

2021



ESG Indicators

Accelerating the future of
energy, **together**



Table of Contents



- Tables and Figures..... 3
- 2021 Sustainability Highlights..... 5
- Decarbonization Targets..... 6
- Overall Company Information..... 8
- Operational 12
- Environmental..... 17
 - Direct Greenhouse Gas Emissions..... 17
 - Water and effluents 19
 - Waste and Byproducts 22
 - Biodiversity 22
- Social 24
 - Partnering with communities for the future of energy..... 24
 - Just and responsible transition 25
 - Our People..... 26
 - Occupational Health and Safety 29
 - Public Safety..... 31
 - Suppliers 31
- Governance 32
 - Board of Directors..... 32
 - Ethics and Compliance 34
 - Cybersecurity 35
- About this report 36
 - External assurance..... 36
- Forward Looking - Information..... 41

Tables and Figures



Figure 1 - (EU1) Megawatts (MW) in operation by fuel type (includes Energy Storage).....	10
Figure 2 - (GRI 403-9) Lost Time Incident Rate for AES people and Contractors.....	29
Table 1 - (GRI 102-7) Beneficial ownership.....	10
Table 2 - (EU1) Proportional Megawatts (MW) in operation by fuel type	11
Table 3 - (EU2) Gross Energy Generated (MWH) (includes steam)	12
Table 4 - (EU11) Generation Efficiency of Thermal Plants	12
Table 5 - (EU30) Average Plant Availability Factor.....	12
Table 6 - (EU30) Commercial Availability by Energy Source	13
Table 7 - (EU10) Gross MW Under Construction at the End of 2021.....	13
Table 8 - (GRI 302-1) Energy consumption (MWH) by SBU.....	14
Table 9 - (EU3) Number of distribution customer served.....	14
Table 10 - (EU4) Length of Distribution and Transmission Lines (by SBU and Country)	15
Table 11 - (EU12) Transmission and Distribution Technical Losses (%)	15
Table 12 - (EU28) System Average Interruption Frequency Index (SAIFI).....	15
Table 13 - (EU29) Distribution System Average Interruption Duration Index (SAIDI).....	16
Table 14 - (EU29) Transmission System Average Interruption Duration Index (SAIDI).....	16
Table 15 - AES Consolidated Customer Satisfaction for Distribution Businesses.....	16
Table 16 - (GRI 305-1 / 305-4) Direct GHG Emissions (Scope 1) - Equity adjusted.....	17
Table 17 - (GRI 305-1) CO2 Emissions from Biologically Sequestrated Carbon - Equity adjusted	18
Table 18 - (GRI 305-7) Metric Tonnes of SO2, NOx, PM and Mercury Emissions - Equity adjusted.....	18
Table 19 - (GRI 305-2) Indirect GHG Emissions (Scope 2) - Equity adjusted.....	18
Table 20 - (GRI 305-3) Indirect GHG Emissions (Scope 3).....	18
Table 21 - (GRI 303-3/303-4) Total Water Withdrawaland Discharge - Equity adjusted.....	19

Tables and Figures

Table 22 - (GRI 303-5) Total water consumption from areas with water stress - Equity adjusted.....	19
Table 23 - Percentage of water recycled/reused.....	19
Table 24 - (GRI 303-3) Water Withdrawal by source and by SBU (m3) - Equity adjusted.....	20
Table 25 - (GRI 303-4) Water discharged by destination and by SBU (m3) - Equity adjusted.....	21
Table 26 - (GRI 306-4) CCRs Generation and Recycling/Reuse - Equity adjusted.....	22
Table 27 - (GRI 306-4) Other non-hazardous waste generated and recycled - Equity adjusted.....	22
Table 28 - (GRI 306-4) Hazardous Waste by SBU - Equity adjusted.....	22
Table 29 - Links to the Public Websites containing EIA/AIA Results.....	23
Table 30 - (GRI 405-1 / 102-8) AES People Demographics by SBU.....	26
Table 31 - (GRI 405-1) Percentage of employees by age group.....	26
Table 32 - (GRI 405-1) Percentage of women in management positions.....	26
Table 33 - GRI 405-1) Workforce Ethnicity/race in our U.S. businesses.....	26
Table 34 - (GRI 401-1) Employee turnover rate.....	27
Table 35 - (GRI 102-38 & 39) Annual total compensation ratio & % increase in annual total compensation ratio.....	27
Table 36 - (GRI 401-1) Total of new employee hires and % of open positions filled by internal candidates.....	27
Table 37 - Employee Satisfaction percent.....	28
Table 38 - HR and Workplace Recognitions.....	28
Table 39 - (GRI 403-9) Occupational Fatality Cases.....	29
Table 40 - Proactive Safety Measures.....	29
Table 41 - Near Miss frequency rate.....	30
Table 42 - (GRI 403-9) Total recordable incident rate (TRIR) and frequency rate (TRIFR).....	30
Table 43 - AES people severity rate.....	30
Table 44 - AES people Rate of fatal accidents.....	30
Table 45 - External Safety Recognitions 2021.....	30
Table 46 - (EU25) Public Fatal Incidents.....	31



2021 Sustainability Highlights



2021 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.

This report complements our [Improving Lives Report](#) providing detailed ESG and performance data for 2021.

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

- Exceeded our target of signing 3,000 to 4,000 MW of new renewable contracts per year:
 - Signed contracts for 4,965 MW of new renewable power; more than any other year in our history and an increase of 65% compared to 2020.
- Accelerated our carbon-reduction targets by announcing our intent to have zero coal in our portfolio by 2025¹.
- Since 2017, we have announced the sale or retirement of more than 12 GW of coal generation.
- 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.
- Published our second [Climate Scenario Report](#), updating our 2018 analysis.
- Recognized with our industry's highest honor for a record-setting seventh time with the Edison Electric Institute's Edison Award for advancing the global energy storage industry with our Alamos BESS project in California.
- Engaged in over 250 community-oriented initiatives
- Achieved the signifier of Great Place to Work™ across different markets.
- Achieved the milestone of a Board of Directors comprised of 50% women (among independent Directors).

¹ Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.

Recognized for success

In innovation

Edison Electric Institute's Edison Award for the Alamos Battery Energy Storage System 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

Best ESG Power Producer



In people

2021 Great Place To Work in Latin America 2021



In ethics

World's Most Ethical Companies 8-time honoree



Decarbonization Targets

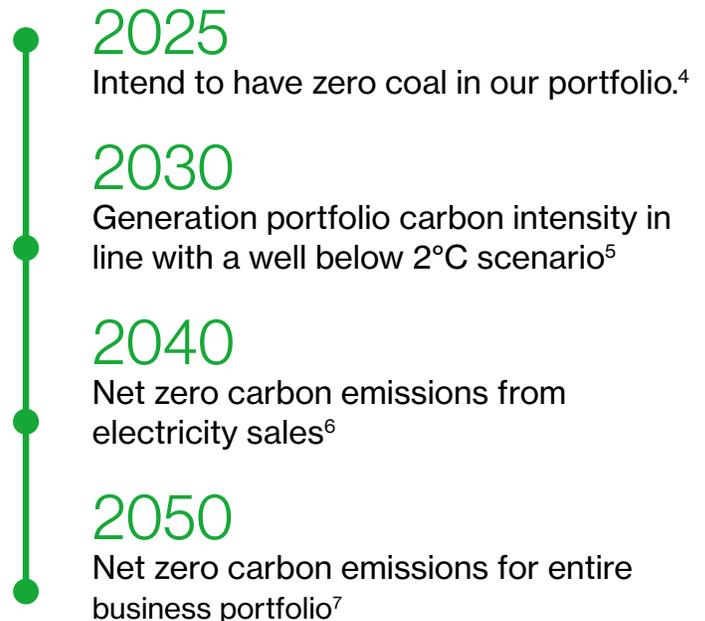
At the core of our strategy is a focus on transitioning our portfolio to low-carbon and carbon-free sources of energy. AES supports the objectives of the Paris Agreement to limit the average rise in global temperatures to well below 2°C above preindustrial levels and to pursue efforts to limit it to 1.5°C, and we are taking decisive action to have net zero emissions from electricity by 2040².

We aim to achieve these targets by 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 2040².

We also have a broader target to achieve net zero carbon emissions for all business scopes by 2050³.



Renewable growth – In 2021 we set a target to sign 3,000 to 4,000 MW of new wind, solar and energy storage contracts. We exceeded this target, with 4,965 MW of long-term contracts for renewables signed in 2021. For 2022, we expect to sign an additional 4,500 to 5,500 MW. 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.

Coal generation – We intend to have zero coal in our portfolio by 2025, through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals. Since 2017 we have announced the sale or retirement of more than 12 GW of coal generation.

^{2,3} Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1 and 2 emissions for 2040 and scope 3 for 2050.

⁴ Through asset sales, fuel conversions and retirements, while maintaining reliability and affordability, and subject to necessary approvals.

⁵ Based 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.

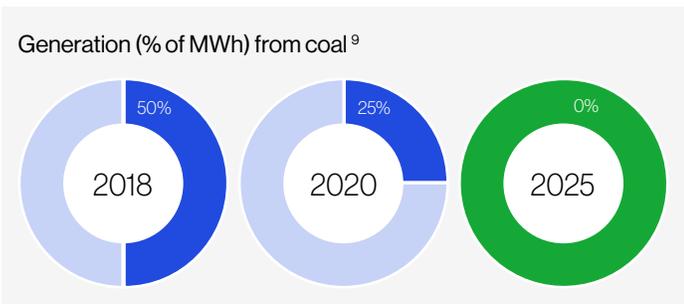
⁶ Actions assume new policies that facilitate transition to low emissions energy systems, such as a price on carbon. Includes scope 1 and 2 emissions.

⁷ 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.

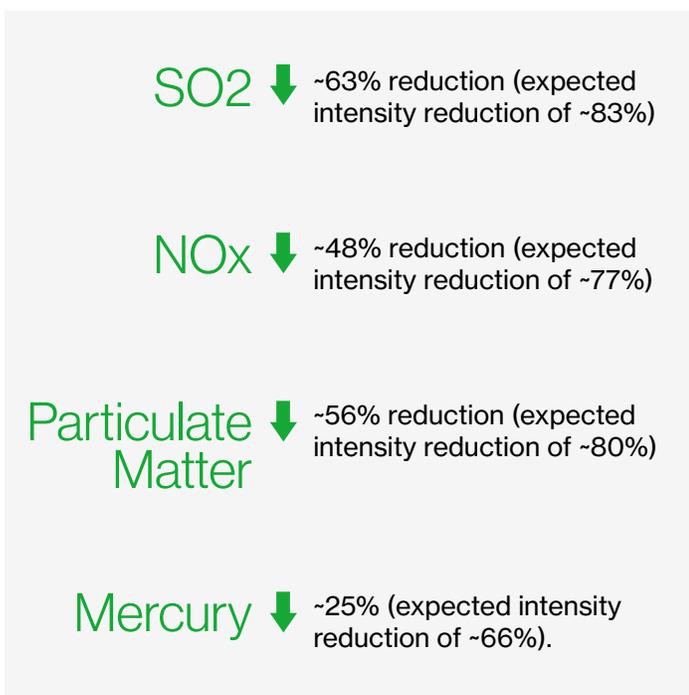
Decarbonization Targets



Carbon intensity – We have a target to reduce the carbon intensity of our portfolio to align with a well below 2°C scenario by 2030⁸ based on the Sectoral Decarbonization Approach for power generation. This approach sets an intensity target for power generation of 0.16 t CO₂e/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 expect to reduce the following sources of air emissions (versus a 2016 baseline) by 2030¹⁰:



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%¹⁰.



Climate Scenario Report

In 2018, we were the first publicly-traded U.S. 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.

In our second edition of the [AES Climate Scenario Report](#) published in 2021, we updated our analysis of climate risk, leveraging refreshed scenarios published by the International Energy Agency (IEA) and the United Nations' Intergovernmental Panel on Climate Change (IPCC), and included a detailed assessment of the potential risk from extreme weather events on our portfolio of generation, transmission and distribution assets.

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.

Please refer to our [Climate Scenario Report](#) for a full TCFD Index, further details on our climate change governance, strategy and risk management as well as our stress testing approach.

⁸ Based on renewables growth and the feasibility of multiple possible asset scenarios.

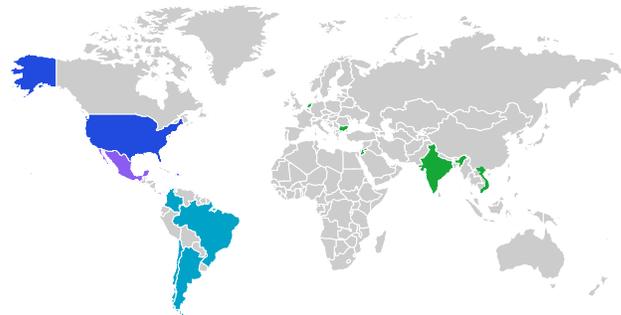
⁹ Pro-forma annual generation in MWh from the portfolio as of, or expected by, the relevant date, adjusted for: (i) (+) generation from new assets added to the portfolio; and (ii) (-) actual generation from announced asset sales or retirements. Based on the portfolio as of, or expected by, the relevant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

¹⁰ Based on renewables growth and the feasibility of multiple possible asset scenarios.

Overall Company Information

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

Founded in 1981, AES is a Fortune 500 global energy company accelerating the future of energy. Together with our many stakeholders, 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, while partnering with our customers on their strategic energy transitions and continuing to meet their energy needs today.



4 Continents

14 Countries

4 Market-oriented strategic business units

6 Utility companies

31,459

Gross MW in operation*

* 21,880 proportional MW (gross MW multiplied by AES' equity ownership percentage).

\$11.1 billion

Total 2021 revenues

2.5 million

Customers served

8,450 people

Our global workforce

3,497 MW

Renewable generation under construction or with signed PPAs

\$33 billion

Total assets owned & managed

Overall Company Information



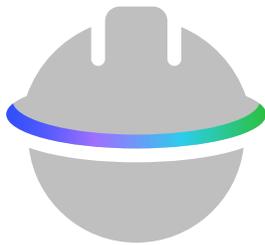
Our purpose

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**.



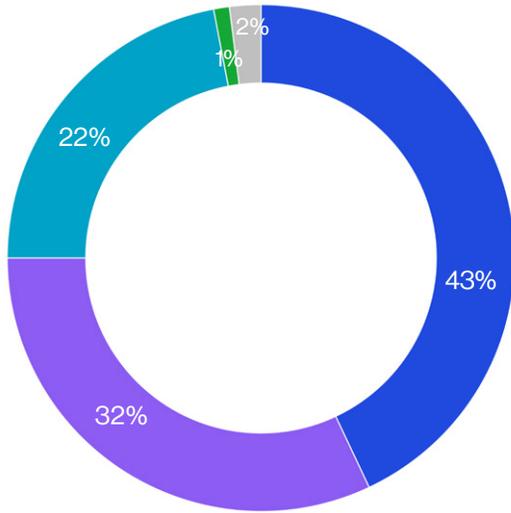
All together

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.

Overall Company Information

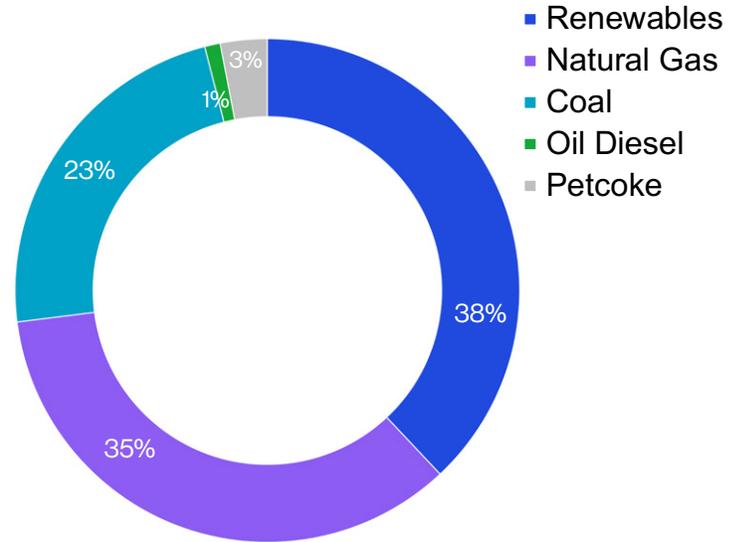
Figure 1 - (EU1) Megawatts (MW) in operation by fuel type (includes Energy Storage)

Gross installed capacity –
31,459 MW*



*includes 407 MW of energy storage

Proportional installed capacity –
21,880 MW*



*includes 331 MW of energy storage

Table 1- (GRI 102-7) Beneficial ownership - Owned by Greater Than 5% Stockholders

The Vanguard Group, Inc. – 12.36%	Capital International Investors – 11.2%
Capital World Investors – 9%	BlackRock – 6.70%
	No family or government owns more than 5% of shares

Based on information available to the Company as of March 7, 2022. For more details on beneficial ownership, please refer to our [2022 Proxy Statement](#).

Overall Company Information



Table 2 - (EU1) Proportional Megawatts (MW) in operation by fuel type¹²

Technology	MW	Technology	MW
Coal (includes Anthracite & Lignite)	5,102	Wind	2,275
Pet Coke	544	Solar	1,649
Gas	7,718	Biomass	9
Oil (Diesel & Residual)	128	Energy storage	331
Hydro	4,078	Landfill gas	6



¹² Information as of December 31, 2021. We are excluding values from OVEC from our capacity, generation and emissions data. AES Ohio owns a 4.9% equity ownership in OVEC, an electric generating company. OVEC has a combined generation capacity of approximately 2,109 MW.

Operational

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

Energy Generated (MWH)	2019 Gross Energy		2020 Gross Energy		2021 Gross Energy	
	Full Basis	Equity Basis	Full Basis	Equity Basis	Full Basis	Equity Basis
Total	120,964,446	75,043,540	115,564,879	75,271,522	104,588,292	72,368,605
Coal (includes Anthracite & Lignite)	58,327,408	36,460,621	52,835,240	32,927,070	44,937,417	31,111,059
Pet Coke	4,300,173	4,257,171	3,962,914	3,923,285	4,030,323	3,990,020
Gas	28,979,290	19,551,335	28,717,579	21,053,934	29,589,257	21,090,357
Oil (Diesel & Residual)	216,247	105,961	24,638	12,072	-	-
Hydro	20,729,509	9,525,720	18,937,819	11,271,943	16,248,373	9,820,050
Wind	4,245,249	2,992,406	5,529,322	4,017,088	6,406,335	4,462,326
Solar	4,083,577	2,084,429	5,485,303	2,008,299	3,286,627	1,827,234
Biomass	51,705	34,642	43,126	28,895	67,880	45,480
Landfill gas	31,287	31,287	28,937	28,937	22,079	22,079

Table 4 - (EU11) Generation Efficiency of Thermal Plants

Efficiency BTU/kWh	2018	2019	2020	2021
Coal	10,310	10,186	10,499	10,507
Gas	8,406	8,750	8,660	8,980

Table 5 - (EU30) Average Plant Availability Factor

Average Availability Factor (%)	2020	2021
Coal (includes Petcoke)	92.4	91
Gas	86.8	88.7



Table 6 - (EU30) Commercial Availability by Energy Source

Commercial Availability (%)	2018	2019	2020	2021
AES Total	93.62	94.53	95.24	94.65
Coal	92.33	93.66	95.05	96.05
Gas	92.41	94.24	91.37	95.66
Hydro	99.93	92.88	99.16	99.20
Wind ¹³	92.32	92.93	93.66	93.45

Table 7 - (EU10) Gross MW Under Construction at the End of 2021

Business/Project	Location	Fuel	Gross MW
AES Clean Energy (AES Distributed Energy)	US - Various	Solar	247
		Energy Storage	134
Central Line	US - AZ	Solar	100
Luna (AES Clean Energy)	US-CA	Energy Storage	100
Skipjack (AES Clean Energy)	US-VA	Solar	175
Antelope Expansion 1B (AES Clean Energy/sPower)	US-CA	Solar	18
Lancaster Area Battery (AES Clean Energy)	US-CA	Energy Storage	100
Michigan Consumers (AES Clean Energy)	US-MI	Solar	55
Mountain View Repowering (AES Clean Energy)	US-CA	Wind	66
Laurel Mountain Repowering (AES Clean Energy)	US-WV	Wind	98
Tucano Phase 1 & 2	Brasil	Wind	322
Cajuína		Wind	479
Campo Lindo	Chile	Wind	73
Virtual Reservoir 2		Energy Storage	40
Mesamávida		Wind	68
Andes Solar 4		Solar	237
		Energy Storage	148
Andes 2b		Solar	180
	Energy Storage	112	
Brisas	Colombia	Solar	26
Santanasol	Dominican Republic	Solar	59
Gatún	Panama	Gas	670
Generation Under Construction Total			3,497

¹³ 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	99,433	36,245,690		18,524,342	92,408	20,611	21,862,638	33,119,846
South America	228,081	25,406,684		10,810,409	1,823,087	4,516	25,434,755	12,838,021
MCAC		380,730	11,135,965	15,454,944	134,500	8,403	12,055,681	15,058,861
Eurasia		21,308,415		2,525,367	45,018	18,951	8,064,291	15,833,458
Total	327,513	83,341,519	11,135,965	47,315,061	2,095,013	52,480	67,417,365	76,850,186
Intensity / MWhh								1.06

Table 9 – (EU3) Number of distribution customer served

Business	Customers	GWh sold
Total AES	2,563,000	31,794
AES Indiana	516,000	13,881
AES Ohio	534,000	13,837
AES El Salvador	1,513,000	4,076





During 2021, 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
US & Utilities	AES Indiana	1,801	12.55	5,933	6,793
	AES Ohio	2,643	14.02	16,880	6,228
	Total US	4,444	27	22,812	13,021
	El Salvador	0	0	39,883	119.43
South America	Chile	1,125	0	0	0
Total AES		5,569	27	62,695	13,141

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

Technical losses	2018	2019	2020	2021
Transmission	2.09	1.90	1.87	2.06
Distribution	3.41	3.21	3.24	3.81

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

Business	2018	2019	2020	2021
Actual AES	1.29	1.11	1.18	1.31
AES Indiana	0.95	0.82	0.93	0.75
AES Ohio	0.92	0.98	0.95	1.32
AES El Salvador	4.98	4.59	3.82	3.51

Operational

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

Business	2018	2019	2020	2021
Actual AES	1.84	1.69	2	2.24
AES Indiana	1.12	1.24	1.22	1.68
AES Ohio	1.79	2.13	1.94	1.56
AES El Salvador	13.75	13.13	13.74	13.24

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

Business	2018	2019	2020	2021
Actual AES	0.09	0.18	0.08	0.03

Table 15 - AES Consolidated Customer Satisfaction for Distribution Businesses

	2018	2019	2020	2021	2021 Target
% of Customer Satisfaction	87.5	86.4	88.4	87.6	87.2



Environmental



Our strategy to meet our emission's intensity reduction targets have been at the heart of our multi-year portfolio transformation. Since 2017, we have announced the sale or retirement of more than 12 GW¹⁴ of coal generation. We have also grown our renewables business, including signing 13.6 GW of new contracts of wind, solar, and energy storage¹⁵. By 2025, we expect 55%-60% of our adjusted PTC to come from renewable projects and utilities.

Not only do environmental goals drive our overall business strategy, but they are also critical to our day-to-day operations. Our [Environmental Policy](#) sets the principles and foundation of our environmental management system (EMS). The EMS is consistent with the principles of ISO 14001 standard and sets environmental standards to identify, prioritize and manage environmental risks.

We identify and monitor conditions of compliance and events that could lead to non-conformances and financial impacts on the business. Our "AES Environmental Incident Management" standard requires each business to establish a process for identification, investigation and reporting of environmental non-conformance events.

As of December 2021, approximately 63% of AES people and contractors worked at a location that has voluntarily certified their EMS to the ISO 14001 international standard (46% of AES locations and 58% of operation 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 2021 none of the businesses we operate paid fines or penalties in excess of \$10,000, related to 2021 environmental or ecological issues; however, certain matters are under investigation that could result in future penalties. Two facilities paid fines in excess of \$10,000 in 2021 for 2020 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, SO₂ scrubbers, and low NO_x burners.



Direct Greenhouse Gas Emissions

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

Direct GHG Emissions	2018	2019	2020	2021 ¹⁶
Total Scope 1 (Thousand MT)	50,291	45,611	42,961	40,702
Power Generation				
CO ₂	49,821	45,218	42,597	40,357
CH ₄	158	145	133	128
N ₂ O	212	195	178	170
Other Sources				
CO ₂	64	45	47	30
SF ₆ , HFCs and CH ₄	36	8	6	17
Emissions Intensity (MT / MWh)	0.60	0.61	0.57	0.56

¹⁴ Includes announced sales or retirements.

¹⁵ Includes contracts signed in 2016-2021.

¹⁶ For 2021 the goal was 43,706. 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 2021, AES' operating businesses implemented diverse emission reduction projects through, energy efficiency programs, and equipment replacements or low carbon energy installation, representing over 180 thousand metric tonnes of estimated annual CO₂ reductions. We also retired one coal unit in the United States which represents an approximate reduction of over 800 thousand metric tonnes of CO₂e, over 300 metric tons of SO₂ and 800 of NO_x (all equity adjusted values). This is in addition to the already announced retirements, in 2019, of two units in Chile that will represent additional emission reductions.

During 2021, 12% of our Scope 1 (CO₂) 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 37% of our Scope 1 (CO₂) emissions were under both emissions reporting regulations and a regulatory program (US businesses).

AES' 2021 CO₂ emissions from biologically sequestered carbon include emissions from our landfill gas (Nejapa in El Salvador) and biomass (Laja in Chile) power plants. Some of our businesses use E85 fuel for their vehicles, which represented a small fraction of the overall CO₂ emissions from biologically sequestered carbon and so these emissions are not included in the table below.

Table 17 – (GRI 305-1) CO₂ Emissions from Biologically Sequestered Carbon - Equity adjusted

Biogenic CO ₂ Emissions Thousand metric tonnes	2018	2019	2020	2021
Biomass	69	59	32	73
Landfill Gas	19	24	21	18
TOTAL	89	83	53	91

Direct SO₂, NO_x, and other air emissions

The data in Table 18 refers to other air emissions resulting from our businesses' major fuel combustion units during the last four years. Air emissions data related to mercury primarily consists of emissions from coal-fired electric power generation units.

Table 18 - (GRI 305-7) Metric Tonnes of SO₂, NO_x, PM and Mercury Emissions - Equity adjusted

Emission	2018	2019	2020	2021 ¹⁷
NO _x	48,233	47,795	39,908	35,330
SO ₂	79,124	80,691	80,099	50,940
PM	4,187	3,691	3,822	2,407
Mercury	0.53	0.52	0.43	0.27

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 ₂ e)	2018	2019	2020	2021 ¹⁸
Location Based Method	314	324	254	253
Market Based Method	318	328	256	253

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

Other Indirect Emissions (Scope 3) (Thousand metric tonnes of CO ₂ e)	2018	2019	2020	2021
Emissions due to Sale of Electricity to End Users	10,070	9,972	7,269	7,350
Emissions due to Business Air Travel	1.1	1.2	0.2	0.5

¹⁷NO_x goal 46,855 / SO₂ 78,850 / PM 3,577. Mercury 0.51.

¹⁸2021 goal for location based 305, and market base 303.



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.

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

Million m3	2018	2019	2020	2021 ¹⁹
Total water withdrawn	3,670	3,353	2,855	2,517
Surface	684	700	743	854
Seawater	2,961	2,625	2,095	1,637
Municipal	4	2	3	3
Groundwater	21	26	24	19
Total water discharged/returned to the source (at similar or higher quality as raw water extracted)	3,563	3,270	2,755	2,417
Water consumption	107	84	100	100
Water intensity (m3/MWh)	1.3	1.1	1.3	1.4

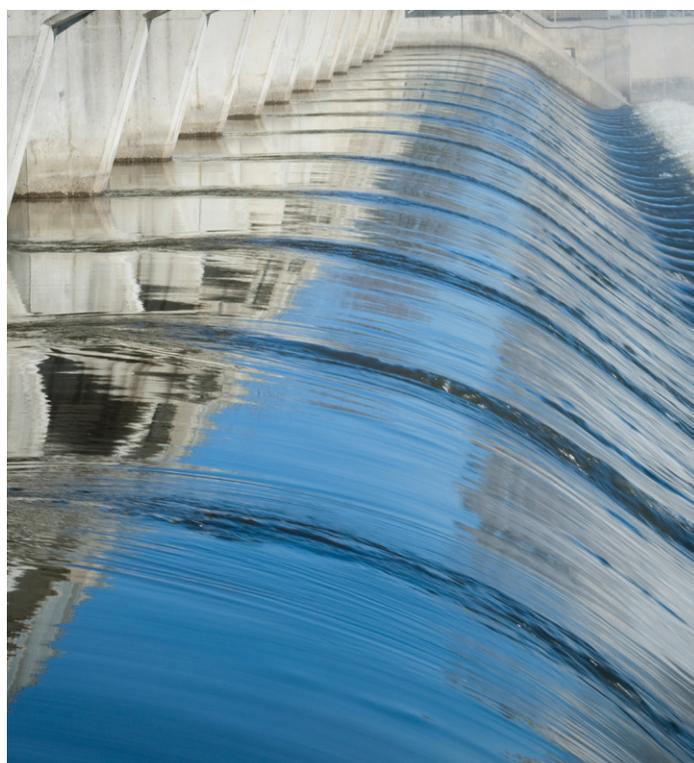
¹⁹2021 goal for Total water withdrawn is 3,043.

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

Water consumption (m3)	2018	2019	2020	2021
Total Water Consumption	106,992,432	83,699,937	99,098,922	99,857,826
Fresh Water consumption % total consumption	11%	15%	12%	11%
Other Water consumption % total consumption	14%	8%	6%	7%

Table 23 - Percentage of water recycled/reused

Business	% recycled	Business / Location	% recycled
Chivor - Colombia	6	Hawaii	<1
Amman East	7	Maritza	4
Nueva Tocopilla - Chile	< 1		



Environmental

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

SBU	Source	2018	2019	2020	2021
US & Utilities	Surface water	418,637,441	343,781,937	252,923,561	327,656,425
	Groundwater	15,066,815	15,487,273	14,945,847	14,511,158
	Seawater	801,136,778	725,756,931	598,452,908	496,122,525
	Municipal water	2,459,627	1,838,930	2,551,661	5,687,978
	Total	1,237,300,661	1,086,865,071	868,873,977	843,978,086
South America	Surface water	247,216,234	326,309,842	466,467,318	507,872,769
	Groundwater	2,151,795	4,563,945	3,695,167	2,523,644
	Seawater	905,306,630	871,829,404	890,436,377	687,175,475
	Municipal water	489,572	223,697	163,949	179,143
	Total	1,155,164,230	1,202,926,889	1,360,762,812	1,197,751,031
MCAC	Surface water	6,802,317	9,245,055	4,922,411	9,321,625
	Groundwater	3,568,045	1,638,174	5,386,850	2,343,556
	Seawater	2,355,367	105,919,690	106,899,911	129,772,811
	Municipal water	0	60	0	301
	Total	12,725,728	116,802,978	117,209,173	141,438,293
Eurasia	Surface water	11,790,258	20,646,250	18,896,286	9,387,841
	Groundwater	50,119	4,438,940	92	8
	Seawater	1,251,841,463	921,481,452	498,844,948	324,089,196
	Municipal water	774,971	321,113	26,821	31,496
	Total	1,264,456,811	946,887,755	517,768,147	333,508,540
TOTAL		3,669,647,431	3,353,482,693	2,854,583,804	2,516,675,950

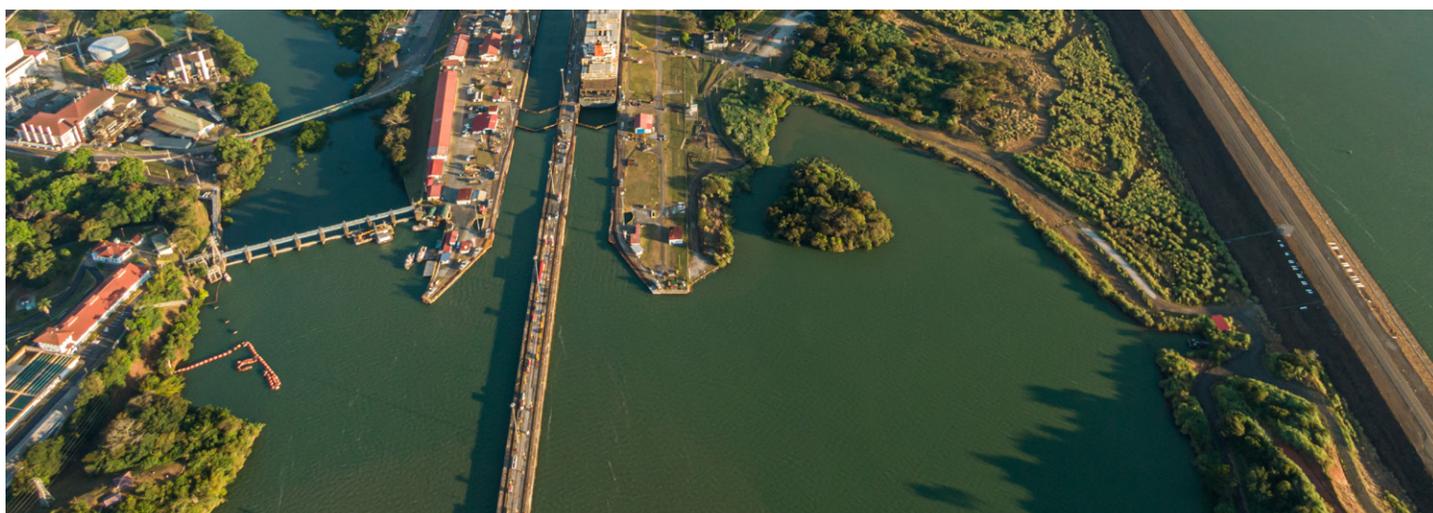




Table 25 - (GRI 303-4) Water discharged by destination and by SBU (m3) - Equity adjusted

SBU	Source	2018	2019	2020	2021
US & Utilities	Surface water	655,947,988	720,110,929	541,529,529	593,523,272
	Groundwater	10,316,999	11,533,950	8,961,991	10,751,424
	Seawater	532,553,263	337,121,536	301,433,944	218,027,001
	Offsite Water Treatment	7,268	73,935	142,495	116,634
	Total	1,198,825,518	1,068,840,349	852,067,958	822,418,331
South America	Surface water	215,586,061	296,478,610	412,251,970	459,069,587
	Groundwater	37,568	192,192	113,124	84,428
	Seawater	892,255,802	865,851,858	884,098,866	680,217,686
	Offsite Water Treatment	23,081	52,446	2,493	3,975
	Total	1,107,902,513	1,162,575,106	1,296,466,453	1,139,375,676
MCAC	Surface water	1,452,560	724,015	1,030,763	1,347,100
	Groundwater	483,086	450,990	341,104	667,991
	Seawater	3,110,652	105,264,320	105,878,907	128,897,416
	Offsite Water Treatment	0	878	317	89
	Total	5,046,298	106,440,202	107,251,090	130,912,596
Eurasia	Surface water	345,152	221,580	343,293	12,426
	Groundwater	0	0	0	0
	Seawater	1,250,407,495	931,705,217	499,352,275	324,096,269
	Offsite Water Treatment	128,022	300	3,812	2,826
	Total	1,250,880,670	931,927,098	499,699,380	324,111,521
TOTAL		3,562,654,999	3,269,782,755	2,755,484,882	2,416,818,124

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

	2018	2019	2020	2021 ²⁰
CCRs generated (metric tonnes)	5,602,885	5,530,895	5,475,834	4,586,275
CCRs recycled/reused (%)	23.9	20.8	28.3	33.6

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

Non-Hazardous waste	2018	2019	2020	2021
Metric tonnes	109,600	50,561	22,756	32,186
% recycled/reused	14.7	19.9	9.3	23.8

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	2018	2019	2020	2021
US & Utilities	504	907	340	294
MCAC	229	893	351	104
Eurasia	394	129	120	124
South America	1,030	1,283	997	2,190
TOTAL	2,157	3,212	1,808	2,711
% recycled / reused	6.99	7.04	14.91	28.26

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

²⁰ 2021 goal for CCRs generated was 4,711,241 while CCRs recycled/reused was 18.66%.



actions that contribute or lead to the extinction of IUCN listed endangered species;

- 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 70 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 80 sites (over 67,000 hectares). Of such sites, one third is in close proximity to critical biodiversity (over 31,000 hectares) and have biodiversity management plans in place.

Through 2021 we reforested more than 4.9 thousand hectares out of a total of 6.8 thousand to be compensated, which is equivalent to 72% progress, with respect to the total to be reforested by 2037 to achieve a no net loss (no net deforestation) goal. 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
Alto Maipo	Chile
Campo Lindo	Chile
Andes 2B and Parque Solar Andes	Chile
Los Olmos	Chile
Mesamavida	Chile



Social

AES operates in a complex environment, facing numerous opportunities and risks: operational, economic, market, legal, security, policy, among others, each one possibly impacting our ability to conduct business. Engagement with our stakeholders is necessary for our business to function, both daily and to achieve our short and long-term strategic objectives.

Our Global Stakeholder Engagement playbook, available internally to all of our people and businesses, highlights the key elements and objectives of our engagement strategy and outlines steps to ensure strong, positive, proactive, and sustainable relationships. These internal guidelines were developed using the AA1000 Stakeholder Engagement Standard as a reference, and cover topics such as: defining the purpose, scope and understanding the context; identifying and prioritizing stakeholders; deciding on the appropriate engagement methodology; addressing stakeholder needs; performing risk and opportunity assessments; evaluating progress of engagement actions, developing grievance mechanisms, communication channels and others.



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.

Our Community Relations Playbook is the company-wide guideline for developing and implementing sustainable social impact programs and other initiatives. It provides a comprehensive approach and strategy for understanding community stakeholders, engaging them early and often, assessing risks, needs, and opportunities and then partnering with them for the future of energy. It includes four focus areas aligned with the UN SDGs, and provides tools to engage with communities for the full life of a project:



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 2021, AES businesses engaged in over 250 community-oriented initiatives globally and more than 2 million people benefitted directly and indirectly through our social impact programs, commercial initiatives in the community and charitable donations.

Our efforts to set the bar higher in working with our communities were recognized during 2021, including:

- In Colombia, the Ministry of Mines and Energy, the National Hydrocarbons Agency and the National Mining Agency recognized AES Colombia for its commitment to gender equity in the construction of San Fernando Solar Park, which employed more than 380 women, representing 38% of the project's workforce and exceeding the sector average.
- The People's Committee of Cam Pha and the People's Committee Quang Ning recognized AES Vietnam for its contributions in healthcare, economic growth, and to child protection and childcare.
- Motor and AES Indiana received the Clean Air Champion Award at the Greater Indiana Clean Cities Awards for the expansion of new electric vehicles in the city that is allowing customers to meet their sustainability objectives.
- MERCO recognized AES Panama for its Social Responsibility and Corporate Governance.
- Ethisphere Institute recognized AES as one of the World's Most Ethical Companies for the eighth year in a row.
- Honored as a best place to work in some of our markets.

For detailed examples of our social impact programs, please refer to our [Improving lives Report](#) and our [webpage](#).



Just and responsible transition

The future of energy and transition to a low-carbon economy must be shaped in a responsible way and is a matter that goes beyond a single industry or stakeholder. As stated in the International Labor Organization (ILO) guidelines for Just Transition, the greening of economies requires a coherent country specific mix of macroeconomic, industrial, sectoral and labor policies.

We support public and private actions to manage the impact on workers and communities dependent on fossil fuels as decarbonization accelerates, and we are committed to working with our stakeholders to foster just transitions. Governments, employers, unions and community organizations should work collaboratively, as we have been doing in Chile, for example, to create transition plans tailored to the unique circumstances faced by each group of workers and their communities.

Since there is no one size fits all approach, we engage and work with key stakeholders (that can include local and national governments, communities, our people and unions) to develop a transition plan designed with the local conditions in mind, that can include capacity building, social, and economic development opportunities.

For example, during 2021, AES Chile started to work on the design of the Training Plan for Labor Reconversion. This plan consists of a theoretical and practical curriculum, aimed at generating technical skills and new technologies, among others, that will help employees to assume new roles in the future of energy, both inside and outside the organization. For more details on the actions carried by AES Chile, refer to their [Annual Report](#).

Social

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.

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 2021, 74.5% 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 in a variety of topics for multiple levels, from technical training to executive training to further develop their skills related to their positions. In 2021, average training per person was over 100 hours.

For more details on how we are empowering our people, refer to our [2021 Improving Lives report](#) and our [webpage](#).

Table 30 - (GRI 405-1/102-8) AES People Demographics by SBU

SBU	Permanent - Full time Employees	
	Female	Male
South America	651	1,968
MCAC	65	323
Eurasia	238	897
US & Utilities		
United States	861	2,515
El Salvador	153	884
Total	1,968	6,587

Table 31 - (GRI 405-1) Percentage of employees by age group

Age	% Total
Under 30	12.26
30 - 50	79.32
51 and over	8.42



Table 32 - (GRI 405-1) Percentage of women in management positions

Management level	% Women
All management positions	25.81
Top management positions	23.60
Junior management positions	27.27

Table 33 - (GRI 405-1) Workforce Ethnicity/race in our U.S. businesses

Race/Ethnicity	Share in total workforce
Asian	3.8
Black of African American	8
Hispanic or Latino	5.5
White	67.8
Indigenous or native	0.4
Native hawaiian	12.6
Pacific Islander	0.5
Two or more races	1.6
Unspecified	12.6



Table 34 - (GRI 401-1) Employee turnover rate

Turnover	2018	2019	2020	2021
Total	23	10.7	8.9	9
Voluntary	6	7.2	5.2	5.5

Table 35 - Annual total compensation ratio & % increase in annual total compensation ratio (GRI 102-38/102-39)

Location	Ratio	Increase
Argentina	16	1.1
Brazil	33	3.6
Bulgaria	25	14.3
Chile	43	7.2
Colombia	15	4.5
Corporate	65	-1
Dominican Republic	21	-0.1
El Salvador	32	2.1
India	8	-1.2
Jordan	7	0
Mexico	43	-1.5
Netherlands	7	1.5
Panama	28	0.9
Puerto Rico	7	0.6
US	22	3.3
Vietnam	52	4.2

Table 36 - (GRI 401-1) Total of new employee hires and % of open positions filled by internal candidates

	2018	2019	2020	2021
New employee hires	813	958	782	1,485
Percentage Open Positions Filled by Internal Hires	16.01%	19.01%	17.67%	26.26%



Social

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 2021, over 40% of our people participated in employee engagement assessments (Table 38) that on average showed 84.3% of satisfaction.

Table 37 - Average Employee Satisfaction - percent (%)

2018	2019	2020	2021
79	79	84	84

Table 38 - HR and Workplace Recognitions

Country	Recognition, Category	Institution
Argentina	Best workplaces in the country Great place to work for Women Companies that care	Great Place to work Institute
Brazil	Awesome places to work	Fundação Instituto de Administração (FIA) in partnership with UOL
Dominican Republic	Ranked 12th among all companies in the country Ranked 18th among all companies in the Caribbean	Great Place to work Institute
El Salvador	Ranked 13th in the GPTW among all companies in the country Ranked in 18th place among all companies in the Caribbean	Great Place to Work Institute
	Ranked 5th in the most attractive companies to work for	Tecoloco
Latin America	Best Workplaces in Latin America	Great Place to work Institute
México	Best Workplaces in the country	Great Place to work Institute
Panamá	Best workplaces in the country Ranked 6th among all companies in Central America in the category of 100 to 500 collaborators	Great Place to work Institute
Puerto Rico	Ranked first company in country Ranked 10th in the Caribbean	Great Place to work Institute
Vietnam	Silver accreditation	Investors in People Institute



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.

For LTI rates we aim to be below the U.S. utility industry's top quartile benchmark LTI rates (Figure 2).

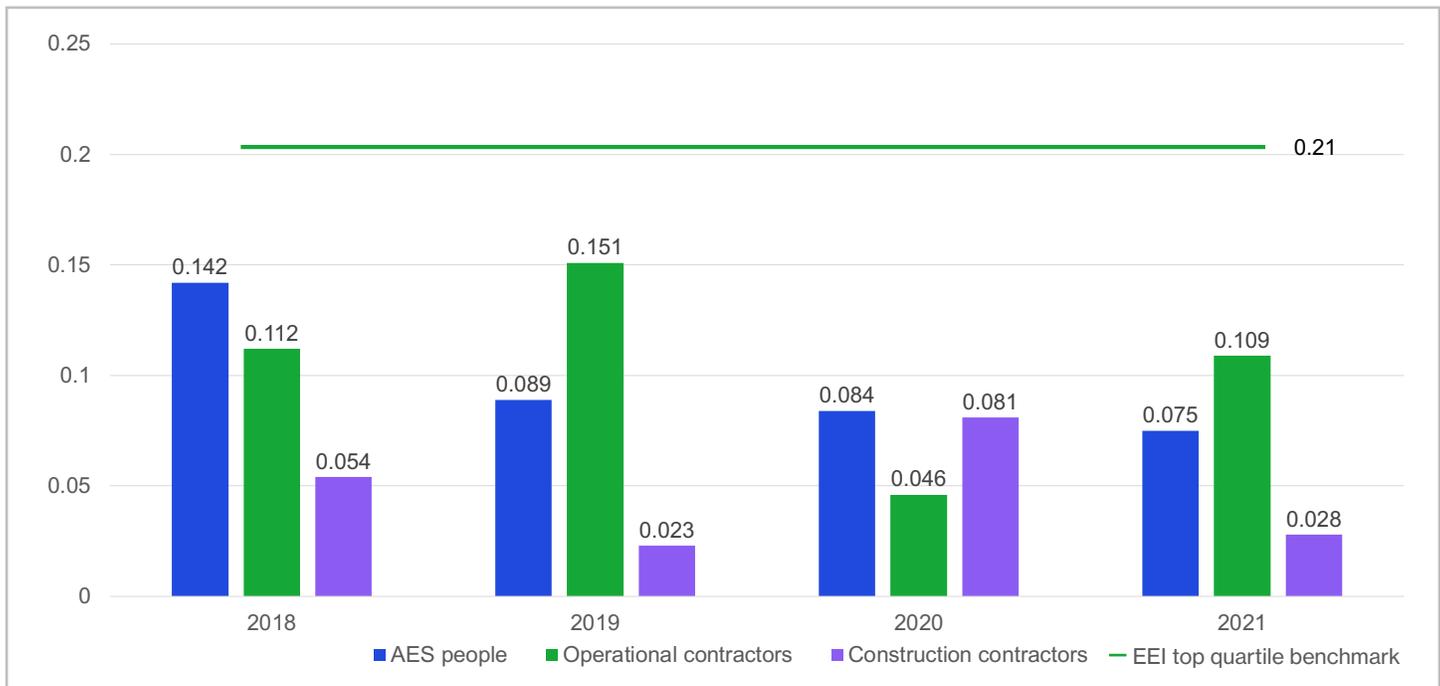


Figure 2 - (GRI 403-9) Lost Time Incident Rate for AES people and Contractors

Our target is to have zero fatalities and though one fatality is one too many, over the years we have seen a gradual decline in the number of fatalities over the years. In 2021, we did not experience any fatal events (Table 39).

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 39 - (GRI 403-9) Occupational Fatality Cases

Occupational Fatalities	2018	2019	2020	2021
AES people	0	1	0	0
Contractors	3	1	1	0

Table 40 - Proactive Safety Measures

Proactive Safety Measures	2018	2019	2020	2021
Safety Walks	50,719	49,651	39,331	33,356
Workplace Hazards	46,392	53,017	44,065	47,327

Social

Table 41 - Near Miss frequency rate

NM Frequency Rate	2018	2019	2020	2021
Near Miss Frequency Rate	2.81	3.18	2.72	2.57

Table 42 - (GRI 403-9) Total recordable incident rate (TRIR) and frequency rate (TRIFR)

	2018	2019	2020	2021
TRIR	0.434	0.443	0.394	0.404
TRIFR	2.170	2.216	1.971	2.019

Table 43 - AES people severity rate²¹

2018	2019	2020	2021
2.008	1.017	2.065	0.214

Table 44 - AES people Rate of fatal accidents

2018	2019	2020	2021
0.000	0.011	0.000	0.000

Table 45 - External Safety Recognitions 2021

Country	AES Business	Recognition	Granted by
Bulgaria	Maritza	Best in the Country Award	British Safety Council
		First place in Annual National HS award	Foundation "Centre for HS at work"
	St Nikola	International Safety Award Distinction	British Safety Council
EI Salvador	AES EI Salvador	Best Safety Performance Regional Company Recognition	Comisión de Integración Energética Regional (CIER)
Jordan	AES Levant Jordan (IPP4)	International safety award -British safety council	British Safety Council
		ROSPA H&S golden award	Royal Society for the Prevention of Accidentes (ROSPA)
	Amman East	International safety award -British safety council	British Safety Council
ROSPA H&S golden award		Royal Society for the Prevention of Accidentes (ROSPA)	
Vietnam	Mong Duong II	RoSPA Gold Medal Award	British Safety Council



²¹ Please note that numbers do not match previous reported figures due to retroactive recalculations made to the formula to calculate the Severity Rate focused on the Standard Man Hours.



Public safety

During 2021, we did not experience any public fatal incidents (Table 47) 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.

Table 46 - (EU25) Public Fatal Incidents

Fatal Incident Cases	2018	2019	2020	2021
General Public	0	2	6	0



Suppliers

AES has three key areas that perform supply chain activities with over 7,100 suppliers in 2021: fuels, global Supply Chain (non-fuel) and engineering and Construction Projects.

We have a [code of conduct for Suppliers](#) and 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.

The 2022 [Proxy Statement](#) includes comprehensive information about our Governance practices, including our Board Committees and Structure; Director Characteristics and Biographies; Director and Executive Compensation; Audit Matters and Stock Ownership, among other matters.

Our [webpage](#) also includes other related governance documents such as the By-laws, Certificate of Incorporation, Corporate Governance Guidelines, and Committees charters.

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 [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 provides [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.

Director Characteristics and Diversity

Our Board is committed to diversity among its members. When identifying candidates for Board membership, the Governance Committee includes, and requests any search firm it engages to include, qualified women and racially/ethnically diverse individuals in the initial pool of potential director candidates for the Board. Additionally, when considering director nominees, including incumbent directors eligible for re-election, nominees to fill vacancies on the Board, and nominees recommended by Stockholders, the Governance Committee considers director nominees against a set of criteria including leadership attributes, competencies and experiences.

At December 31, 2021, our Board had eleven members. Ten members, including the Chairman, were independent and one member is an Executive Director (AES' CEO).

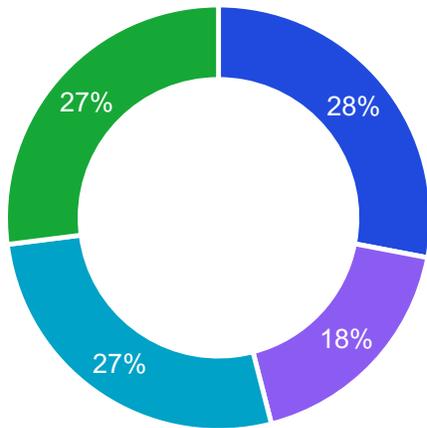
The following highlights some of the characteristics of our Directors as disclosed in the 2022 Proxy Statement. Further details of the experience of the Directors are included in [Governance section](#) of our website.

Gender diversity	Racial/Ethnic diversity	Independence	Average Tenure
45%	36%	91%	6.8



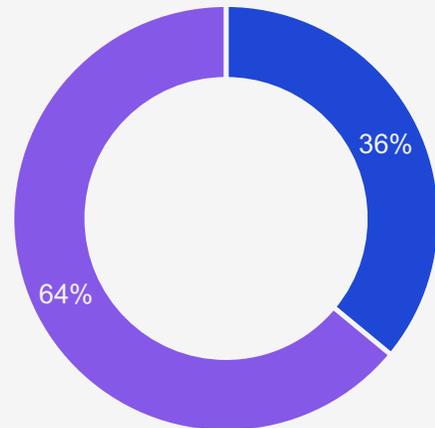
(GRI 405-1) Director Characteristics and Diversity²²

Tenure



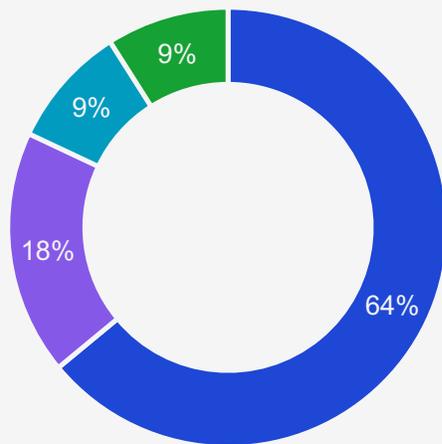
- 0-2 years
- 3-5 years
- 6-10 years
- > 10 years

International diversity

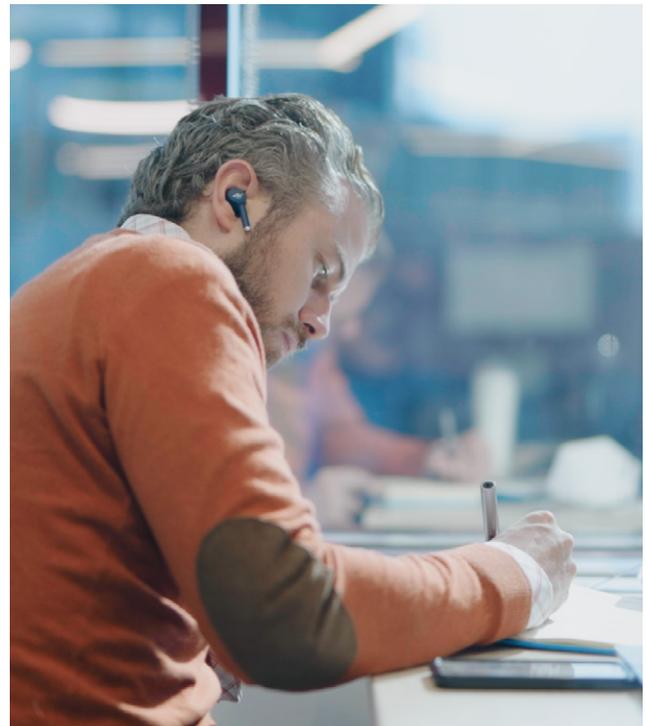


- Born outside the US
- Born in the US

Race / Ethnicity



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



²² As disclosed in the 2022 Proxy Statement.

Governance

Ethics and Compliance (GRI 102-16 & 17)

Ethics, integrity and compliance are the foundation and principles that guide our company and our people. We strive to conduct business with the highest level of integrity in all situations.

Our Ethics and Compliance (E&C) 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.

AES employees, contractors, business partners and others can ask questions and are encouraged to report concerns or alleged improper behavior directly, or they can submit reports anonymously through the [AES Helpline](#). The AES Helpline is a global confidential channel, available 24 hours a day, seven days a week by phone or online and is available in every AES language.

The Helpline is a resource for AES people, contractors, business partners and others to ask questions or report concerns about AES business conduct. To ensure confidentiality, AES Helpline is managed by a third party.

The E&C Department investigates all allegations and responds to all questions. E&C personnel collaborate with management regarding disciplinary and remedial actions to ensure consistency and action consistent with AES Values, policy, law, and regulation.

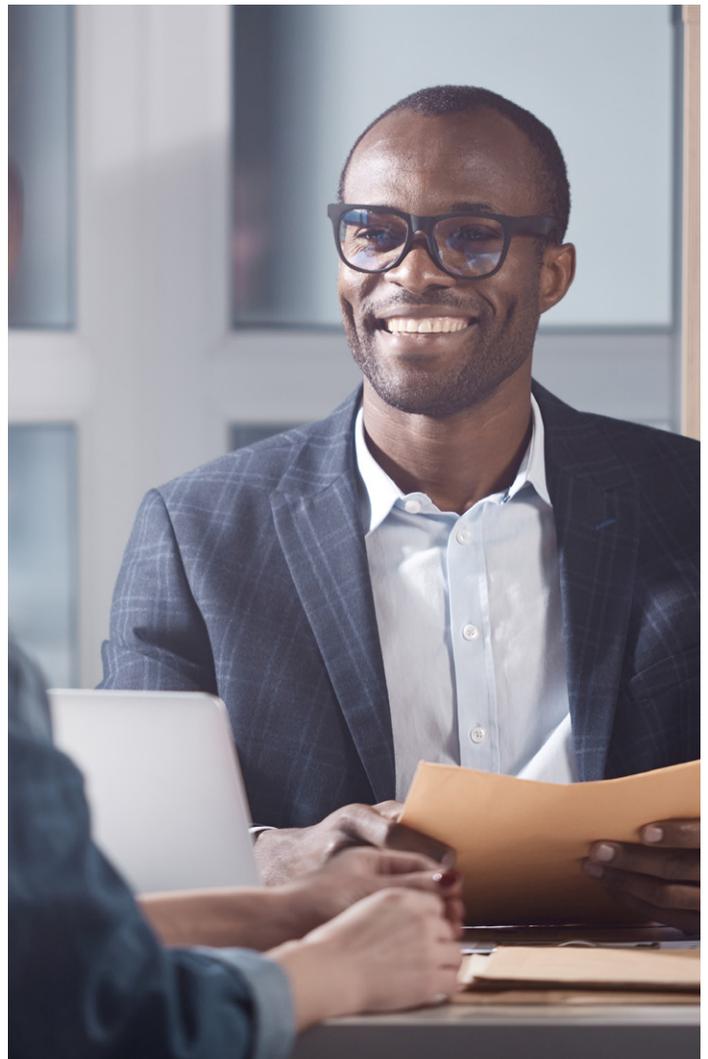
AES has a whistleblower policy that set procedures for the treatment of complains. AES strictly prohibits retaliation against employees who in good faith report ethics and compliance concerns.

Each investigation and inquiry is carefully documented in the Helpline and reported to AES' independent auditor that selects a subset for on-going monitoring, until the case is closed. The Helpline investigation data enables E&C personnel to identify trends in reports and engage business areas to proactively mitigate risks.

In 2021, excluding incomplete reports and customer service reports, the AES Helpline received 316 reports from AES business locations worldwide. Forty-five percent of these were allegations of suspected wrongdoing and fifty-five percent were requests for guidance or information. The AES Helpline groups

allegations of suspected wrongdoing into six main categories: interactions with third party business partners; company property and assets; financial reporting and controls; interactions with government officials; human resources and AES personnel issues; and safety and environment. As in prior years, the category of human resources recorded the greatest number of reports (fifty-six percent of allegations).

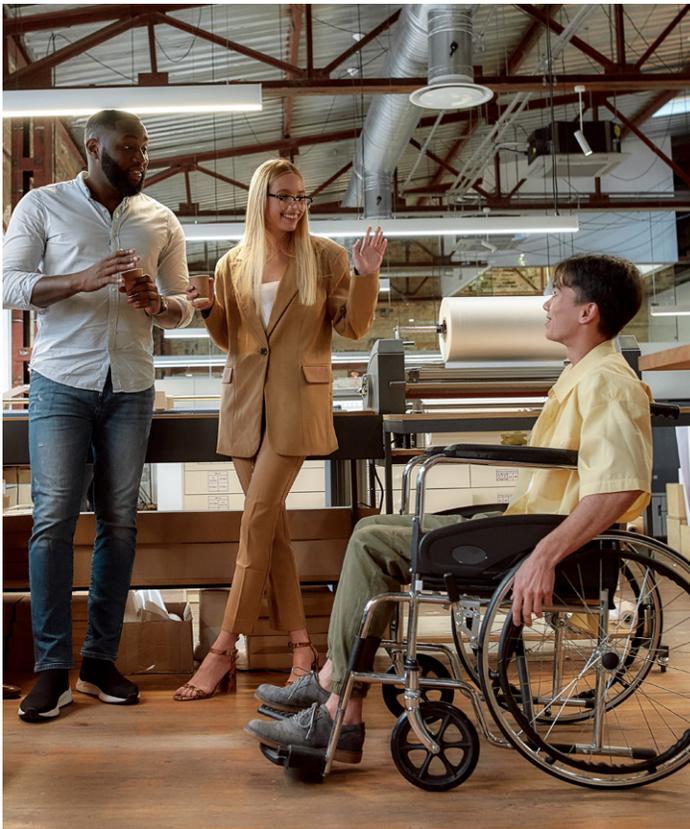
Approximately nineteen percent of allegations reported and closed in 2021 were found to be substantiated in full or in part. For the sustained allegations, the AES E&C Department worked with relevant business areas and defined appropriate remedial action to resolve existing issues, fix past issues when appropriate, and avoid recurrence of the same or similar issues in the future. AES employees, contractors, business partners and others are encouraged to report concerns or alleged improper behavior directly to their manager, or local Compliance Officer or through the AES Helpline.





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.

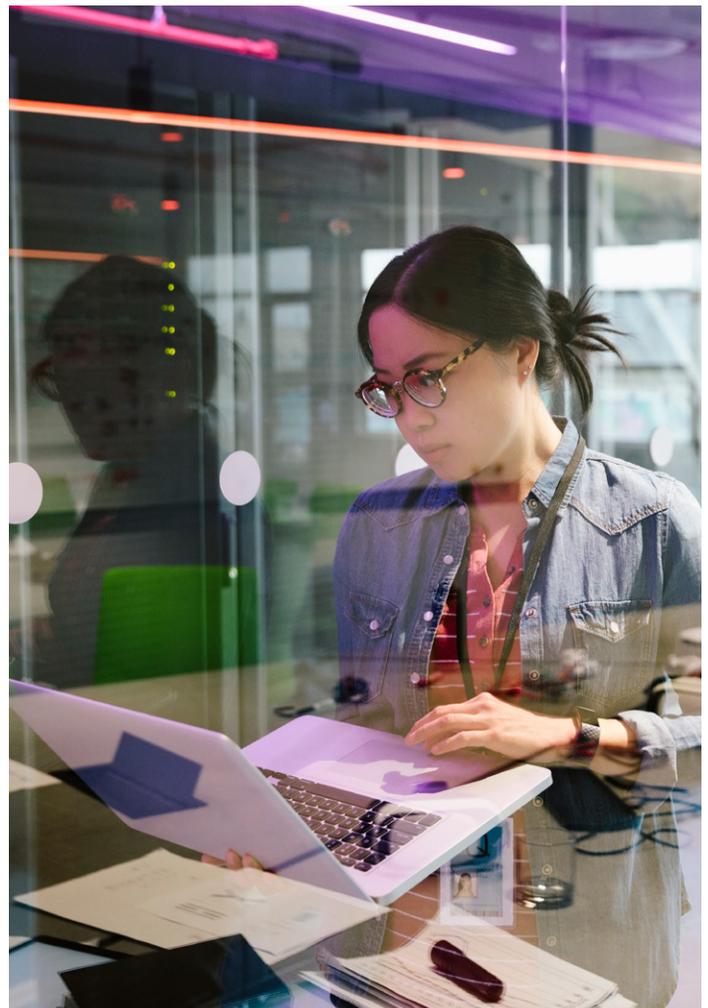


This Policy applies to all AES people worldwide. In addition, temporary workers, contractors, consultants, agents, representatives, and all others who perform AES work are required to ensure that their actions on behalf of AES meet the same high standards expected of AES people. Complaints of harassment 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 Board of Directors is responsible for periodic review and oversight of the Company's cybersecurity programs, policies, and practices, including review of the state of the Company's cybersecurity programs, emerging cybersecurity developments and threats, and the Company's strategy to mitigate cybersecurity risks. The Chief Information Security Officer (CISO) 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.

As part of our awareness function, we design training and activities which can include newsletter articles, internal briefings, a phishing program with targeted campaigns against potential insider threats, relevant film screenings, and email reminders, among others.



About this Report

This report is issued on an annual basis and the reporting period covered is January 1 to December 31, 2021 (GRI 102-50, 102-52). The date of the most recent previous report is the 2020 AES Performance Indicators (GRI 102-51).

The report has been prepared using GRI Standards (from the core option and several aspects and disclosures from the comprehensive option) and includes Electric Utility Sector Disclosures. (GRI 102-54)

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' (GRI 102-56):



Air emissions data



Water withdrawal and discharge data



CCR generation and recycle/reuse data



Generation in MWh



Lost time incidents

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 GHG and EHS Inventories for the CY 2021

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

Terms of Engagement

LRQA was commissioned by The AES Corporation (AES) to provide independent assurance of its greenhouse gas (GHG) emissions and environmental, health and safety (EHS) inventories ("the Report") for the calendar year (CY) 2021 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. LRQA's verification procedure is based on current best practises and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered AES' internal operations and activities in CY 2021 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 data¹.
- 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, using the equity share operational boundary;
 - Scope 3 GHG emissions verified by LRQA only include business travel: Air and electricity sales;
 - Gross and net electricity generation - equity share;
 - Other Air Emissions: Sulfur Dioxide, Nitrous Oxides, Particulate Matter and Mercury – equity share,
 - Water withdrawal and discharge - operational control;
 - Solid Waste Generation from Combustion (Ash and Gypsum) – operational control
 - Solid Waste Recycling from Combustion (Ash and Gypsum)- operational control
 - Hazardous Waste Generation – operational control, and
 - Safety lost time incidents - operational control.

Our assurance engagement excluded certain data and information, as described below:

- The following sources of GHG 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, and is excluded. Water use in office locations, energy storage, construction locations and AES distributed energy are also excluded.
- GHG emissions and EHS data related to AES' suppliers, contractors and any other third-parties were excluded, except as follows: Scope 3 GHG emissions from business travel and electricity sales, lost time incident data for operations and construction contractors is included where AES has personnel onsite to enforce AES' EHS requirements.

¹ <http://www.ghgprotocol.org/>



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.

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 assurance² and at the materiality of the professional judgement of the verifier.

Table 1. Summary of AES’ Greenhouse Gas and Environmental Equity Share Data for CY 2021:

Item ^{1.1}	Quantity	Unit
Scope 1 GHG emission - excluding Biogenic	41,111,487	Metric Tonnes CO ₂ e
Scope 1 GHG emissions - Biogenic	90,904	Metric Tonnes CO ₂ e
Scope 2 GHG emissions – (Location-based) ^{1.2}	253,302	Metric Tonnes CO ₂ e
Scope 2 GHG emissions – (Market-based) ^{1.2}	253,302	Metric Tonnes CO ₂ e
Scope 3 GHG emissions – Electricity Sales	7,350,511	Metric Tonnes CO ₂ e
Scope 3 GHG Emissions – Business Air Travel	527	Metric Tonnes CO ₂ e
Electricity Generated - Gross	72,506,148	MWh
Electricity Generated -Net	67,920,775	MWh
Air Emissions: Sulfur Dioxide (SO ₂)	51,245	Metric Tons
Air Emissions: Nitrogen Oxides (NO _x)	35,660	Metric Tons
Air Emissions: Particulate Matter (PM)	2,482	Metric Tons
Air Emissions: Mercury (Hg)	0.28	Metric Tons
Note 1.1: Greenhouse gas emissions, electricity generation and other air emissions data are reported using the equity share organizational boundary.		
Note 1.2: Scope 2, Location-based and Scope 2, Market-based are defined in the WRI/WBCSD GHG Protocol Scope 2 Guidance, 2015		

² The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Table 2. Summary of AES' CY 2021 Sustainability Data for Operationally Controlled Facilities.

Item ^{2.1}	Quantity	Unit
Water Withdrawal	3,480,735,392	Cubic Meter
Water Discharge	3,364,688,443	Cubic Meter
Solid Waste Generation: Ash & Gypsum from coal combustion	6,047,470	Metric Tons
Solid Waste Recycling: Ash & Gypsum from coal combustion	1,979,354	Metric Tons
Hazardous Waste Generation ^{2.2}	4,704	Metric Tons
Lost Time Incident Case Rate-AES Employees	0.075	Per 200,000 Hours
Lost Time Incident Case Rate-Operations Contractors	0.109	Per 200,000 Hours
Lost Time Incident Case Rate-Construction Contractors	0.028	Per 200,000 Hours
Note 2.1: Environmental and safety data reported using operational control organizational boundary. Note 2.2: AES defines hazardous waste as waste classified as hazardous by local applicable rules and regulations or under the Basel Convention. PCB liquids and PCB contaminated solid waste are also included.		

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:

- analysing GHG emissions and EHS data from a sample of facilities;
- interviewing relevant employees of the organization responsible for managing GHG emissions and EHS data and records;
- assessing AES' data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions, and systems, including those for internal quality control; and
- verifying CY 2021 GHG emissions and EHS data at an aggregated level.



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: 25 July 2022

A handwritten signature in black ink that reads 'Brooke Farrell'.

Brooke Farrell
LRQA Lead Verifier
On behalf of LRQA, Inc.,
1330 Enclave Parkway, Suite 200 Houston, TX 77077

LRQA reference: UQA 00000462 / 4843368

LRQA, Inc., its affiliates and subsidiaries, and their respective officers, employees or agents are, individually and collectively, referred to in this clause as 'LRQA'. LRQA assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant LRQA entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

Copyright © LRQA, 2022.

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 [2021 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.

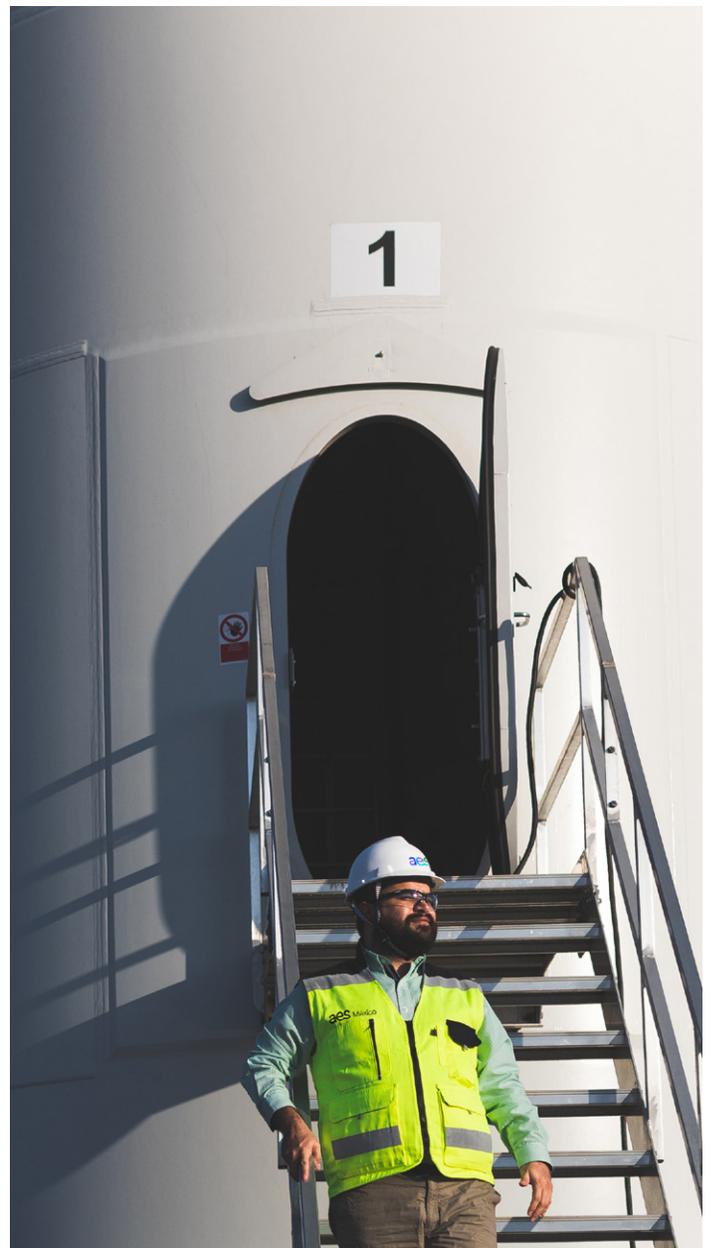
Forward-looking statements involve a number of risks and uncertainties, and there are factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. Some of those factors (in addition to others described in our Annual Report on Form 10-K 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 revolving 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;
- 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;
- pandemics, or the future outbreak of any other highly infectious or contagious disease, including the COVID-19 pandemic;
- the performance of our contracts by our contract counterparties, including suppliers or customers;
- our ability to manage global supply chain disruptions;
- 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). 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.







The AES Corporation
4300 Wilson Boulevard
Arlington, VA 22203
USA

703-522-1315
www.aes.com