon emissions while working to develop new solutions that are designed to enable our customers to reduce their reliance on fossil fuels.

Our goals and targets

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 to decarbonize. These targets drive major business decisions – from investments in new projects to retirements of existing thermal power plants – and serve as the basis for much of our strategy.

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

2025

Intent to have zero coal in our portfolio¹

2030

Generation portfolio carbon intensity in-line with a well below 2°C scenario²

2040

Net zero carbon emissions from electricity sales³

2050

Net zero carbon emissions for entire business portfolio⁴

¹Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals. ²Based on renewables growth and the feasibility of multiple possible asset scenarios. Sectoral Decarbonization Approach target for power generation of 0.16 tCO₂e/MWh based on 2016 baseline and modeled 2030 portfolios. ³Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1 and 2 emissions. ⁴Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1, 2 and 3 emissions.





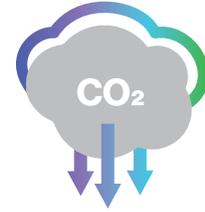
Net-zero by 2040

We have a target to achieve net-zero carbon emissions from electricity sales by 2040. We also have a broader target to achieve net-zero carbon emissions for all business scopes by 2050.



Renewable growth

In 2021, we set a target to sign 3,000 to 4,000 MW of new renewable contracts per year through 2025. We exceeded this goal in 2021 with approximately 5,000 MW signed.



Coal generation

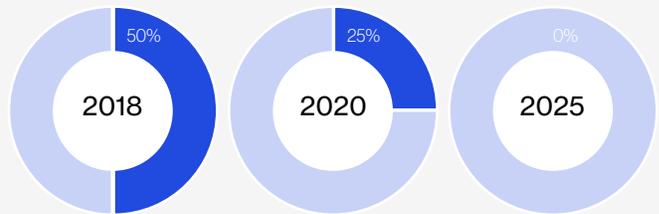
We intend to reduce our coal-fired generation⁶ to zero by 2025. Since 2017, we have announced the sale or retirement of almost 12 GW of coal generation.

Carbon intensity and emissions

We have a target to reduce the carbon intensity of our portfolio to align with a well below 2°C scenario by 2030 based on the Sectoral Decarbonization Approach for power generation. This approach sets an intensity target for power generation that includes renewables growth and the feasibility of multiple possible asset scenarios.

AES has an [Environmental Sustainability Policy](#) that sets the principles and foundation of our environmental management approach. Our Environmental Management System governs all of our environmental practices through a set of standards consistent with industry best practices.

Generation (% of MWh) from coal¹



¹ Pro-forma 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, including renewables backlog; and (ii) (-) actual generation from announced asset sales or retirements.



AES is one of only five US power companies aligned with the Paris Agreement⁷

The first annual analysis of major energy company transition plans released since the 2021 United Nations Climate Change Conference (COP26) found that only 1 in 10 are ambitious enough to keep global warming to 1.5°C. AES was one of only five US utilities firms aligned with a 1.5°C scenario.

The analysis by Transition Pathways Initiative (TPI) assessed 140 of the largest energy companies (76 electric utilities, 58 oil & gas, 6 diversified miners involved in coal mining) on 'Carbon Performance' found that 10% were aligned with a pathway to keeping global warming to 1.5°C, and a further 24% were aligned with a 'Below 2°C' pathway.

⁶ Subject to necessary approvals

⁷ <https://www.transitionpathwayinitiative.org/sectors/electricity-utilities>



Economy-wide path to net zero

As we work to **support a net-zero future** for the entire economy, we have developed a vision of what that future — across all sectors — could entail. We believe it is feasible to achieve a significant portion of this goal by relying predominantly on existing technology, with the support of strong policies that enable this transition. We see four major components of the **future energy system**

Electrification

By 2050, we expect renewables to be the primary energy source for virtually all activities. Economy wide, electricity may either be directly consumed via the electrification of end uses such as a transition to electric vehicles, or indirectly consumed via the conversion of electricity to synthetic fuels.

Hydrogen and synthetic fuels

Difficult to electrify industries may largely be served by synthetic fuels derived from green hydrogen combined with other inputs such as captured carbon or nitrogen. These technologies can allow renewables to serve as the primary energy source for applications such as long-haul transit, industrial processes, and clean flexible power generation.

Flexible loads

We anticipate an increase in flexible electricity usage, such as with hydrogen production and fuel synthesis, which can be served exclusively during times of renewable generation, such as when the sun is shining, or the wind is blowing.

Low deployment, high value gas infrastructure

Gas infrastructure may continue to play a role in providing flexible capacity during the occasions in which renewable resources cannot directly meet demand. Carbon capture technology will likely advance to enable either capture of emissions at the plant, or production of carbon neutral renewable synthetic natural gas for these applications.

At AES, we believe our strategy and portfolio are well suited to meet the demands of this vision. Our robust investment in renewable energy and new technologies that will help us deploy at even greater scale helps us work to meet the increasing demand. Battery storage and power generation infrastructure using carbon neutral fuels can ensure reliability in a future dominated by renewables. Our digital platforms and energy management products can help ensure that an interconnected grid operates smoothly and that we optimally utilize energy to decarbonize all sectors.

For more detail on our vision for a net-zero future, see [AES Climate Report](#)

Climate Scenario Report

In establishing our corporate strategy, we have also considered the impact that climate change has on our business and have conducted analysis to understand both the transition risks and the physical risks that could arise. In 2018, we became the first publicly-traded US utility and power company to publish a report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and third-party scenarios for physical risk and transition risk from climate change. We have since updated our analysis to consider an even broader range of risks and opportunities, and our 2021 AES Climate Scenario Report examines the AES portfolio under multiple future scenarios.

Climate change presents AES and our stakeholders with a host of risks and opportunities. Our goal is to manage these appropriately, meet changing energy needs with agility and continue creating innovative, customized energy solutions that deliver the most value to our stakeholders while empowering

growth. These risks and opportunities are intrinsic to our industry, and thus deeply rooted in our corporate strategy.

The analysis in our Climate Report concluded that the AES portfolio is resilient under various climate scenarios based not only on our future growth trajectories but also on the work we have done to date to transition away from reliance on fossil fuels.

Our results also highlight the significant growth potential of our four product lines, which we believe are positioned to not only lead the transition to a low-carbon economy, but also to reduce AES' portfolio-wide physical risks. Our strategic targets result in a portfolio emissions intensity reduction consistent with the objectives of the Paris Agreement and a global reduction in emissions of 45% by 2030 from 2010 levels as outlined in the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C.



AES support for emission-reduction policies

AES supports a broad range of policies that support the Paris Agreement, including

1. Placing a price on carbon through mechanisms like a carbon tax or cap and trade system
2. Government support for carbon reducing technologies
3. Global cooperation of stakeholders to achieve net zero emissions by 2050
4. Public and private actions to manage the impact on workers and communities dependent on fossil fuels to ensure a just transition

Please see our [website](#) and our [Climate Scenario report](#) for a full list of our policies in support of the Paris Agreement.

Setting the bar higher

In working with our communities and suppliers

Our work includes close collaboration with communities and suppliers, and we strive to make a positive impact wherever we operate. Not only is this consistent with our values and a source of motivation for our people, but it has a direct impact on the success of our business.



Approach to community partnerships

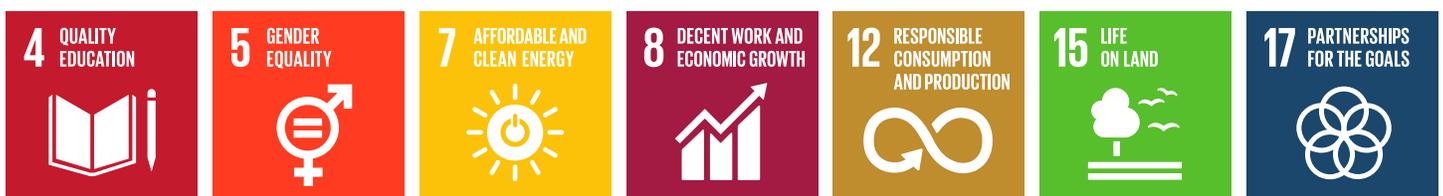
We are committed to strengthening positive impact through socioeconomic and environmental partnerships that improve lives today and support a more just and equitable future.

Our people often live in the communities where we operate, and we respect and understand the local cultures. We aim to hire locally, when possible, offer capacity-building programs and seek out other areas of collaboration where we can make a meaningful contribution. We engage in open and consistent dialogues with local stakeholders so we can exchange information, understand resources and opportunities, and keep informed on community needs. We do this through open communication channels as well as regular engagements such as periodic community meetings as well as through websites and social media.

Together with our community partners, we tailor social impact programs that respond to the specific local needs and aim to deliver long-lasting benefits. Our social impact programs are guided by the United Nations' Sustainable Development Goals and four focus areas around access to energy, inclusive economic growth, environmental support, and community resilience and relief services.

We have internal corporate guidelines for developing social impact programs which cover areas such as communications, program design and tools for measuring impact, and we typically look to partner with third-party organizations who bring additional expertise.

Select UN Sustainable Development Goals



Community partnership highlights

In 2021, AES businesses engaged in over 250 community-oriented initiatives globally, including coordinated employee volunteer opportunities, long-term community investments through our social impact programs, commercial initiatives in the community and charitable donations. More than 2 million people have access to these initiatives, both directly through active participation and indirectly through education campaigns and investments in community infrastructure.



over 250
community-oriented
initiatives globally



The following are examples of social impact programs that we operate.

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

The safety of our people, contractors, and communities comes first. We work with our partners on programs focused on public safety, access to basic services, and resource efficiency.



Highlight: AES Rural Energy Program (El Salvador)

2021 marked the 20th anniversary of the founding of AES El Salvador's Rural Energy program. Since its founding, it has expanded electricity access to over 1,085 rural communities throughout the country, including those in remote zones located far from the grid, leading to improved quality-of-life for thousands of families due to better education, health services, and traffic safety as well as reduced dependence on burning fuels. These initiatives are complemented with awareness campaigns on the safe use and efficient consumption of electricity. In 2021, our program brought electricity to 1,049 new families.

Partnering for inclusive economic growth

We work with our partners to contribute to the economic and social development in the communities where we work. Our programs are focused on education and capacity building while promoting diversity, equality, and cultural preservation.



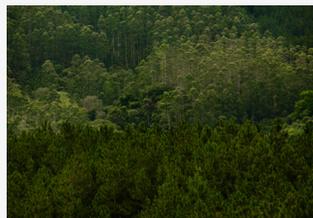
Highlight: AES Ohio Foundation (United States)

The AES Ohio Foundation (formerly known as DP&L Foundation) is the largest corporate foundation in Ohio's Miami Valley where every dollar is distributed locally. In addition to sponsoring extensive volunteer projects for AES people, the foundation provides grants to create long-term community impact. Established in 1985 as a private foundation, the grants are strategic investments with partner organizations to support innovative growth initiatives and empower disadvantaged populations.

In 2021 alone, the Foundation provided grants totaling approximately \$1.5 million to 57 non-profit organizations. One recipient was the Greater Dayton Area Chapter of St Vincent de Paul, an organization that works with the homeless and impoverished to provide emergency shelter, transitional and permanent housing, food, clothing and guidance services. The AES Ohio Foundation supported St Vincent through a \$50,000 grant to provide LED lighting to their entire network of shelters. Not only does LED lighting have environmental benefits, but it will reduce St. Vincent's energy costs by approximately \$24,000 annually – providing savings which can go toward providing local services.

Partnering for the environment

We collaborate with experts to develop programs focused on biodiversity protection, sustainable living and nature-based solutions.



Highlight: Reforestation program in Brazil

Through the Mãos na Mata (Hands on the Forest) Program, AES Brasil operates one of the largest reforestation programs for native trees in the country. Working in partnership with SOS Mata Atlântica, AES Brasil's nursery produces about 1 million seedlings annually, which are planted throughout the Atlântica and Cerrado forests in the State of São Paulo. In addition to AES extensive tree-planting effort, the Mãos na Mata Program is open for other companies and organizations to participate in volunteer planting efforts.

11,600+ acres reforested to date
250+ acres are reforested on average every year

Partnering for relief efforts

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



Highlight: The American Red Cross

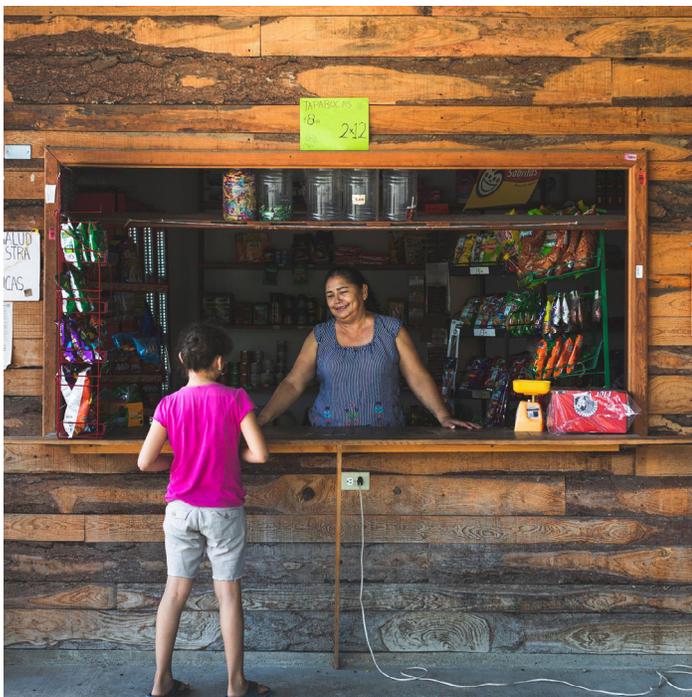
AES businesses partner with their local chapters of the American Red Cross to equip communities with tools and resources to increase their resilience to natural disasters and emergencies. AES works to help local communities gain access to American Red Cross tools, supplies and expertise by providing funding for programs that are targeted at many of our local communities.

AES Puerto Rico and AES Ohio partnered with the “Sound the Alarm” campaigns to provide food, shelter and aid to those who have lost their home to fire, as well as to free smoke alarms in high-risk neighborhoods and educate families on fire safety. In Hawaii, California and Colorado, our businesses worked through their local chapters to support disaster relief efforts following devastating floods and wildfires in 2021.

Just and responsible transition

While we believe the transition to lower carbon forms of energy is needed and necessary, there are communities and individuals who may be negatively impacted by the closure of fossil fuel facilities, and we believe in supporting a Just Transition. There is no one size fits all approach, but we work with key stakeholders, including local and national governments, communities and unions to develop a transition plan designed with the local conditions in mind, that can include capacity building, social and economic development opportunities.





Our suppliers

We are deliberate and thoughtful in selecting our suppliers and contractors, who we see as partners in helping us achieve our goals. We hold them to the same high ethical standards that we have for ourselves, and through our supplier relationships, we work to promote acceptable working conditions and environmentally responsible management.

AES businesses have diverse needs, but we believe in standardized processes to ensure that all procurement activities are carried out in alignment with our values and operational standards. We have a Supplier Code of Conduct that defines the basic requirements and expectations applicable to all suppliers, contractors, consultants and third party intermediaries of the company and its affiliates. This Supplier Code of Conduct is incorporated into our contracts with suppliers, who are responsible for ensuring that all subcontractors are in compliance as well.

Please see all supplier guidelines and policies:

<https://www.aes.com/suppliers>

Human rights

As a global power industry leader, we operate under a broad range of economic, political, social and cultural customs, and traditions, as well as different local, regional, and international laws and regulations. We seek to conduct business with the highest level of integrity, ethics and compliance in all situations, and we support the Universal Declaration of Human Rights.

Our [Human Rights Policy](#) formalizes the tools AES is already using to conduct business, including encouraging our businesses to perform risk assessments, engage with business suppliers, and work with local communities. As a result, many of our businesses proactively participate in local initiatives and trade associations in the areas of corporate governance, ethics and compliance and corporate responsibility.

AES Andes participates in the “Human Rights Laboratory of Companies in the Mining and Energy Generation Sector”, a program developed by Acción Empresas, an organization that represent the World Business Council for Sustainable Development (WBCSD) in Chile, the Mining Council and the Chilean Association of Generation Companies. The objective of this program is to strengthen the capacities of companies to integrate human rights issues into business management.



Connecting suppliers with local communities

AES Panama, together with the Technological University in Colón, designed the “Preparandome con Energia” (“Preparing with Energy”) program for local youth to develop technical skills and be hired by local suppliers in the province, increasing access to better opportunities. More than 120 young students from the area participated in the one-year program in mechanics, electricity, welding and instrumentation and control. Since 2018, more than half of the participants successfully joined the local workforce, and the training received has better positioned them for future infrastructure projects in the province.

Setting the bar higher

In governance

We believe operating under the highest standards for corporate governance is an essential element to the success of the company. We believe in 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.

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.

Director engagement.

Our Directors attended an average of 97% of Board and committee meetings in 2021.

Annual say on pay vote.

The Company's Say on Pay approval rating exceeded 93% at each annual meeting since 2011.

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/ethnically diverse individuals are included in the initial pool of candidates from which potential director nominees are chosen. Currently, 50% of our independent Directors were women.

For additional details please refer to our [2022 Proxy Statement](#), which includes details of: Corporate Governance, Board Committees and Structure; Director Characteristics and Biographies; Director and Executive Compensation; Audit Matters and Stock Ownership, among other matters.

Ethics and compliance

Ethics, integrity and compliance are the foundation and principles that guide our company and our people. As a global power industry leader, we operate under a broad range of economic, political, social and cultural customs as well as different local, regional, and international laws and regulations. We strive to conduct business with the highest level of integrity in all situations.

AES was selected as one of the 2021 World's Most Ethical Companies™ for the eighth year in a row. Our Ethics and Compliance Program defines our business practices and corporate expectations worldwide. Our [Code of Conduct](#) and [Anti-Corruption Policy](#) encourage internal and external stakeholders to bring matters of concern to the company's attention for prompt resolution. Our people and our stakeholders are empowered with a strong sense of ownership and accountability for their work, and we fully expect each person to adhere to our corporate values as described in the Code of Conduct.

Anti-harassment and discrimination policy

It is our policy to treat all employees with respect and dignity and to maintain a work environment free from harassment. We endeavor to abide by laws that prohibit discrimination everywhere that we do business and we actively work to remove unconscious bias from our decision making.

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.



AES executive leadership team



Andrés Gluski
President and Chief Executive Officer



Joel Abramson
Senior Vice President,
Mergers and Acquisitions



Bernerd Da Santos
Executive Vice President and
Chief Operating Officer



Steve Coughlin
Executive Vice President and
Chief Financial Officer



Paul Freedman
Executive Vice President,
General Counsel and
Corporate Secretary



Tish Mendoza
Executive Vice President and
Chief Human Resource Officer



Leonardo Moreno
Senior Vice President and
President, AES Clean Energy



Julian Nebreda
Executive Vice President and
President, US and Global
Business Lines



Juan Ignacio Rubiolo
Executive Vice President
and President, International
Businesses



Chris Shelton
Senior Vice President, Chief
Product Officer and President,
AES Next

AES board of directors



John B. Morse Jr.
(Chairman)
Retired Senior Vice President
Finance and CFO Washington
Post Company



Janet Davidson
Former Executive Vice
President Quality Customer
Care Alcatel Lucent S.A.



Andrés Gluski
AES President and Chief
Executive Officer



Tarun Khanna
Jorge Paulo Lemann
Professor at the Harvard
Business School



Holly K. Koepfel
Former Managing Director and
Head of Corsair Infrastructure
Management



Moisés Naím
Distinguished Fellow in the
International Economics
Program at the Carnegie
Endowment for International
Peace and international
columnist and broadcaster



Julie Laulis
President and Chief Executive
Officer of Cable ONE



James Miller
Former Chairman of PPL
Corporation



Maura Shaughnessy
Former Global Portfolio
Manager at MFS Investment
Management



Teresa Sebastian
President and Chief Executive
Officer of The Dominion
Asset Group



Alain Monie
Executive Chairman of
Ingram Micro

Appendix

Direct GHG emissions (Scope 1) - equity adjusted

Direct GHG emissions	2021
Total Scope 1 (MT CO2e)	41,202,392
Power Generation	
CO2	40,852,984
CH4	129,276
N2O	172,984
Other Sources	
CO2	29,691
SF6, HFCs and CH4	17,457
Emissions Intensity (MT-CO2e / MWh)	0.56

CO2 emissions from biologically sequestered carbon - equity adjusted (values included in table above)

Biogenic CO2 emissions (MT CO2e)	2021
Biomass	72,999
Landfill Gas	17,666
Transportation Vehicles (E85)	239
TOTAL	90,904

Total water usage

Water (Megaliters)	2021	% in water stressed areas
Withdrawn	2,516,597	36.33
Discharged	2,417,093	37.37
Consumption	99,504	11

Indirect GHG emissions (Scope 2) - equity adjusted

Electricity-Related Indirect Emissions (MT CO2e)	2021
Location based method	253,302
Market based method	253,302

Indirect GHG emissions (Scope 3)

Other indirect emissions (MT CO2e)	2021
Emissions due to Sale of Electricity to End Users	7,350,511
Emissions due to Business Air Travel	527

Total energy generation

Energy generation	2021
Electricity Generated - Gross (MWh)	72,506,148
Electricity Generated - Net (MWh)	67,920,775
Steam Water Generated (MWh)	426,174

Fresh water usage

Water (Megaliters)	2021	% in water stressed areas
Withdrawn	866,362	1.75
Discharged	775,601	0.36
Consumption	90,761	12

Company information

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AES Code of Conduct

AES is committed to demonstrating the highest standards of business ethics in all that we do. We have a Code of Conduct, which is available on our website.





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