

Improving lives

2023

Accelerating the future  
of energy, together

AES Sustainability  
Report 2023

The AES logo is displayed in a white box in the bottom right corner. The letters 'aes' are in a lowercase, rounded font. The 'a' is blue, the 'e' is green, and the 's' is blue.

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## Andrés Gluski

President and Chief Executive Officer

# CEO letter

2023 was a **milestone year for AES**, marking unprecedented achievements in our journey to **transform the energy sector** while making a **positive impact on people and the planet**.

Climate change is already affecting the world with extreme weather events becoming more frequent. From the wildfires in Chile to record-setting storms in the US Midwest, these previously rare events are disrupting communities around the world and negatively impacting the economic livelihood of millions. AES has always been swift to support our teams and local communities in times of hardship. In 2023, our people were among the first to step up, raising funds, volunteering, and partnering with local organizations to aid in recovery efforts in places like Hawaii, Dominican Republic, and Argentina.

Our commitment to reducing emissions, expanding our renewables portfolio, and advancing this once-in-a-lifetime energy transformation remains steadfast. Our portfolio transformation is well underway. In 2023, we signed a record 5.6 gigawatts (GW) of power purchase agreements for renewables – more than any other year in our 43-year history. We were, once again, ranked as one of the top two sellers of renewables and energy storage to corporate customers by BloombergNEF (BNEF)<sup>1</sup>. We also completed the construction of 3.5 GW of renewable power projects, doubling our new additions from 2022, and we retired two coal power plants. We have an intent to exit the majority of our coal business by the end of 2025<sup>2</sup>. This process is guided by our dedication to a just and responsible transition, working with markets to decarbonize their energy mix and providing reskilling, training, and new opportunities in the renewables sector for our people.

Innovation is a driving force in all our work – from the evolution of our portfolio to the invention of new solutions to the scaling of new service models with our customers. We were the first to develop and scale battery energy storage solutions for the

grid in 2009, the very solutions critical to service the increased demand from the data centers of our technology customers today. We continue to innovate the solutions the world needs to meet the energy demand of the future.

Our success in 2023 reflects the hard work and dedication of our talented and diverse workforce. Recognized as a Great Place to Work<sup>®</sup>, we remain committed to our values - safety first, highest standards, and all together. Our people will continue working to identify new ways to better meet customers' energy needs, serve the communities where we live and work, and create a sustainable future for the generations to come.

Thank you for your continued support and trust in AES. Together, we are **accelerating the future of energy**.

Andrés Gluski  
President and Chief Executive Officer

(1) According to BNEF, AES was the largest seller of clean energy to corporations through PPAs in 2021 and 2022. In 2023, AES was the second largest, with 1.9 GW compared to Engie with 2.4 GW; however, BNEF noted that their methodology does not include energy storage in its ranking, where AES signed more than 1 GW in 2023.

(2) Through asset sales, fuel conversions and retirements, while maintaining reliability, affordability, and subject to necessary approvals. AES may delay the exit of a few select plants through 2027 to support continued electricity reliability.

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# 2023 AES sustainability report executive summary

We are committed to leading the energy transition while **improving lives** and **protecting the environment**.

In the following report, we outline the progress and achievements we made in 2023 as well as our strategic approach to advance **responsible energy transitions in 2024 and beyond**.



Our commitment to a sustainable future is centered on creating long-term value for our stakeholders. In 2023, we continued to work proactively to improve people's lives and protect the environment as we generated enough energy to serve the **annual energy consumption of approximately 22 million people** in the countries where we operate.



We also are working to enable others to reach their sustainability goals and that includes data centers for large technology companies, including Amazon, Microsoft, and Google, which require a significant and increasing supply of renewable energy. We continue to be one of the top two providers of renewables and energy storage to corporate customers overall, according to BloombergNEF (BNEF). Last year, we signed a company record of 5.6 GW of power purchase agreements for renewables and completed the construction of 3.5 GW of renewables.



These newly operational projects **represent a nearly 100% increase in our capacity** constructed compared to 2022 and generate electricity equivalent to the consumption of more than 500,000 people.

We remain committed to building and maintaining meaningful and trustworthy partnerships with the landowners and communities where we build new projects. We collaborate through the project lifecycle to support sustainable social and economic development. One way we do this is through dual-use projects – co-locating clean energy projects with another agricultural or land use. Currently, we have more than 10,000 acres under active sheep grazing at more than 50 projects across the US. At our Chevelon Butte wind farm, which began operations in 2023, we worked together to ensure the plant was compatible with existing land uses like ranching and hunting, enabling the landowner family and Arizona State Land Department to continue their more than a century-long tradition of raising livestock and stewardship on this property.

As we grew our renewables portfolio, we retired two coal power plants. These retirements led us to a reduction of our carbon dioxide emissions equivalent to the greenhouse gas emissions from approximately 476,000 gasoline-powered passenger vehicles driven for one year. While we work

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to reduce our emissions, phase out coal, and accelerate the integration of renewables into the grid, we remain focused on providing our people opportunities for internal mobility and reskilling programs so they can continue to be a part of the evolving energy workforce. We are also working directly with our customers to continue providing reliable and renewable energy and explore new technologies that support a responsible transition.

Innovation is a driving force in all of our work. AES was one of the first developers of battery-based energy storage, deploying the first-ever utility-scale system in the world in Indianapolis in 2009 and installed the first commercially-operating system in Chile. Our people have designed projects globally integrating these battery systems into existing technologies, such as solar-plus-storage designs, and deploying them at hydroelectric projects functioning as a virtual reservoir. Today, we continue to be the industry leader in storage solutions partnering with Fluence, our joint venture with Siemens, one of the world's leading energy storage companies. [As a 10-time finalist in the prestigious Edison Electric Institute's "Edison Awards,"](#) AES has won two of its seven Awards for battery storage system projects.

Our [more than 9,000 people worldwide bring our positive impact and innovation to life](#) - scaling cutting-edge technologies such as prefabricated solar for rapid deployment on less land, working with utilities to optimize supply and demand and create a smarter more resilient grid, and advancing programs that empower households to manage their energy usage, all contributing to a more sustainable future.



Our impact goes beyond the energy solutions we provide. Our businesses, teams, and AES volunteers went into the communities where they live and work to build relationships, identify new opportunities for long-term social impact partnerships, and contributed their time and talent to [over 500 community-oriented programs and initiatives organized globally](#).

We continued to expand our talent management, leadership development, learning offerings, culture programs and resources to promote an inclusive and diverse work environment and ensure our people are positioned to succeed today and in the future. We take pride in providing equal employment opportunities. The commitment to our people has earned us Great Place to Work Certification™, in some markets for more than 10 years, including best places to work for women. In 2023, for example, 79 percent of our people in the US said AES is a great place to work compared to 57 percent of employees at a typical US-based company.

We have built and sustained our company for [more than 40 years by living our core values](#), including our commitment to highest standards. That is why in 2023, for the tenth year in a row, we were recognized by Ethisphere® as one of the World's Most Ethical Companies.



## 7 Edison Electric Institute Awards

First-ever battery storage system on an electric grid



We are living in a [time of unprecedented change](#) and opportunity in the energy sector. The world no longer thinks of energy as a matter of supply and demand. Now it is a space for [innovation](#) and [partnership](#) - and AES is at the forefront of this transition. We have always been committed to [strengthening our positive impact](#), working with our people, customers, communities to accelerate the future of energy, together.

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# Our strategic highlights of the year

## Empowering our people<sup>3</sup>

- Achieved the recognition of **Great Place to Work™** across different markets including Argentina, Chile, Colombia, Dominican Republic, El Salvador, Mexico, Panama, Puerto Rico, and United States

## Partnering with communities<sup>3</sup>

- Generated enough electricity to serve the consumption of approximately **22 million people** across the globe
- Engaged in over **500 community-oriented initiatives** aligned with diverse SDGs
- More than **7,000 volunteer hours**

## Combatting climate change<sup>3</sup>

- Compared to 2022 we reduced GHG and other air emissions by approximately
  - 16 percent CO2
  - 11 percent NOx
  - 25 percent SOX
  - 22 percent PM

## Delivering with integrity

- Awarded for the 10th year in a row - Ethisphere's **World's Most Ethical Companies**
- Named to JUST Capital's Just Companies List

## Growing in renewables

- **Signed 5.6 GW of renewables** and energy storage under long-term Power Purchase Agreements (PPAs)
- Completed the **construction of 3.5 GW of renewable energy projects**
- At the end of 2023 our backlog<sup>4</sup> at the end of 2023 reached 12.3 GW, consisting of: **5.1 GW under construction**; and **7.2 GW with signed PPAs**, but that are not yet under construction

## Transforming our portfolio

- **Exited or announced the sale or closure of 2.1 GW of coal** generation in Vietnam, the US, and Chile
- Awarded up to \$2.4 billion of grant funding by the US Department of Energy for two green hydrogen hubs with AES participation

## Growing our utilities

- AES Indiana reached a unanimous settlement agreement for its first rate case since 2018 and also now has regulatory approval for the buildout of over **790 MW of renewables projects**
- AES Ohio received approval from the Public Utilities Commission of Ohio (PUCO) for its Electric Security Plan (ESP4), to strengthen service reliability, provide greater safeguards for price stability and continue investments in the local economy

(3) See the [2023 Excel File](#) for additional metrics.

(4) It includes projects with signed contracts, but which are not yet operational

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# About AES

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In 1981, two visionaries, Roger Sant and Dennis Bakke, brought their idea of providing world-class energy solutions to life with the founding of AES. From our very first power plant in Texas to our current global generation portfolio of 34.6 GW, our company was built on the foundation of our values.

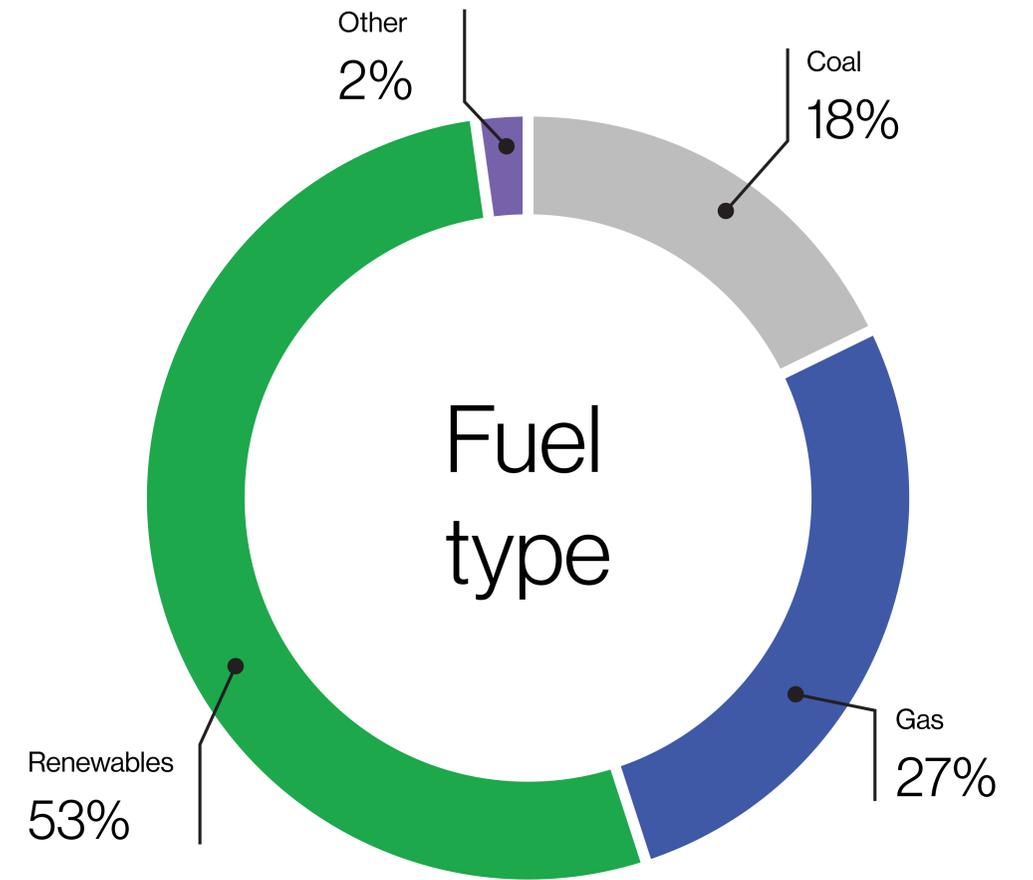
From the very beginning, innovation has been core to who we are. Our diverse workforce of approximately **9,600 people in 13 countries** has redefined what is possible by pushing past conventional industry benchmarks while remaining dedicated to delivering on our commitments, providing exceptional customer value, and supporting the communities where we live, work, and serve.

Headquartered in Arlington, Virginia, every action we take aligns with our commitment to drive positive impact as a neighbor of choice, while also helping countries, states, and companies meet their renewable portfolio and achieve their sustainability goals. We have been one of the top two sellers of renewable energy and storage to corporations over each of the past 3 years, and we have the scale and expertise to make a significant impact as we generate enough safe and reliable electricity to serve the consumption of 22 million people in the countries where we operate.

“People don’t need KWh. They need light. They don’t need gasoline. They need mobility. They need the comfort that comes from things that energy provides.”



Roger Sant  
AES founder



## 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.

**34,596 MW**

in operation (gross)

**5,116 MW**

under construction or with signed contracts

**2.6 million**

utility customers

**\$12.7 billion**

total 2023 revenues

**\$45 billion**

total assets owned & managed

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## We are organized into four technology-oriented Strategic Business Units (SBUs)



### Renewables

Solar, wind, energy storage, and hydro generation facilities in ten countries. Our Renewables SBU is the highest growth segment for AES



### Utilities

Regulated utilities and their generation facilities



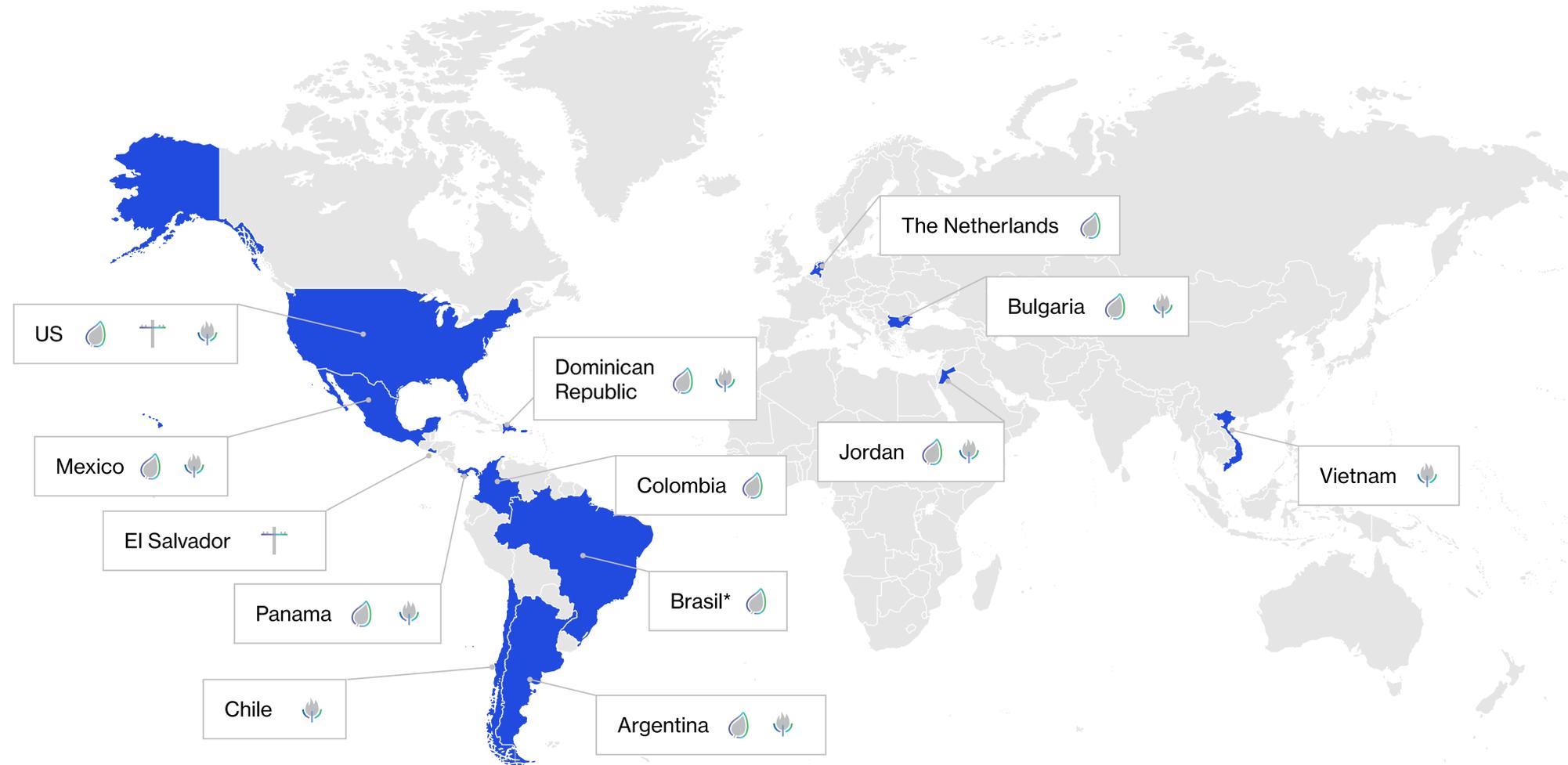
### Energy Infrastructure

Natural gas, liquified natural gas, coal, pet coke, diesel, and oil generation facilities



### New Energy Technologies

Green hydrogen and initiatives in Fluence, Uplight, and 5B



\*In May 2024, AES agreed to sell its equity interest in AES Brasil and the transaction is subject to customary closing approvals.

The AES Corporation (NYSE:AES) is a publicly traded energy company incorporated under the laws of Delaware and is governed by a Board of Directors. For additional details, please refer to our 2023 Annual Report and [10-K](#).

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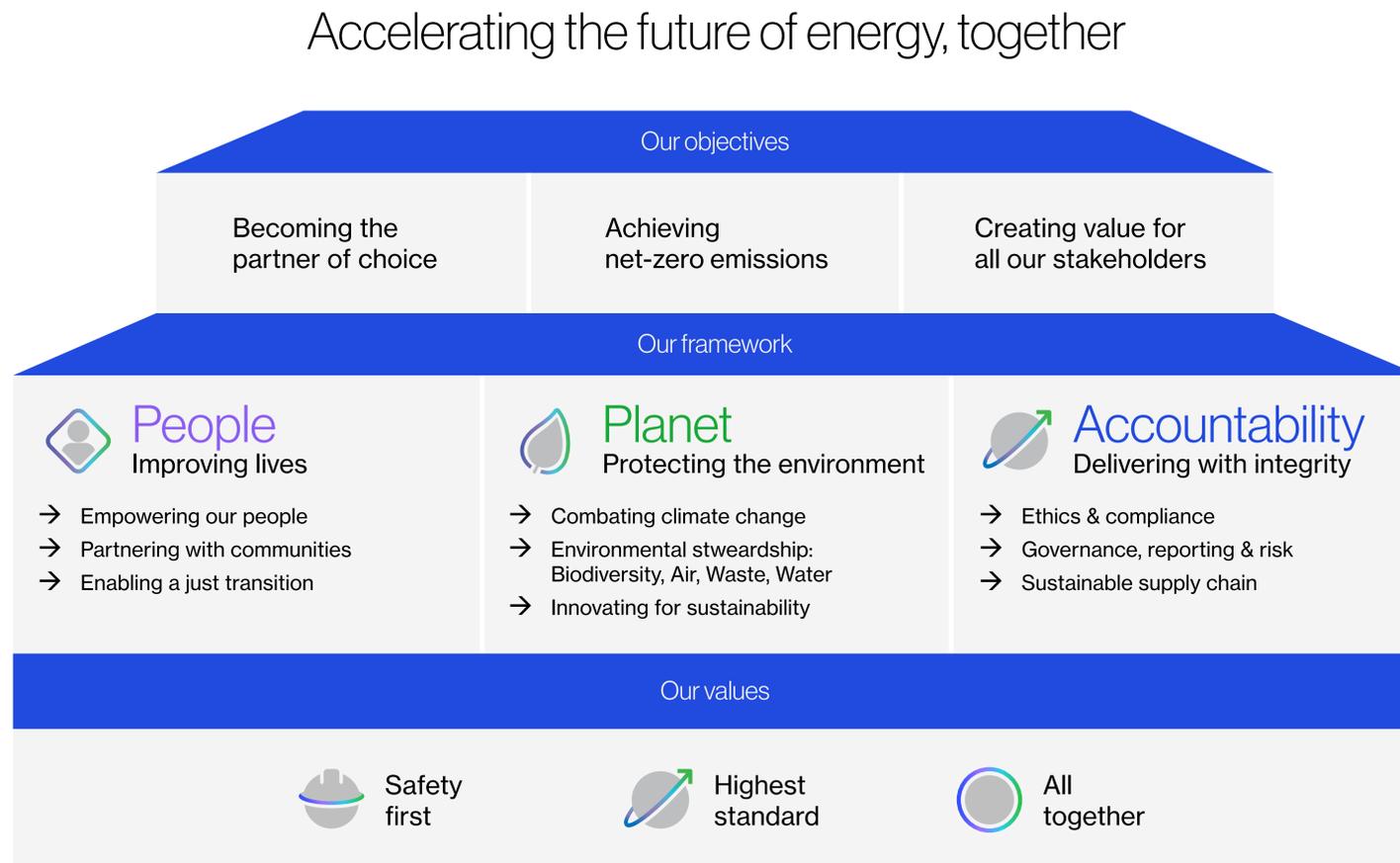
Our energy solutions are not only responsibly transforming the industry but also adding value to our communities, partners, customers, shareholders, and our people.

From our very beginnings we have considered our impact on our communities and the planet. In 1989, we pioneered the first documented carbon offset program in the US with reforestation projects in Latin America. We brought utility-scale energy storage to the world in 2009 and have won seven Edison Electric Institute “Edison Awards,” the most prestigious awards in the energy sector that recognize outstanding leadership and innovation.

For four decades we have been successfully growing and evolving. We have transformed our company’s carbon footprint through both near-term and long-term targets, while leading the innovation of new technologies and delivering solutions to communities, partners, and customers, to advance a more sustainable future.

## Sustainable impact framework

Our People-Planet-Accountability framework reflects how we approach the energy transition. This framework drives how we work, all together, to achieve our business objectives and sustainability goals.



### People - Improving lives

We empower our diverse and talented workforce through our unwavering commitment to safety, comprehensive learning, training and development opportunities, and employee engagement resources. Our dedication extends to our strong community partnerships, enhancing local quality of life and driving sustainable development with our neighbors to build a more inclusive and resilient future.



### Planet - Protecting the environment

Our unique global reach allows us to make a significant scaling impact across diverse landscapes, from reducing emissions to protecting wildlife and environmental resources. As a responsible environmental steward, we are pioneering sustainable energy solutions to combat climate change while protecting the air, water, and biodiversity that surrounds us.



### Accountability - Delivering with integrity

We work with the highest standards and understand the immense responsibility we must uphold day in and day out - communities rely on us to deliver safe, affordable, and reliable power. Whether it is working with partners that adhere to our ethical guidelines or prioritizing cybersecurity to mitigate risks and protect energy infrastructure, it is critical that our decisions are made in an ethical manner.

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# Our business strategy

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# Renewables leadership, greening the grid

Climate change is one of the most critical issues of our time, and AES is well-positioned to lead the green energy transition.

We are working to accelerate the future of energy through the massive deployment of renewable energy along with new technologies and innovative solutions for our customers and communities.



## Expanding our renewables growth platform

A focus of our strategy is to partner with large corporations that are committed to carbon-free sources of electricity.

Our collaborative approach to creating innovative solutions contributes to customer satisfaction and repeat business, where we are scaling up our work with key customers. We are well-positioned to take advantage of the expected doubling of demand from data centers in the US due to our well-established relationships with leading technology customers and our track record of project delivery.

In 2023, we completed the construction of 3.5 GW of projects and signed a company record 5.6 GW of renewable long-term contracts, bringing our backlog of projects – those with signed contracts, but which are not yet in operation – to 12.3 GW. Our backlog serves as the core component of future growth. As a result, we have been consistently rated by Bloomberg New Energy Finance as one of the top two largest sellers globally of renewable power to corporate customers. At the end of 2023 we had 5.1 GW of capacity under construction.



## Solar-plus-battery energy storage systems for remote island communities

Meanguera del Golfo is a solar-plus-storage project located on an island in the Gulf of Fonseca off El Salvador. The plant allows islanders to have an alternative supply of electricity to eliminate their dependence on the underwater electricity grid, which is vulnerable to strong waves or the navigation of large vessels.

“Having this new system here inland, I think it will improve quality of life, from the economic point of view and also for our development, because energy is development.”



**Manuel Hernández**  
inhabitant of the Island

[▶ Learn more →](#)



## Delta

Delta is a 185 MW wind farm located in Tunica County, Mississippi. In partnership with Amazon, this is the first utility-scale wind farm in the state and will generate enough electricity to power over 80,000 homes, while bringing tangible economic benefits to the area. This is a dual-use wind farm that is enabling this community to continue its rich farming history and traditions.

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# Positive impact to **people** and **planet** through our 3.5 GW of renewables projects completed in 2023



## Great Cove

Great Cove, with 220 MW, is the largest solar project in Pennsylvania and provides energy to the University of Pennsylvania. The project will generate enough energy to power **70 percent of the total electricity demand** of the University's academic campuses and Health System, helping to support the University's goal of achieving a **100 percent carbon neutral campus** by 2042. AES will also host a research study at the project site in the partnership with the University's Environmental Innovations Initiative, which could offer insight on best practices for soil health management on operational solar projects.

[▶ Learn more →](#)



## Cajuína

Cajuína is one of Brazil's only wind energy facilities **operated by a women-only team**. The electricity generated in 2023 would be able to provide energy to approximately 220,000 homes. The project is strengthening **family agriculture focused on women**, offering training and rural technical assistance for subsistence production and trade of surplus. It is also contributing to the local community with access to water by setting up cisterns and wells, promoting workshops on water use in the semi-arid region.

[▶ Learn more →](#)



## Chevelon Butte

Chevelon Butte 1 is a 238 MW wind facility located in Coconino and Navajo counties Arizona, and is the first phase of AES' Chevelon Butte project. The second phase is currently under construction and is expected to be operational in 2024. When complete, the combined 454 MW facility, will be the state's largest operating wind farm, with capacity to power approximately 110,000 homes yearly. The Project is sited on the Chevelon Butte Ranch, one of the oldest working cattle ranches in Arizona. The facility is **compatible with existing livestock ranching and hunting land uses**, enabling the landowner family and Arizona State Land Department to continue the more than century-long tradition of raising livestock and stewarding the land.

[▶ Learn more →](#)



## Andes Solar IIb

Andes Solar IIb is a 180 MW solar and 112 MW energy storage project located in Chile, in the middle of the Atacama Desert. This project is the second **largest battery energy storage system in Latin America** and is one of the most innovative and necessary solutions to alleviate transmission congestion in the Chilean electricity system. The plant includes a 10 MW pilot project using innovative solar panel technology from 5B, which allows projects to be built faster and utilize less land.

[▶ Learn more →](#)



## Oak Ridge

Oak Ridge is a 200 MW solar facility located in Morehouse Parish, Louisiana. Oak Ridge Solar is the **largest operating solar project in the state** and it will generate enough electricity to power approximately 65,000 homes yearly. It will provide low-cost electricity while reducing carbon emissions and generating economic benefits for the local Morehouse Parish community. This project not only represents a high-value economic investment in the region but also supports Louisiana's solar energy growth. We partnered with Louisiana Delta Community College to provide workforce development and training in Morehouse Parish.

[▶ Learn more →](#)

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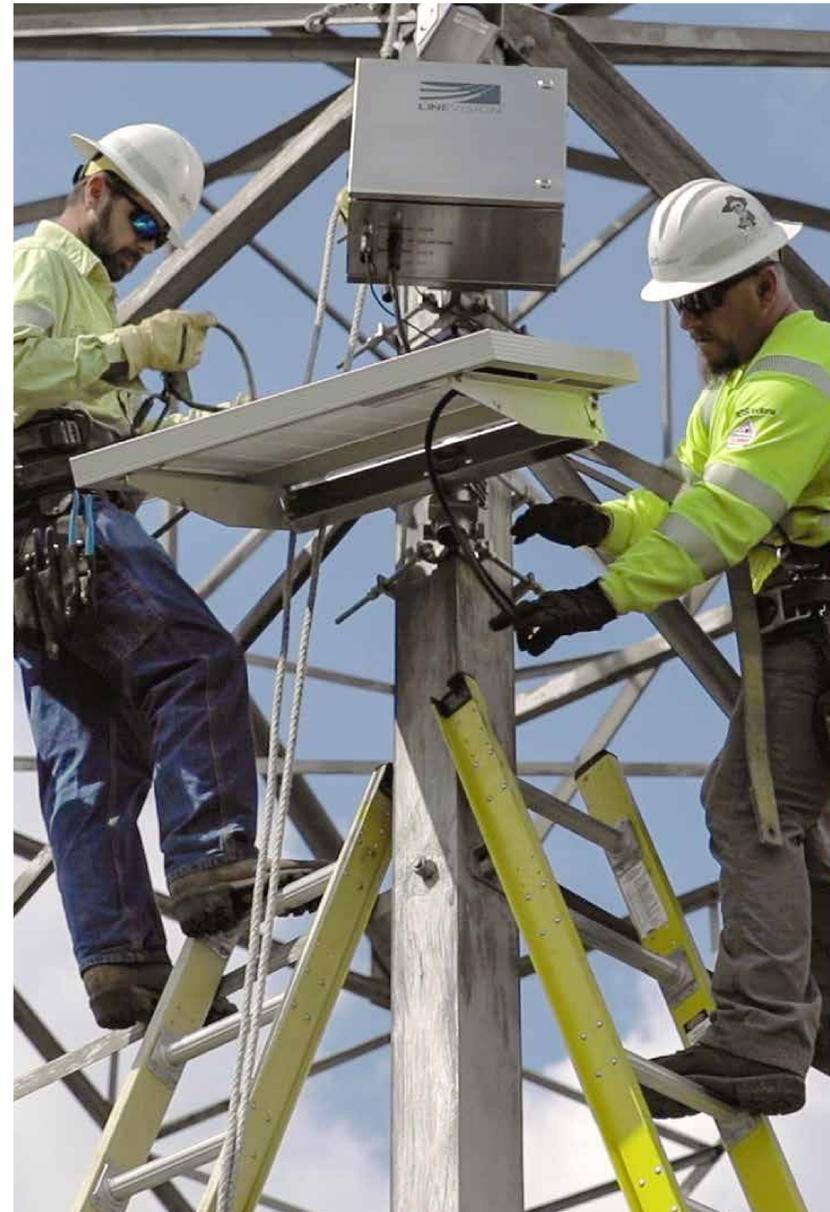
# Utilities and smarter grids, meeting growing energy demand

In 2023, our utilities continued to serve 2.6 million people and maintain meaningful strategic partnerships in the communities. As more renewables are entering the grid and the sector transforms, resilient transmission and distribution infrastructure and digital solutions are key to enable the energy transition.

For example, in El Salvador, we received recognition for building the [first smart grid in Central America](#). At AES Ohio, we are embarking on the largest investment program that this utility has ever seen, which includes the expansion and enhancement of our transmission assets. We are also working with a broad range of stakeholders to transition to lower carbon forms of energy. At AES Indiana, we are working to retire its remaining coal generation by the end of 2025, while adding new renewables and natural gas to the grid.

We have been collaborating with Google’s moonshot factory, on the Tapestry project. The objective is to develop grid virtualization technologies that [improve efficiency and reliability of the grid, optimize for renewables](#), and enhance prediction and planning for weather events, optimizing operations and reducing costs.

The United States is experiencing a rapidly shifting energy landscape. Estimates show that the electricity transmission system needs to expand by 60 percent by 2030 and triple by 2050 to meet our decarbonization goals. Along with [LineVision](#), (a company that provides real-time monitoring and analytics of the energy grid), we launched a joint project to assess how Grid Enhancing Technologies (GETs) may increase transmission capacity on the existing power grid.



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# Building greener capacity, enabling a reliable transition

The energy transition requires a diversified energy mix and the integration of different technologies to maintain reliability. Through our two liquified natural gas terminals in the Dominican Republic and Panama, we introduced natural gas as a transition fuel to provide cleaner, reliable and flexible capacity that enables economic growth and a renewables future. We continue exploring solutions that can provide greener capacity as there is increasing renewables penetration.

[Green hydrogen](#) is an important technology for reaching net zero emissions goals, particularly in difficult-to-decarbonize sectors like mobility and heavy industry. AES is strategically pursuing partnerships to expand our hydrogen portfolio and advance our commitment to renewable energy.

We are partnering with [Air Products](#) to develop, build, own, and operate the most advanced large green [hydrogen production facility](#) in the US in Texas. We are also participating in [two green hydrogen hubs](#) in Los Angeles and Houston, which in 2023 were awarded up to \$2.4 billion of grant funding from the US Department of Energy.

In addition, in South America we are developing large green hydrogen-based ammonia projects, and investigating the viability of scaling and exporting these green products globally.



Second LNG storage tank in the Dominican Republic

[Learn more →](#)



## Why green hydrogen is key to a net-zero future

Green hydrogen is a critical technology to reaching economy-wide net-zero by helping to decarbonize difficult-to-electrify sectors.

Industry momentum and alliances are growing

Strategic push for green hydrogen in national roadmaps

Boost the US hydrogen economy while accelerating decarbonization

**5X**  
global growth in hydrogen in net-zero scenarios<sup>1</sup>

**38 countries**  
with hydrogen strategies<sup>3</sup>

**\$140 billion**  
generated by the hydrogen industry by 2030<sup>4</sup>

**3,200+**  
net-zero commitments<sup>2</sup>

**\$3/kg**  
US production tax credit

**700,000 jobs**  
Created by 2030<sup>5</sup>



(1-3-7) Bloomberg New Energy Finance (BNEF) - (2) [Science Based Targets](#) - (4-5) [McKinsey & Company](#) - (6) [National Renewable Energy Laboratory \(NREL\)](#)

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# New energy technologies, innovating and scaling forward-looking solutions

The energy industry is changing rapidly, and we aim to proactively seek or create solutions aligned with our impact framework that give us a continued competitive advantage. At the core of our innovation strategy, we have a business and technology incubator where we create and further innovations and business opportunities for leading-edge greener energy solutions. From there, we develop capabilities in-house, form new partnerships, or make strategic investments in third-party ventures.



AES continues to spearhead the development of **cutting-edge technologies** to advance the clean energy transition and we are proud of the progress we made in 2023.



## Pioneering energy storage solutions

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](#), a joint venture with Siemens, and it is now the **world's leading energy storage integrator**. We have long been at the forefront of developing new energy storage applications. We have incorporated them into existing technologies, such as solar-plus-storage designs, and used battery-based energy storage to create virtual reservoirs for hydroelectric projects.



## Accelerating solar deployment

We are changing the way solar is installed to make it more affordable, accessible, faster, safer, efficient and scalable to accelerate decarbonization for businesses worldwide.

One example is our investment in [5B](#), a prefabricated solar solution company with patented technology that can allow projects to be **built in one-third of the time and on half as much land**, while being resistant to hurricane force winds.



## Automating solar installations

Another example is a first-of-its-kind AES-developed solar robot designed to enhance the speed, efficiency and safety of solar installations. This robot complements AES' skilled workforce by performing the heavy lifting, placing, and attachment of solar panels.



## Empowering energy efficiency

We are also identifying opportunities to enable **energy efficiency and resource optimization** through digital systems. In 2018, AES invested in the company now known as [Uplight](#), an energy efficiency software company that reaches more than 110 million households and businesses in North America. Uplight uses data and analytics to help utilities incorporate consumer energy efficiency programs and optimize supply and demand.



## Accelerating EV Integration

Through [Motor](#), a company we created to provide **grid-integrated electric vehicle (EV)** adoption for utilities, we are helping utilities to meet decarbonization goals while growing electricity demand and keeping rates affordable. When a utility hires Motor, its customers get an easy, low-commitment, and all-in-one experience that includes a car, home delivery, EV onboarding, charging installation, and utility program enrollment.

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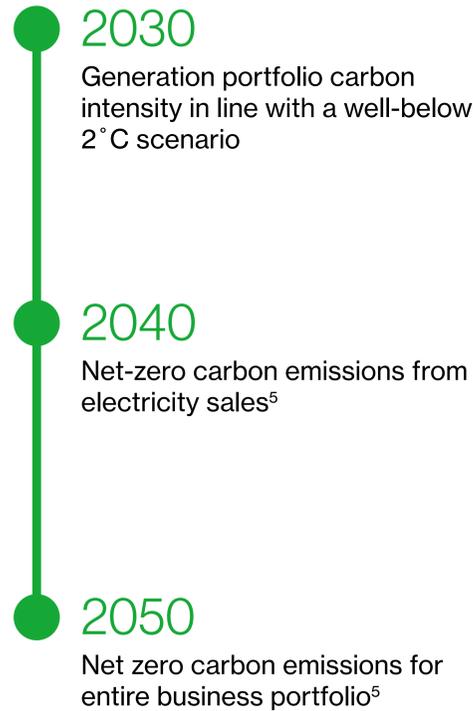
# Our climate ambitions

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## Advancing on our ambitions

As part of our effort to combat climate change and reduce emissions, the core of our business strategy focuses 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 actions to have net zero emissions from our electricity generation by 2040 and net zero carbon emissions for our entire business portfolio by 2050<sup>5</sup>.

Intend to **exit the majority of coal** by year-end 2025<sup>6</sup>



We are committed to a responsible energy transition, considering the needs of the communities we serve. We plan to responsibly exit the majority of our coal businesses by 2025 and all coal assets by 2027. We will continue offering reskilling and training to our people so they can be part of the green energy future.

(5) 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.

(6) AES may delay the exit of a few select plants through 2027 to support continued electricity reliability.

(7) When comparing total gross generation on a full basis (not adjusted by ownership).



## 2023 performance

We were successful in 2023 in advancing our targets to a clean energy future. We completed **construction of 3.5 GW of new renewable energy** and exited or announced the **sale or closure of 2.1 GW of coal generation** in Vietnam, the US, and Chile. We also continued to lower our Scope 1 emissions and improved our carbon intensity. We ended the year with **under 30 percent of our generation being from coal** while growing our renewables by 20 percent<sup>7</sup>.

## 2022 vs 2023



**~16 percent less**  
Scope 1 emissions



**~10 percent reduced**  
carbon intensity



**~20 percent more**  
renewable generation<sup>7</sup>

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## Climate scenarios aligned to the Taskforce on Climate-related Financial Disclosure (TCFD)

In 2018, we became the first publicly-traded US utility and power company to publish a [Climate Scenario Report](#) in line with the recommendations of the 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 [Climate Scenario Report](#) addresses how we are reducing our exposure to climate risks and articulates how our corporate strategy is positioned to lead and accelerate the electric sector decarbonization overall.

The analysis concluded that the AES portfolio is resilient under various climate scenarios based on our future growth trajectories and our progress thus far to transition away from reliance on fossil fuels. Our results also highlight the significant growth potential of our strategy and solutions, which we believe position us to lead the transition to a low-carbon economy, while reducing AES' portfolio-wide physical risks.

We are proud to play a role in leading our industry in the responsible transition to the low-carbon and zero-carbon sources of energy of the future.



## Climate governance

The Board of Directors' [Governance Committee](#) is responsible for the periodic review and oversight of the practices related to climate change. As our decarbonization goals are an integral part of our business strategy, further details of our governance around climate are described in our Climate Scenario Report.



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# Empowering our people



Since our founding, we have always been committed to improving lives. Access to electricity is a foundation upon which progress is built, and we understand the impact that energy has on our people, our driving force, and communities. That is why “People” is one of the three pillars of our sustainability framework.

The electricity we generate in a year is enough to serve the consumption of approximately **22 million people across the globe**. We believe that working together as one team across our businesses and with our stakeholders, enables us to better meet changing energy needs, while fostering a just energy transition and having a meaningful and positive impact.

That impact is felt across our operations. In the US, 79 percent of our people reported that AES is a Great Place to Work, compared to 57 percent at a typical American company, and 87 percent of our workers on Glassdoor say they would recommend working at AES to a friend.

As a truly diverse workforce of approximately **9,600 people across 13 countries**, our people share a passion for improving lives by transforming the energy sector through innovation, collaboration and action. Our success is possible due to the energy they bring to create a lasting positive impact on people and the planet.

We focus on the well-being of our people and a work culture that is inclusive, supportive and dynamic. We aim to create a workplace where people feel valued, engaged in the work they are doing, and united by common goals.

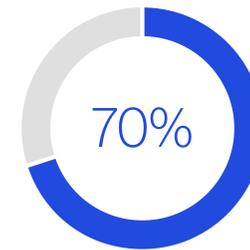
We are committed to be an Equal Opportunity Employer, giving consideration for employment to qualified applicants without regard to age, sex, race, color, religion, national origin, disability, genetic information, protected veteran’s status, sexual orientation, gender identity or any other legally recognized protected basis under federal, state or local laws, regulations or ordinances.

AES maintains many global relationships with labor unions and where we have unionized workforces, we work diligently to participate in effective collective bargaining efforts. As of the end of 2023, ~73 percent of our people that were eligible, were covered by collective bargaining agreements.

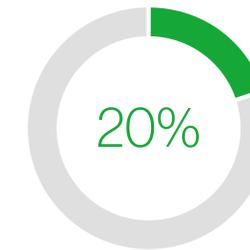
## Talent development

We are committed to **attracting, developing, and retaining diverse talent**, which is why we invest in our people’s professional and personal growth so that everyone can reach their fullest potential. Every year, all AES people can receive training and development in a variety of topics for multiple levels, from technical to executive training to further develop their skills.

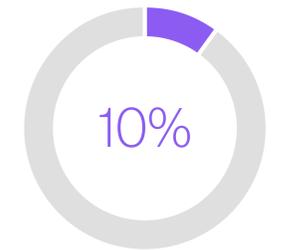
We have a comprehensive approach to managing our talent and developing our leaders to ensure our people have the right skills for today and tomorrow. Our Global Talent Management Strategy considers the full life-cycle of an AES person. To help our people to reach their potential, we use three primary mechanisms:



**Experience and exposure**  
to new career development opportunities



**Learning through others**  
Leaders who gain a better understanding through continuous communication and feedback, not only better understand their role and responsibilities, but also what skills they need to grow their career.



**Formal learning**  
Tools and programs for our people to grow their professional skillset, evolve their leadership competencies and take their career to the next level.

The talent and learning team continuously evaluate programs under the 70-20-10 framework, not only to measure the impact for the company and our people, but also to ensure the effectiveness and relevance of the programs.



#AESEISalvador receives National Award for Collective Negotiation



In partnership with [Troops to Energy](#)

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Every year, all AES people can receive training and development in a variety of topics for multiple levels, through capacity-building programs and from technical to executive trainings to further develop their skills. Some of these programs and training courses are performed in partnership with educational institutions. At AES, we believe learning as well as feedback are a continuous process. All our AES people can give, receive, and request feedback at any time and from anyone in the organization to continue to grow and develop. We are committed to fostering an environment that empowers our people to achieve their full potential, both professionally and personally.



## Assessment and career planning

We include [360° assessments](#) that help our people to identify their strengths and areas of opportunity, allowing a broader perspective on how their work is perceived and impacts others, identifying gaps for continuous improvement. We have a [yearly performance management](#) cycle that ensures all employees create and follow up on individual objectives and development plans. We also leverage from Anytime Feedback, a digital tool to provide and receive feedback at any time from anyone in the organization.

## AES learning

A digital platform that provides our people with professional development opportunities, learning content, and training. The tools have allowed us to integrate a global talent development framework connecting individual Development Plans with learning modules, supporting the development needs of the business. In addition to the courses provided by the platform, so far more than [2,800 internal courses](#) have been created and [over 200,000 video courses watched](#). In recent years we have seen an increase in the percent of open positions that are filled with internal candidates (~19 percent in 2019 before program implementation compared to 23 percent in 2023). This was possible because we have an internal pipeline of trained employees that [acquire new skills and capabilities](#) beyond their current role and were prepared to assume different positions within the organization.

## APEX (AES Performance Excellence)

For 18 years, our people have been trained in [efficiency, problem solving, and performance improvement](#) through methodologies such as Lean and Six Sigma. More than 4,550 projects have been implemented under our APEX program. During 2023, projects using APEX methodologies translated into over [\\$10 million](#) in benefits to the organization.

## Multi-disciplinary transformation teams

Our Energy Star program provides AES people with an opportunity to [expand their skills, enhance their capabilities, and be a part of a cross-functional team](#) that oversees a project that is considered transformational for the entire company. In 2023, 8 workstreams involving ~530 employees enabled [transformation](#) across renewables, supply chain, and other key business areas.

## Leadership skills

We have a program designed to provide our people with the foundation to be leaders and [grow within our company](#). The program focuses on fundamental leadership concepts, which include tools to articulate strategies for engaging team members, critical skills to improve communication, structuring strategic conversations about goal-setting and a framework to better innovate on the job.

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## Empowering the next generation of leaders

In 2023, 19 recent college graduates across 3 countries were hired into our two-year rotational program, gaining practical experience and exposure to unique insights and professional connections while working on cross-functional teams throughout our company to prepare for future leadership. Since its inception in 2018, our Energy4Talent program has developed more than 130 recent college graduates. We also began recruiting for our 2024 class, receiving a record number of 4,500 applications for 24 positions that began their first rotation in January 2024.



“The exposure and the trainings I received as part of the Energy4Talent program were crucial for me to succeed in the position that I currently sit inside.”



**Igor Sousa**  
Analyst, AES Brasil

[Hear from Italo here →](#)

## AES Innovation Challenge

As our industry grows, finding and attracting talent becomes increasingly vital and competitive.

The AES Energy Innovation Challenge is an effort to develop relationships with universities and create meaningful opportunities for diverse teams of aspiring energy professionals to engage with AES leaders and people.

It brings together teams of graduate students to create and present solutions to the most pressing problems facing the energy industry. The program began in 2020 in the United States, and has since expanded internationally. It is now led by former and current Energy4Talent Trainees to maintain its unique bottom-up approach.

AES Innovation Challenge was cited as one of the key contributors to [AES receiving Fast Company's award for "Best Workplaces for Innovators 2022."](#)

The Innovation Challenge team has collaborated with the Talent Acquisition team to create a platform for AES people to connect with universities, professors, and students.



50+ teams  
across three countries



30+ universities      400+ students



#Competition Seeks to Cultivate Future Generation of Energy Leaders in the US

[Read more →](#)



#The future of H2 in Chile

[Read more →](#)



#Promoting the future workforce in Panama

[Read more →](#)

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## Diversity, Equity, Inclusion

At AES, our culture of diversity, equity and inclusion (DEI) strengthens us as an organization. As a US headquartered company with [significant international presence and diverse businesses](#), we call our approach Global x Local, which embraces our diverse backgrounds, experiences, and perspectives to empower our people to make better decisions and deliver value to the customers and communities we serve. We thrive through our inclusive work environment where our people feel respected.

We are truly diverse. Our approximately [9,600 people](#) bring knowledge and unique backgrounds and perspectives, belonging to [67 nationalities](#) and speaking 7 languages. We actively promote the learning of multiple languages to enhance inclusion and understanding. Our partnership with Learnlight offers remote learning language courses in English, Spanish, and Portuguese, with over 2,500 employees participating in 2023.

About 26 percent of our workforce is women, and we are increasingly hiring new female talent (37 percent of new hires in 2023 were female). Additional workforce statistics can be found in the [2023 Excel File \(People – Our People\)](#).

[Our Global Diversity, Equity & Inclusion \(DEI\) Council reports to the Executive Leadership Team](#) and comprises senior leaders across the organization to set and monitor goals and a three-year roadmap, connect diverse voices to leadership, model inclusive behaviors, and make recommendations to executive leadership. Four regional DEI Councils – US, South America, Mexico, Central America and the Caribbean (MCAC), and Eurasia – set plans aligned to local priorities and cultures.



## Employee Resource Groups (ERGs)

We want our people to feel connected to the work they do and the people they work with across AES. ERGs are voluntary, [employee-led groups](#) that raise awareness and build relationships among our people of various demographics and their allies. ERGs encourage connection and collaboration around a specific mission or cause, amplify voices and can promote change. The groups exist to provide support, help personal and career development and to create safe and inclusive spaces where employees and their allies can bring their whole selves to the table while learning about the experiences and perspectives of others. In 2023, there were [21 ERGs](#), connecting almost 10 percent of our people.

## Women in Energy

We partner with government and technical organizations in many of our markets to develop programs focused on expanding the participation of women in the energy sector and develop the pipeline of female talent in the communities we serve.



For over 8 years, the AES Mujer program in El Salvador has certified more than [700 women as electrical technicians](#), enabling them to perform dependable and secure residential electrical installations.

[▶ Learn more →](#)



In Panamá, in 2023 we launched the Soy Mujer Electricista program, where over [twenty women received training](#) in practical technical and essential soft skills. The program continues in 2024 with an additional stage, where participants will receive support to carry out professional practices, gain work experience, and process their license as an Electrical Installer.



The [Cajuina Wind Complex](#) in Brazil became the second AES project to be [operated entirely by women](#), following the success of the Tucano Wind Complex in 2021. These wind farms are now the first in Brazil to have exclusively female teams overseeing local operation and maintenance.

[▶ Learn more →](#)

“I was the first AES women in Brazil to climb onto a wind turbine, and I felt empowered. It was a truly enriching experience, and it continues to be, both for AES and other companies that might take the same initiative, so other women can also be part of the sector, knowing that they are perfectly capable as well.”



**Lysara Pinheiro**

Operations and Maintenance, Tucano Wind Complex.

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## Employee engagement

We actively seek feedback from our employees. AES businesses participate annually 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.

Multiple AES locations have been ranked as [one of the best companies to work](#) including: Argentina, Chile, Colombia, the Dominican Republic, El Salvador, Mexico, Panama, Puerto Rico, and the United States. AES Brasil also received a ranking award through the Administration Institute Foundation.



### Great Place to Work for Women: AES Dominicana

“Working in a GPTW as a woman means having the opportunity to grow professionally in an inclusive, equitable and respectful environment, where the talent of each individual is valued and enhanced, regardless of their gender.”



**Elisandia Herrera**  
Team Lead Maintenance, AES Dominicana

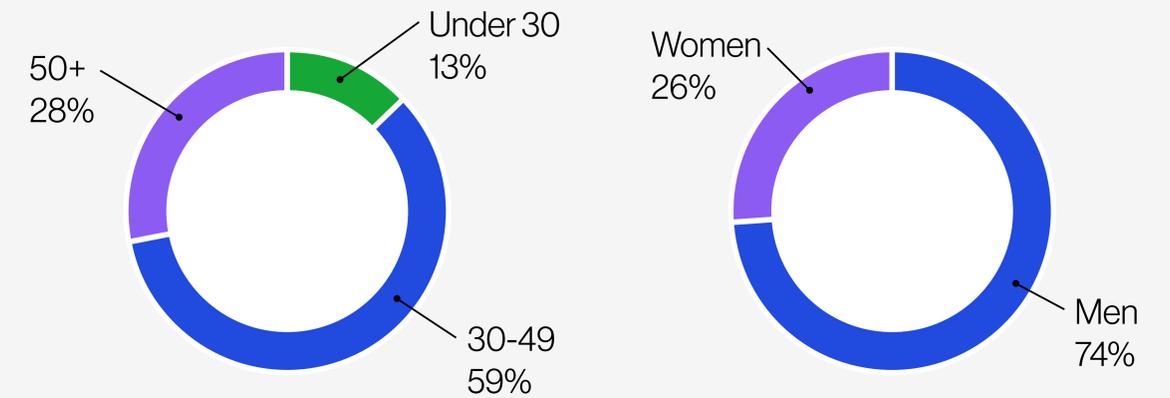


[Read more →](#)

## 2023 performance

9,600+ people

67 nationalities



In 2023, average [training per person was over 100 hours](#) with an average amount spent per fulltime employee (FTE) close to \$900. See the [2023 Excel File \(People – Talent Management\)](#) for more performance data on training.

During 2023 over 70% of our people participated in employee engagement assessments that in average showed 81% of satisfaction.

In addition to the Great Place to Work (GPTW) certification, AES received other recognitions for our human resources practices.

[A full list can be found in our Excel file \(People – Talent Management\) →](#)

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# Safety and well-being

## Well-being

We are committed to ensuring a safe and healthy working environment. Working across diverse jurisdictions, our commitment to employee well-being is reflected in our benefits. Well-being resources are available on a dedicated intranet site and through third-party benefit programs that include tools to improve physical and mental well-being, reduce stress, and enhance productivity, physical and psychological health and professional goals. Each of our businesses tailor programs to the realities of each location.

Examples of our approach can be seen in:



### Flexible work arrangements

We enable our people to balance home and work obligations in a way that makes sense for them and the company.



### US domestic partner parental leave

AES offers domestic partner benefits in the US for anyone in a committed relationship regardless of gender or marital status. Our parental leave program in the US is designed 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. This additional six weeks of medical leave is also provided to birth mothers with an additional two weeks for a cesarean section. In 2021, AES launched a fertility program, and in 2022 we expanded to include adoption benefits. Since 2023, leave includes time off for long-term foster placement and adjustment.



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## Occupational health and safety

At AES, safety is at the core of everything we do. Safety is one of our core values and is covered by our Code of Conduct. [The Governance Committee](#) of our Board of Directors is responsible for the monitoring of our safety program and our employee health and safety.

We aim to identify potential risks to our people, contractors, customers, partners, communities and the environment, and we measure success by how safely we conduct our work together while contributing to a greener energy future.

Our [Safety Management System \(SMS\)](#) is consistent with the OHSAS 18001/ISO 45001 Occupational Health and Safety Management System model and provides a consistent framework for safety management expectations that apply to all AES employees, as well as contractors working in AES facilities and construction projects. The foundation is built on [AES Safety Beliefs and Safety Principles](#).



“Safety is the number one value of the company and of our lives, as it must be put into practice inside and outside the company. Risk prevention and mitigation must always be a priority. By acting strongly at the base of the incident pyramid, we are able to prevent serious incidents.”



**Sérgio Longuinho de Freitas**

Project Specialist and has worked at AES Brasil for 34 years

Each operation should establish and maintain a planning process to [identify hazards, evaluate risks and implement effective mitigation control measures](#) following the hierarchy of controls (elimination-substitution-engineering-administrative-personal protection equipment). The safety risk assessment process should also be performed prior to starting any activity in the construction of new projects and/or during the due diligence process for new operations.

The SMS establishes the expectation to involve employees in the development and review of policies and procedures to manage and reduce risks, consultations when there are changes that affect workplace health and safety and in representation on health and safety matters. Safety committees at our locations include representation from different levels of staff to discuss safety, foster a culture of safety, and drive performance improvements. The committees monitor the implementation of the SMS, including inspections, observations, audits, and improvement plans.

As part of the SMS, our standardized tool enables the ability to conduct incident investigation root cause analysis to generate action plans and prevent recurrence.

Compliance with the SMS and standards is monitored through [internal and external audits](#). Internal audits are carried every six months and independent/external corporate audits are carried out every three years. A corrective action plan is developed for each audit finding, with the overall audit performance reported periodically to executive leadership.

Our safety program includes a culture in which all people are responsible, empowered, and able to speak freely, ask questions, voice concerns, and stop work as needed. The [Speaking Safely Helpline](#) is a secure and anonymous way to report safety concerns or violations without retaliation. The reports are handled by a third-party vendor, to ensure confidentiality.

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## Contractors



Our commitment to safety carries over to all AES employees, including contractors. We publish our expectations to [prospective suppliers](#), including our [Contractor Safety Management Standard](#) which specifies the safety management requirements for the entire contracting cycle: from the requisition of work to the contract closure, including a site safety specific plan.

Once the contractor company has been re-qualified, it is required to attend a site safety orientation Training Session together with a test that should be passed before being authorized to start any job. Once the contractor finalizes the job, a final evaluation of its safety performance should be completed.

We measure the safety performance of our contractors using the same metrics we use for our people. The performance is evaluated on a monthly basis and whenever we observe negative trends, we perform a root case analysis to identify areas of improvement and define action plans to control and improve the performance.

Beyond additional training, some actions might include: measurement of safety culture using perception safety surveys to identify behavioral improvement opportunities; improve effective monitoring and supervision of contractors and share lessons learned from incidents with the contractors in place.

## Public safety

Linking our value of Safety First and our commitment to communities, we track any public injury incidents and public fatality cases that could occur when the public comes into contact with our medium and low voltage systems during public activities such as residential construction and vegetation pruning; touching downed electrical lines; flying kites and playing near our networks.

We take these incidents seriously and implement the necessary mitigation controls and measures to prevent future incidents. Our utilities have developed public awareness campaigns to communicate and mitigate the risks related to activities near our power grids and to promote the safe use of electricity.



Since 2007, the AES El Salvador program Magic Energy has educated more than [700,000+ children](#) in schools and communities on how to use electricity safely through lectures, videos, and live demonstrations.

[Learn more →](#)

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## 2023 performance

To prevent incidents we track leading metrics, including safety walks, unsafe behaviors and conditions, reporting and investigation of near-miss incidents, and setting of and tracking the progress of SMS goals and action plans. Over **42,500 Safety Walks** were performed during 2023.

We also track lost time incident (LTI) rates for employees and contractors based on OHSAS standards to be comparable across industries. For LTI rates, we aim to be below the US utility industry's top quartile benchmark LTI rates (0.21) and we **continued to exceed the benchmark** during 2023.

Our target is to have zero fatalities. While we continue to maintain zero fatalities for our people since 2020, we regret the loss of a contractor in 2023. We conducted a root cause analysis to understand the circumstances that led to this tragic incident and took measures designed to prevent something like this from happening again.



We are proud of the recognition AES has received for our commitment to a variety of external safety standards as well as a strong safety culture and performance. Please see the [Excel file \(People – Health and Safety\)](#) for our progress on health and safety metrics as well a full list of the external recognitions received.

In 2023, more than **21,000 AES people and contractors participated in monthly safety meetings** open to all employees and contractors that cover key performance metrics, lessons learned, and relevant safety topics. Another **4,200 AES people participated in online safety training** through our digital learning platform.

Approximately **62 percent<sup>8</sup> of AES people and contractors** worked at a location that have elected to formally certify their SMS to the OHSAS 18001/ISO 45001 international standards.



“At AES, I learned early on that we must always put safety first. No job is so urgent that it forces us to take shortcuts and bypass safety procedures. As an instructor at the Technical Training Center, I am committed to sowing the seed of safe work, so that it germinates and blossoms as a way of life for new generations.”



**Leonel Benitez**  
Line Maintenance in El Salvador  
He has been with AES for 15 years

Created in 2009, the [Golden Hard Hat Award](#) honors an AES business that excel in compliance with safety standards and innovative safety practices. This is our highest safety recognition, and in 2023 it was granted to AES El Salvador.

Our businesses received diverse external safety awards as recognition of their strong safety culture and performance. For example, AES Indiana was honored with the [Kolsek Safety Award](#), a symbol of dedication to promoting safety in the energy industry.

(8) We are excluding renewable assets in United States, the majority of which (~88 percent) are smaller than 20MW.

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# Stakeholder engagement

As we strive to be the partner, provider, advisor, and neighbor of choice, we use a proactive and collaborative approach to build long-term relationships based on trust through meaningful engagement. Our Global Stakeholder Engagement Playbook, available internally and applicable to all our operations and construction projects, was developed in line with the AA1000 Stakeholder Engagement Standard, and guides our country, local, and site-level engagement plans and system, including:

- Defining the purpose, scope and understanding the context including vulnerable groups
- Identifying and prioritizing stakeholders
- Defining the appropriate engagement methodology and ensuring stakeholders have sufficient capacity to participate
- Addressing stakeholder priorities and developing innovative and sustainable responses
- Understanding risks and opportunities
- Evaluating progress of engagement actions
- Implementing grievance mechanisms and communication channels

In each of our operating markets, a Stakeholder Relations Manager leads engagement plans. At the corporate level, our Chief Corporate Affairs & Impact Officer, oversees the implementation of the Stakeholder Relations Playbook and our external engagement.



[Review our Excel File \(About AES - Stakeholder\)](#) for details on how we engage with stakeholders and about what topics.

## Voluntary initiatives, forums & associations

AES voluntarily participates in global, regional, national, and local organizations and initiatives that provide frameworks for action and forums to learn and share best practices. Our active participation allows us to inform and influence global standards and practices, as well as gain insight into emerging expectations, issues and risks.

Below are a selection of industry associations, other membership associations, and national or international advocacy organizations in which we participate at a corporate level and hold a significant role:

 <p>Members of the Board</p>	 <p>Chair, Energy Working Group</p>	 <p>Members of the Board</p>
 <p>Members of the Board</p>	 <p>Chair of the Board</p>	 <p>Executive Committee and Members of the Board</p>
 <p>Members of the Board</p>	 <p>Members of the Board</p>	 <p>Members of the Board</p>

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We continue to showcase AES and our vision by participating as **thought leaders** in conversations and events like CERAWeek, COP28, UNGA78, Climate week and the annual meeting of the World Economic Forum (WEF).



## WEF 2023

**Cooperation in a Fragmented World**  
 We joined conversations that further our shared goals in the energy transition through innovative solutions, such as green hydrogen, clean energy capacity, batteries and more.

[Learn more →](#)



## #CERAWeek

**Strategies for the trilemma** session, tackled some of the most pressing questions about the transition and investment of renewable energy and strategies toward a low-carbon economy.

[Learn more →](#)



## UNGA78 and Climate Week NYC

Partnerships are instrumental in accelerating sustainable energy and we were able to share our decarbonization journey and commitment to clean energy innovation with important partners and stakeholders throughout the week. Together with Global Renewables Alliance, AES also joined more than 250 organizations supporting the tripling of renewable energy capacity globally by 2030.

[Learn more →](#)



## BRAVO Dialogues

**Perspectives from the Private Sector to Lower Carbon Emissions**  
 Our CEO, Andrés Gluski, talked about the historical leadership and advancement of diverse energy solutions across Latin America, helping to better position the region to advance the energy transition.

[Learn more →](#)



## COP28

**Driving world-leading climate solutions**  
 We joined partner Sustainable Energy for All (SEforALL) for its “First Movers Regional Spotlight on Latin American Countries,” which brought together leading voices in a discussion about Unlocking the Virtual Grid.

**Participated** in a discussion focused on the significant strategies and technological advancements related to energy efficiency, supply chain and decarbonizing hard-to-abate industries.

**Highlighted** the importance of forging strong partnerships to strategically transition to innovative energy solutions including our constant work with customers to bridge the gap to a 24/7 carbon-free future.

**Echoed** the urgency of transitioning to renewables like wind and solar and discussed how Central America & Caribbean nations are transitioning, balancing sustainability, reliability and affordability.



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# Partnering with communities

## Community relations

For AES, becoming Neighbor of Choice means partnering with communities, building relationships based on trust and mutual benefit. We tailor our Stakeholder Engagement approach to local stakeholders throughout the lifecycle of the projects.

Prior to the approval and construction, we conduct an assessment to understand the demographics, culture, history, economy, and other key characteristics of the area of influence, which may progress into a more comprehensive Social Baseline Assessment if need be. We also identify the presence of Indigenous Peoples.

Often part of the permitting processes, we conduct [Social Impact Assessments](#), which can include how the project could impact the local economy, social dynamics, and basic services. From there we can begin developing a community engagement strategy that includes, communication plans, a grievance mechanism, and a plan for meaningful consultations with both informal and formal meetings. Transparency and early disclosure are key and are followed by informal and formal consultations phases to provide more detailed information about the project, impacts, benefits, and mitigation measures, among others and to provide communities with the opportunity to express their views on project risks and impacts so that AES can consider and respond to them.

During the construction phase we maintain dialogue with communities and local authorities with special focus to communicate works, possible impacts and also to start developing social impact programs. We often create project websites to share visual models, explain impacts, and encourage questions and comments.

During operations and throughout the lifetime of the project, we continue to engage all relevant stakeholders, and work together on community impact programs, aligned with local community needs.



[We want to hear](#) from all of our stakeholders - questions, feedback and grievances

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# Social impact

Our commitment goes beyond the positive impacts our energy solutions deliver. Together with community partners, we co-create and tailor social impact programs that align our strategy and local priorities and aim to deliver long-lasting benefits. We partner with stakeholders, such as government agencies, communities, nonprofits and unions to address the most pressing social challenges in communities, while supporting just and responsible energy transitions.

Internally, we use our Social Impact Framework to guide how we set objectives for programs, and develop Memorandums of Understanding (MOUs) where possible with our partners to clarify the scope of work, metrics, monitoring and expectations. Moreover, at an individual-level, AES employees have the opportunity to participate in volunteer work within their local communities through the Global AES Volunteer Program.

Our programs and investments in the communities are **focused on four pillars** that align with AES' purpose and values and are guided by the United Nations' Sustainable Development Goals.



## Access to energy and basic services



We partner for access to safe, efficient, and affordable energy and basic services, providing basic resources, such as tools for public health, food security and affordable energy to the communities where we work and operate.



## 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.



## Environment



We work with our partners to develop programs focused on conservation, restoration, creation of green spaces, and equitable access to the outdoors.



## Community resilience and relief efforts



As we continue to see the widespread impacts of climate change, resiliency and preparedness becomes critical. 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.



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## 2023 performance

In 2023, AES businesses engaged in over [500 community-oriented initiatives globally](#), including employee volunteer opportunities, long-term community investments through our social impact programs, sponsorships and charitable donations totaling approximately more than \$10 million (over \$5 million were made to not-for-profit organizations). [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.



### Access to safe, efficient and affordable energy and basic services

[over 90 initiatives](#)

AES Rural Energy Program (El Salvador): Since its founding, it has expanded electricity access to over 84,000 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, the opportunity to start new businesses, health services, and traffic safety as well as reduced dependence on burning fuels. In 2023, [our program brought](#) electricity to [719 new families](#).



### Environmental support

[over 40 initiatives](#)

Reforestation efforts in Brasil: 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. The program consists in the ecological restoration of the biomes on the edges of our reservoirs. Its mission is to revitalize native forests in the Atlantic Forest and Cerrado areas in the state of São Paulo. The program also works with surrounding communities. [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.

“We received the seedlings. We received guidance, which is very important. [...] We'll be able to make a living for the family.”



**Sonia Maria**  
Farmer and resident of the Dandara Settlement.



### Community relief and resilience

[over 70 initiatives](#)

The American Red Cross – AES is a member of the American Red Cross Disaster Responder Program. Through our membership, individual contributions and employee volunteerism, we have helped the American Red Cross respond following disasters and emergencies of all kinds – from hurricanes to home fires, climate-related crises and displacement caused by conflict around the globe – and proactively prepare future disasters. During the Maui wildfires, AES volunteers also contributed [100 volunteer](#) hours in addition to our program support, and partnered with community organizations for the short- and long-term recovery of the island.



### Inclusive economic growth

[over 300 initiatives](#)

As the clean energy sector grows rapidly, we see a critical need to approach workforce development in a people-positive way. This starts with equitable access to [high-quality Science, Technology, Engineering, Math \(STEM\) education](#) and carries into direct training programs and initiatives for the clean energy workforce of the future. At the kindergarten through 12th grade level, AES is proud to support students through curriculum development partnerships, educational tours of our sites, and capacity building workshops for STEM educators. At the university level, AES partners provide programmatic support for students as well as funding for research opportunities. For direct workforce training, [we partner with union labor organizations and accredited training institutions](#) to ensure prospective workers have the educational and training resources they need to participate in the clean energy transition.

We also support entrepreneurs and initiatives to contribute to thriving economies, including working with farmers, small business owners, and fishing communities.

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# Volunteering

The Global AES Volunteer Program was launched in 2022 to complement previously established volunteer programs in our teams and ensure that all AES teams have a mechanism in place to support volunteer efforts in their local communities. The program provides up to **16 hours of paid volunteer time** per calendar year and establishes a process by which volunteer events can be identified, funded, and communicated to our people. The internal Global AES Volunteer Program Guideline, rolled out in 2023, informs teams how to structure volunteer programs and activities, and document progress.



On a case-by-case basis, the company will match employee donations as part of initiatives that address an urgent need in the community, including but not limited to major disaster relief efforts.

"I'm very proud to be a member of AES Vietnam volunteer team. Participating in tree-planting activity holds immense significance for me. **Connecting with others to contribute to the environment** not only enhances our surroundings but also fosters a shared commitment to sustainability."

**Nguyen Pham**  
AES Mong Duong

## 2023 performance

During the year, different teams across our business participated in volunteer activities accounting for more than **7,000 volunteer hours**.



**#Supporting** the Solana Center for Environmental Innovation

[Read more →](#)



**#Partnering** with Waikōloa Dry Forest Initiative

[Read more →](#)



**#Day in the parks**

[Read more →](#)



**#Good deeds day**

[Read more →](#)



**#Beach clean up**

[Read more →](#)



**#Fire prevention efforts**

[Read more →](#)

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## Just and responsible transition



As we continue to transition out of coal and support communities through the transition to zero carbon, we recognize that workers, communities, governments, unions, and other stakeholders are concerned about their livelihoods. For our people, we aim to provide opportunities for internal mobility, as well as reskilling programs for the knowledge and skills needed to fully participate in the transition to a more renewable future either inside or outside the organization.



In addition to supporting our employees' steadfast commitment to a just and responsible energy transition within and beyond the workplace, our actions are informed by communities and strengthened through our continuous community engagement to identify and implement new approaches to add value locally throughout every stage of a project's lifecycle.

“My journey with AES began at the coal plant – on the island of Oahu – in 2017. Supporting Hawaii’s goals to have only renewable energy, the power plant was shut down in 2022. AES Hawaii gave me the confidence to move forward and **provided me with the tools needed in my transition to renewables**. I am now a solar and battery storage apprentice. The transition has been a huge learning curve, but as an apprentice I am honored to be part of a TEAM that supports my growth in learning and a company that provides the trainings needed, not only for employees to excel, but in the aid to be an asset to the company.”



**Chantelle Bayes**  
AES Hawaii



## 2023 performance



AES Chile continued with its Training Plan for Labor Reconversion, providing different courses with a theoretical and practical curriculum in partnership with a University and a technical institution, aimed at generating technical skills in new technologies, that will help employees to assume new roles in the future of energy, both inside and outside the organization. The plan also includes training to develop entrepreneurial skills. More than **420 people have been trained** and over **70 have moved from coal assets to renewable projects** and other areas within the organization. Over 30 have accepted early retirement plans.

We also launched a reskilling program in AES Puerto Rico. This program seeks to requalify competencies in a hybrid training framework – both virtual and hands-on – in solar and batteries. A total of **50 employees signed up** to participate in this project.

“I started working at AES Chile 8 years ago in a coal-fired power plant. As part of the energy transition process, AES Chile gave me **the opportunity to train and learn about solar energy and battery storage**. Thanks to this, I have already been working for a year at a renewable facility, Andes Solar. I like being at the forefront of the energy generation in Chile, it keeps me motivated and eager to continue learning and specializing.”



**Yerko Meza**  
Operations and Maintenance  
Solar + Storage, AES Chile.

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# Suppliers

Our over 12,000 suppliers play an important role in helping us deliver positive impact on people and the planet, and having our suppliers aligned with our values and working with the highest standards is key. We expect our business partners, suppliers and/or third-party intermediaries that create products for or offer services for us to subscribe to and contribute to these same set of standards and values, which are incorporated into [AES' Supplier Code of Conduct](#).

Our Supplier's Code of Conduct exists within a global environment with different legal and cultural requirements around the world. Expanding supplier diversity within our supply base benefits the local economies in which we conduct business. It strengthens our capacity to create and disseminate goods and solutions globally and advances our mission to transform the way we create energy solutions. In a similar vein, by working with a supplier base that is broad and varied, we seek to encourage economic inclusion and job creation for underserved populations.

We take failure to comply with our Supplier Code of Conduct seriously and, in addition to any other remedy available to AES, may result in immediate termination of a supplier's contract with AES and/or exclusion from future business opportunities.

We believe transparency in setting our expectation yields better results for all parties, and publish on our website additional expectations for suppliers and contractors, including our [Procurement Handbook](#), [Contractor Safety Management Standard](#) and other key aspects of how we expect our suppliers to behave and the performance we expect them to achieve.

As described in our Ethics and Compliance section, we implement due diligence on third parties prior to engaging them.

[Our supply chain process →](#)

[Contractors and Suppliers webpage →](#)



## 2023 performance



# 12,000 suppliers

In 2023 more than 1,600 suppliers went through capacity building and awareness programs about Compliance and Safety.

## Responsible sourcing at Fluence – AES' primary battery supplier

[Fluence](#), an AES and Siemens company, is committed to the responsible sourcing of its products. Fluence maintains a rigorous system of supplier selection, engagement, education, assessments, and auditing. Fluence has a [Responsible Sourcing Policy](#) and a [Supplier Code of Conduct](#), supported by its stance against [Conflict Minerals](#) and [Forced Labor](#) and a detailed Force Labor Due Diligence process.



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# Human rights

In addition to our [Supplier Code of Conduct](#), we also have a Human rights policy across our global businesses. Our [Human rights Policy](#) formalizes our long-standing commitment to uphold and respect Human rights across our people, communities and suppliers. We support the Universal Declaration of Human rights and our Policy is consistent with the United Nations' Guiding Principles on Business and Human rights. As a proud member of the American Clean Power Association, we have pledged our commitment to [prevent forced labor](#).



Some of our businesses are signatories and have adopted the ten principles of the United Nations Global Compact (AES Brasil, AES Colombia, AES México and AES Panamá), and are also members of other organizations that promote Human rights, Equity and Inclusion, ethics and transparency.

For example, AES Colombia is also a member of the Collective Action for Ethics in the Electricity Sector, an initiative created to establish best practices around transparency and ethics in the sector. AES Chile is a member of Pride Connection, a network that seeks to promote inclusive workspaces for sexual diversity and generate links to attract LGBTI talent to the various organizations that comprise it. AES Panamá is a member of UN Women; the Gender Parity Initiative aimed at reducing gender economic gaps, and of Sumarse, an organization driving Corporate Social Responsibility to accelerate the transition towards a sustainable world.



Human rights Campaign  
score in 2023

90



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# Planet

## Protecting the environment

As climate change continues to impact the environment and communities, the careful stewardship of the Planet is an integral part of how we approach our work. That is why “Planet” is one of the three pillars of our sustainability framework, and why we recognize the importance of environmental responsibility and regulatory compliance.

We continue our commitment to support environmental stewardship, and we strive to understand and meet the needs and expectations of our stakeholders. AES follows the regulations of its host country and, as needed, international standards.

Our environmental stewardship is the result of a strong governance process that starts with the [Governance Committee](#) of our Board of Directors which monitors the environmental compliance of AES businesses.

Our [Environmental Policy](#) sets the principles and foundation of our [Environmental Management System \(EMS\)](#).

The EMS – applicable to all our businesses – is based on the principles of the ISO 14001 Standard, which specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance. The EMS standards cover topics such as general environmental requirements and prohibitions, PCB (polychlorinated biphenyl) management, hazardous waste and chemicals management, biodiversity protection, spill prevention and control, and contractor environmental management.

Specifically, the Global Environmental Standard defines, among other things, the expectation around organizational roles, responsibilities, and authorities for each business to manage the EMS.

- |  |   |
|--|---|
| → Spill Prevention and Containment                     | → Environmentally Related Financial Disclosure        |
| → Waste  | → Contractor Environmental Risk Management Standard   |
| → Chemical and Raw Material Management                 | → Managing Potential Contractor Environmental Impacts |
| → PCB Management                                       | → General Environmental Requirements                  |
| → AES Compliance Data Quality Assurance and Reporting  | → Biodiversity Assessment and Protection              |
| → Environmental Incident Management                    | → Internal EHS Audit Standard                         |
| → Hydroelectric Power Plant and Reservoir Requirements | → External EHS Audit Standard                         |

16%  
CO<sub>2</sub> reduction

26%  
less waste generated

<1%  
of freshwater withdrawal in water stressed areas

Environmental impacts must be identified and evaluated in accordance with the EMS Risk Assessment methodology. An action plan must be established to address significant environmental aspects (and associated risks and opportunities) and compliance obligations. This assessment must be updated every two years, or when major change occurs.

The Renewable Energy Construction Projects Environmental, Health, Safety, and Security Plans dictates expectations during the construction phase, including the expected measures for contractors.

Compliance with these standards is monitored through internal and external audits. Construction sites are audited on an annual basis, while operating businesses are audited every three years. A correction action plan is developed for each audit finding, with the overall audit performance reported periodically to executive leadership.

Throughout the year, 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 nonconformance events.

In 2023, as we continued to adhere to the standards and principles outlined in AES’ environmental policy, we began to commemorate a Global AES Environment Day in June to celebrate the importance to celebrate the importance of environmental protection.



We dedicate June as Environmental Awareness Month in conjunction with the United Nations’ World Environment Day to highlight the importance and work that goes around our environmental practices and how they support our strategy. In June we host AES’ official Environment Day to celebrate the month and everything we do All together to protect the environment.

Building on our existing policies, in 2023, we introduced [AES’ Environmental Beliefs](#): four beliefs that bring about a responsibility that, with every action we take, we are doing things the right way to ensure we care for and protect our planet for future generations.

[#WorldEnvironmentDay](#)

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# Our ambitions

In addition to our decarbonization ambitions already described, we have other ambitions related to the environment:

## 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 expected to **reduce our CCRs by ~48 percent by 2030<sup>9</sup>**, versus a 2016 baseline, which represents an expected intensity reduction of ~77 percent. This will be anticipated as we entirely exit coal of our portfolio by 2027.

In line with our portfolio changes, we also expect to reduce the following sources of air emissions (versus a 2016 baseline) by 2030:<sup>10</sup>

### Sulphur dioxide (SO<sub>2</sub>)

**~63 percent reduction**

(expected intensity reduction of ~83 percent)

### Nitrogen oxides (NOx)

**~48 percent reduction**

(expected intensity reduction of ~77 percent)

### Particulate matter (PM)

**~56 percent reduction**

(expected intensity reduction of ~80 percent)

### Mercury (Hg)

**~25 percent**

(expected intensity reduction of ~66 percent)

(9) Based on renewables growth and the feasibility of multiple possible asset scenarios  
 (10) Based on renewables growth and the feasibility of multiple possible asset scenarios  
 (11) Excludes renewable assets in United States, the majority of which (~88 percent) are smaller than 20MW.  
 (12) Significance is determined by a threshold and this only refers to fines that were equal to or more than \$10,000.



## 2023 performance

As of year-end 2023, approximately **63 percent of AES people and contractors<sup>11</sup>** worked at a location that has **voluntarily certified their EMS to the ISO 14001 Standard** (61 percent of AES locations).

These businesses require follow up audits to be conducted by international Certification Agencies, such as Bureau Veritas, Aenor or SGS, among others.

During 2023, none of the businesses we operate paid significant fines or penalties related to 2022 environmental issues. However, certain matters are under investigation that could result in future penalties (this includes water or ecological issues)<sup>12</sup>.



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# Emissions

We are taking actions to reduce emissions by transforming our portfolio and developing greener energy solutions.

Combustion of fuels to generate electric power results in the release of both conventional and greenhouse gas (GHG) emissions. Many factors influence emissions, including generation diversity and efficiency, demand for electricity, weather, fuel availability and prices, and emission controls deployed.

Air control system technologies and management at our plants are primarily dictated by locally applicable environmental laws and regulations. When considering mitigation technologies, our power plants can have pulse air fabric filter systems, electrostatic precipitators, flue gas desulfurization systems, selective catalytic and non-catalytic reduction systems, SO<sub>2</sub> scrubbers, and low NOx burners.

Air emissions are tracked using continuous emission monitoring systems (CEMS) and/or operational parameters (e.g., fuel use and appropriate emission factors), in addition to power generation, the use of light and heavy-duty vehicle fleets, as well as other equipment, represents another source of direct emissions which our businesses monitor.

Our air emissions include Direct GHG Emissions; direct SO<sub>2</sub>, NOx, PM and Hg, and indirect GHG Emissions including Scope 2 and Scope 3 (categories 1, 3, 6, 7, 11).

Our businesses are continuously looking for ways to improve power generation efficiency and reduce emissions. During 2023, AES operating businesses implemented emission reduction projects, such as energy efficiency programs and fleet replacement by electric vehicles, that represented an estimated reduction of approximately more than **76,000 metric tonnes (MT)** of annual carbon dioxide (CO<sub>2</sub>). Also, energy management programs are in place in many of our assets, including energy audits, actions to reduce the amount of energy use, investments in innovation or R&D and energy efficiency training provided to employees to raise awareness.

Our Scope 1 and other air emissions continue to decrease, as we are taking decisive actions to transform our own portfolio to reduce carbon emissions (retired two coal power plants in 2023) while working to develop new solutions that are designed to enable our customers to reduce their reliance on fossil fuels. Our measurement methodologies and scope as well as our detailed performance for our air emissions are detailed in our [2023 Excel file \(Planet – Emissions\)](#).



## 2023 performance

Compared to 2022:

CO<sub>2</sub>  
~16 percent less

SO<sub>x</sub>  
~25 percent less

NO<sub>x</sub>  
~11 percent less

PM  
~22 percent less

2 coal power plants retired allowed the reduction of



~2 million metric tons of CO<sub>2</sub><sup>13</sup>

1,000 metric tons of nitrous oxides (NO<sub>x</sub>)<sup>13</sup>

750 metric tons of sulfur dioxide (SO<sub>2</sub>)<sup>13</sup>



Equivalent to GHG emissions from 539,000 gasoline-powered passenger vehicles driven for one year<sup>14</sup>

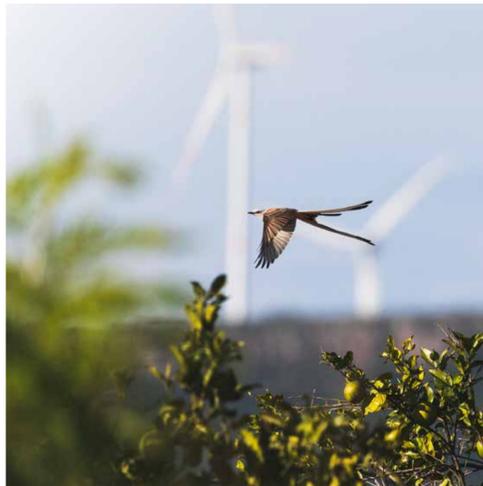
(13) Equity-adjusted values.

(14) Estimated using the [EPA Greenhouse Gas Equivalencies Calculator](#).

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# Biodiversity

The Biodiversity Assessment and Protection Standard is part of the EMS. It was updated during 2023 and sets a minimum standard to complete an assessment of potential impacts to biodiversity, both positive and negative, and to encourage the incorporation of best management practices during planning, construction, and operation/maintenance. As part of the EMS, the Standard is approved by the Vice President of EHS&S and is part of the Environmental Policy signed by the CEO of the company.

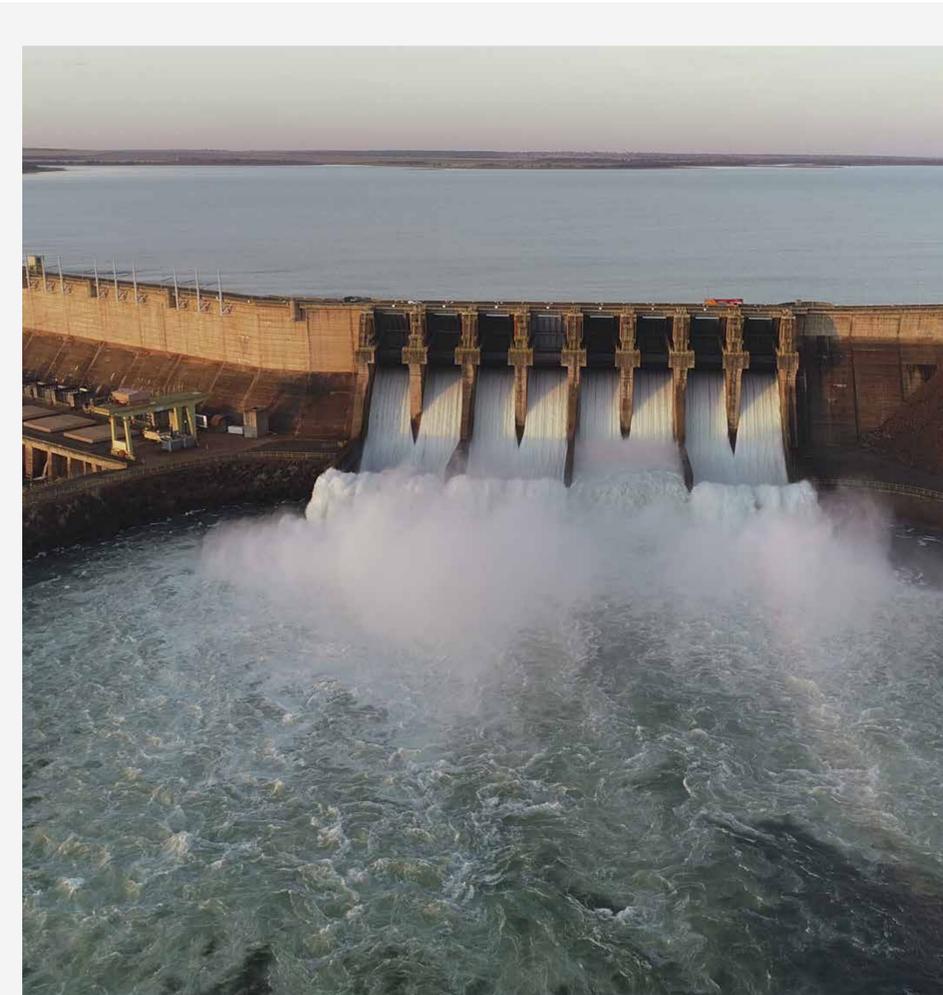


AES businesses must identify and comply with all applicable legal and compliance obligations relating to Biodiversity. This includes, but is not limited to, identification of protected species, their habitats, and local regulatory requirements pertaining to them. All projects undergo the Mitigation Hierarchy to:

- Avoid
- Minimize
- Mitigate
- Offset

Management plans aligned to the Mitigation Hierarchy are in place as necessary per the above criteria.

When possible, the environmental impact assessment, which includes biodiversity, is made public on third-party, usually regulatory agency websites. Links to Environmental Impact Assessments of projects currently under construction are available in the [Excel file \(Planet – Site management\)](#).



## AES Brasil is a carbon neutral company

AES Brasil has neutralized all its historical GHG emissions since the beginning of operations in the country (1999). These are Scope 1, 2 and 3 emissions, estimated in a study conducted by the consulting firm WayCarbon. Since 2020, AES Brasil has worked to neutralize the historic and current year emissions with the acquisition of carbon credits that are certified by the United Nations through the Clean Development Mechanism.

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## 2023 performance

We have more than 110 operational sites, covering more than 345,000 hectares. In addition to any impact assessments that may have been carried out during the development and construction of a site, we have conducted biodiversity impact assessments in more than 75 sites (representing over 99 percent of our total area). Of such sites, more than 25 are in close proximity to critical biodiversity (~16 percent of our total area) and more than 15 have biodiversity management plans in place.

With the execution of the management plans, some sites aim to have no net deforestation. Through 2023 we **reforested more than 5,400 hectares** out of a total of 6,800 hectares to be reforested until 2037, which is when the last reforestation commitment is anticipated to be fulfilled.



### Dual use innovation

We are partnering with [universities and research centers](#) across the US to fully realize the synergies of solar and agricultural activities (agrivoltaics or AV). AV projects utilize land more efficiently by growing crops underneath and amongst solar panel rows, without interfering with operation procedures.

Some of our businesses work with landowners and communities to enhance the positive impact of our clean energy projects. Currently, more than 50 projects in the US, have partnered with community members to use sheep grazing for vegetation management across more than 10,000 acres.



“No one wants to see farmland go away, but yet we need the clean energy. **This is a way you can do it both.**”

[Landowner Paul Knowlton](#)



### Supporting wildlife conservation efforts

We are proud to fund the [Aspen Valley Land Trust](#) through an impact investment to ensure the sanctity of wildlife and elk and deer habitats.



### AES' Coastal Enhancement Program

[AES' Coastal Enhancement Program](#) is a two-year voluntary environmental benefits program that creates greater access to and restoration of coastal wetlands in Long Beach and Huntington Beach and provides environmental education and stewardship opportunities for youth and families from disadvantaged communities in Southern California.



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# Water

At AES, we recognize that water stewardship is essential for our business and the livelihoods of our stakeholders.

For our generation businesses, whether thermal or hydro, water availability is important not only to operate, but also to operate efficiently. At our thermal plants, water is predominantly used for the steam cooling process where **>95 percent is returned to the source water body**, with the rest evaporating.

For our renewables businesses, like solar and wind, water is not used as a source for generation and minimal quantities are required. For our hydroelectric power plants, water only passes through the water-driven power turbines, then it is immediately returned to the environment.

During operation, we monitor the quality of water discharges, and we are regularly supervised by environmental authorities. Controls may also include monitoring of upstream and downstream areas from our water discharge, and groundwater around our ash ponds. Also, as part of the EMS, AES businesses consider water use for potential impacts and mitigation when conducting periodical environmental risk assessments.

Water efficiency management programs are in place in many of our assets, these programs may include water use assessment to identify opportunities for water efficiency improvements, actions to reduce water consumption or application of water recycling and awareness training provided to our people.

We use the World Resources Institute (WRI) Aqueduct Global Water Tool to identify assets in water stressed areas. As we develop new projects, water is a key part of our environmental risk and impact assessments.

As we phase out our coal generation portfolio, we expect a material reduction in our water use. We work to lower water consumption and withdrawals of freshwater in arid areas. This work involves improving processes in cooling towers by monitoring water levels, installation of flow meters and routine maintenance of air handler coils. In a number of plants, we use air cooled heat exchangers instead of water cooled to reduce water use. Where possible, we recycle or reuse water, as well as use third-party recycled water, or implement water efficiency programs.

As part of the risk management process related to water, AES has a Weather Risk Committee that monitors and determines best practices around hydrology risk in our portfolio, working with Commercial, Operational and Meteorological expert counterparts. The committee works to identify new opportunities to improve AES' development efforts and reports and advises on the realized and forecasted risk associated with weather. The Risk Management team submits a report to the Board of Directors at regularly scheduled meetings. See [Risk Management](#) for more information.



## 2023 performance

In 2023, we continued on our journey of water stewardship, and improving our performance. In Colombia, through the Efficient Use and Saving Program, the domestic water consumption in our hydro facilities has been **reduced by 72 percent compared to 2010**.

See the [Excel file \(Planet – Water\)](#) file for detailed data around water use, recycle and exposure to areas with water stress.



### AES Andes was recognized by Ecolab's Nalco Water

[AES Andes was recognized by Ecolab's Nalco Water](#) for the improvement in the environmental management of Central Ventanas in Chile with the R3 award, for savings in water consumption, energy, and costs, which are not only significant for the operation, but also for the environment, since CO2 emissions were reduced.



### AES Brasil has a Macrophyte Management and Monitoring Program

AES Brasil has a Macrophyte Management and Monitoring Program, whose objective is to avoid the operational risks of the uncontrolled presence of these aquatic plants in the reservoirs of hydroelectric plants. The program uses an automated system, which periodically monitors the movement of emerged macrophytes using satellite images, allowing patterns and parameters to be identified to predict their movement. With this, we activate the management process, which involves analyzing the quality of water and effluents and, if necessary, spilling plants into the dam spillways, and sending reports to environmental agencies for appropriate water quality management action.

Due to the relevance of the subject, AES Brasil is also part of the Macróphytes Working Group, which brings together representatives from bodies in the State of São Paulo, fishermen and users of professional navigation (large barges) and civil society organizations in Barra Bonita (SP), who evaluate and discuss solutions together.

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# Waste

The [Waste Management Standard](#), updated in November 2023, establishes our minimum requirements for the management of hazardous and special waste, chemical and raw material management, and spill prevention and control. We assess potential hazards and implement management actions including preventive and control measures.

Our physical disposal of non-hazardous waste is protective of the environment and in compliance with local regulations and permits. If need be, we partner with specialized, previously approved companies with waste management licenses to transport and dispose materials, and hire third parties to conduct assurance on their licenses and authorizations.

Some of our assets have waste management programs in place. These programs may include: action plans to reduce waste generation, waste reduction training or awareness provided to employees or integration of recycling programs to reduce the waste sent to landfill.

## Recycling and waste reduction

We recycle whenever possible. Coal Combustion Residuals (CCRs), which represent almost [99 percent of our non-hazardous waste](#), are a valuable ingredient in a wide range of concrete products and as a structural fill material in place of soil or other materials. Gypsum, an air emissions control process byproduct, is recycled, and can be used in wallboards for the construction industry, as a raw material in the production of cement, or for use as a soil stabilizer in agriculture.

At our sites, we segregate plastic, aluminum, paper, wood, and scrap metal where possible. Many AES facilities participate in recycling programs to benefit local communities. We also seek to reduce solid waste such as avoiding the use of plastic by using reusable plates and cutlery in dining rooms or providing reusable bags and coffee cups.



## 2023 performance

As we continue to reduce the coal generation from our portfolio, we are also reducing the amount of CCRs produced, approximately [25 percent less](#) compared with 2022. The recycling of our non hazardous waste increased compared to 2022. In 2023, in the United States and El Salvador, we entered into partnerships to recycle solar panels.



## Promoting circularity

Through an [agreement with SOLARCYCLE](#), we can now send damaged or retired solar panels to SOLARCYCLE's advanced recycling facility in Odessa, Texas, where they will be responsibly recycled and repurposed. This partnership is more than just recycling – it is a pilot initiative to assess construction breakage and end-of-life solar panel waste across our project portfolio.

By reducing waste and supporting domestic clean energy supply chains, we're strengthening our commitment to a sustainable future and creating American jobs.

[A similar initiative](#) to promote a circular economy for solar was launched in El Salvador in partnership with Geocycle to transform solar panel components into new raw materials.

Please see the [Excel file \(Planet – Waste\)](#) for our 2023 performance on quantities of waste used and recycled.

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# Accountability

Delivering with integrity

Accountability, as one of the three pillars of our framework, underpins our efforts toward people and planet, and guides the way we operate. Rooted in our company value Highest Standard, our commitment to accountability, and ethics and compliance is unwavering.

Accountability is embedded in our organization as a function of our Ethics and Compliance Program, Code of Conduct and all our policies and standards, all of which provide a common framework for how we operate, conduct business with our partners and suppliers, and serve our customers and the many communities and environments in which we operate..

We believe operating under the highest standards for corporate governance is an essential element to the success of the company. We act with the utmost integrity towards our people, contractors, customers, partners and communities, and hold the solutions we deliver together to global standards of excellence.

## 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 from our Board of Directors (the Board).

The Board maintains four standing Committees: Compensation Committee, Financial Audit Committee, Innovation and Technology Committee, and Governance Committee, which has in its [Charter](#) oversight of matters related to Environmental, Social & Governance ESG. The Audit, Governance and Compensation Committees are comprised of solely independent Directors, each with a different independent Director serving as Chairman of the Committee.

We are committed to actively seeking women and minority director candidates as part of our succession and recruitment planning and in 2020, we updated our Corporate Governance Guidelines to require that qualified women and racially and ethnically diverse individuals will be included in the pool of candidates from which potential director nominees are chosen.

See our [2024 Proxy Statement](#) for more information about our corporate governance, including our Board committees and structure, director characteristics and biographies, director and executive compensation, audit matters and stock ownership, among other topics. [Our webpage](#) also includes references to other related governance documents such as the Certificate of Incorporation, Bylaws, Corporate Governance Guidelines as well as the Board's Committee Charters.

The Board provides oversight over the risk management practices implemented by management.



## 2023 Board

Characteristics of our Directors as presented in our 2024 Proxy statement in March:

Gender diversity

45%

Racial/ethnic diversity

36%

Average age

45%

Independence

91%

Average tenure

6.6 years

Our Corporate Governance Policies reflect best practices:

- Annual Election of all Directors
- Non-Executive, Independent Chair of the Board Since 2003
- Annual Board and Committee self-evaluations and review of Director qualifications
- Directors are subject to term limits
- 96 percent average attendance at Board of Directors and Committee meetings
- Director compensation is reviewed annually, with the assistance of a compensation consultant

In early 2024, the Compensation Committee approved, and recommended to the Board of Directors to approve, the annual incentive payouts for 2023., which is aligned to our corporate strategy and priorities. [Our Sustainability priorities – Climate Change and Safety – are 40 percent of the incentive structure](#) with a 10 percent weighting tied to safety and 30 percent tied to achievement of growth in renewable energy generation and new business models. Every year since 2012, AES has received over 94 percent support for its Named Executive Officers (NEO) compensation based on the shares voted on its Say on Pay proposal.

“I am honored to join the Board of Directors at The AES Corporation, a global leader transforming the energy landscape through innovation and partnership. I’ve been contemplating the path to sustainable AI, and I believe clean, green, and renewable energy solutions represent a viable way forward.”



Inderpal Bhandari  
AES Board of Directors

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# Ethics and compliance

Ethics, integrity and compliance are the foundation and principles that guide our company and our people. The AES Ethics and Compliance Program, which defines our business practices and corporate expectations worldwide, is led by our Chief Ethics and Compliance Officer (CECO), who is appointed by the AES Board of Directors, reports directly to the Audit Committee, and is a member of senior management. The CECO regularly provides reports and updates on Ethics and Compliance issues to the Audit Committee and our external auditors. The Financial Audit Committee oversees the effectiveness of the Company's Ethics and Compliance Program.

The [Ethics & Compliance Program](#) is administered by approximately 30 Department representatives who report to the CECO and are located at our headquarters and throughout our global business locations. We conduct regular training for our employees (both full and part-time) on a variety of related ethics and compliance topics and policies, including our [Code of Conduct](#) and corporate Values, compliance with anti-corruption and other applicable laws, conflicts of interest, gifts and entertainment, and workplace harassment, among others.

We require [contractors](#), based on risk profile (such as type of supplier or location of operation), to participate in compliance training.

We conduct regular internal and external assessments of our Ethics & Compliance Program, identifying and mitigating emerging risks as our business evolves. In collaboration with our Internal Audit Department, we conduct multiple anti-corruption audits each year.

Our Code of Conduct is enhanced by global and local policies tailored to local risks and regulations. Our policies are user-friendly, easy to understand, easy to find:

- Written in plain language, including frequently asked question sections and supplemental guidance to address common situations,
- Some are [available externally](#), but all are available on local intranets, in policy libraries, and on internal document sharing systems,
- Translated into our local languages, and
- Leaders distribute new policies by e-mail and through coordinated messaging campaigns.

The policies apply 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 of integrity expected of AES people.

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' Whistleblower Policy sets procedures for the treatment of complaints, including strictly prohibited retaliation against employees who report ethics and compliance concerns in good faith.

The [AES Helpline](#) is a [publicly and permanently available global confidential channel](#) in every AES language, managed by a third party to ensure confidentiality. Contacts to the AES Helpline may be made anonymously.

Through different communication channels and regular Ethics and Compliance messages, our people are reminded that they can ask questions about our Values Guide or Company policies, or raise concerns about potentially illegal or unethical business conduct, whether contacting their manager, another AES leader, an Ethics and Compliance Department representative, AES legal counsel, or using the Helpline.

The Ethics and Compliance Department investigates all allegations and responds to all questions, collaborating with management regarding disciplinary and remedial actions to ensure consistency with AES Values, policy, law, and regulation. Disciplinary measures and corrective action will depend on the specific circumstances of the violation. Actions contrary to law, our Values, this AES Code of Conduct, or other corporate policies will be grounds for disciplinary action, up to and including termination, subject to local law and the terms of any applicable collective bargaining agreement. Failure to report improper behavior, knowingly making a false report, or refusing to cooperate with an investigation may also be grounds for disciplinary action.



## AES helpline

AES Helpline groups allegations of suspected wrongdoing into six main categories:

- |   |  |
|---|--|
| → Interactions with third party business partners | → Interactions with government officials   |
| → Company property and assets                     | → Human resources and AES personnel issues |
| → Financial reporting and controls                | → Safety and environment                   |

[Each investigation is documented and reported to AES' independent auditor](#), who selects a subset for ongoing monitoring until the case is closed. The Helpline investigation data enables the identification of trends to proactively mitigate risks.

AES engages in the political process and believes good government policy benefits all AES stakeholders including customers, employees and shareholders. 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' Whistleblower Policy sets procedures for the treatment of complaints, including strictly prohibited retaliation against employees who report ethics and compliance concerns in good faith.

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# Anti-Harassment and Anti-Discrimination

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 is introduced as part of the new employee onboarding, and digital courses are required to be completed on Managing Bias, Compliance and AES Code of Conduct, and on Harassment and Discrimination Prevention. Complaints of harassment are taken seriously, and are investigated promptly with appropriate actions taken to remedy violations of this Policy, which may include termination of employment.



AES was recognized by Ethisphere as one of the [World's Most Ethical Companies](#) in 2023 for the tenth year in a row. The recognition honors companies demonstrating business integrity through best-in-class ethics, compliance and governance practices.

This is a tribute to all our people and reflects our emphasis on maintaining the highest standards in our work, our operations, and our corporate practices. We are part of an elite group of only nine energy companies worldwide to be included in this prestigious list.

**Paul Freedman, AES General Counsel** said, "AES has always been a values-driven company, and our people share a common purpose of working to improve lives and accelerating a greener, smarter energy future."



## 2023 performance

Between the end of 2023 and early 2024, more than 3,000 people participated in the training about Preventing Harassment and Discrimination including more than 300 leaders.

The AES Helpline received **288 reports from AES locations worldwide**, of which:

**67%**

were allegations of suspected wrongdoing

**33%**

were requests for guidance or information

**73%**

were related to human resources

Approximately 32 percent of allegations reported and closed in 2023 were found to be substantiated in full or in part. For the sustained allegations, the Ethics and Compliance 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. We had **zero corruption breaches in 2023** and none of our people was disciplined or dismissed due to non-compliance with anti-corruption policy/policies.

## We were recognized across our portfolio for our ethics



Miguel Bolinaga  
President of AES Panama included in the list of trustworthy leaders in Panama, by Estrategia y Negocios magazine



AES Mexico included in the [IC500 ranking](#) as one of the 500 Companies against Corruption in México by ExpansionMx magazine



Abraham Bichara, President of AES El Salvador, was named one of the region's top 100 executives with the highest professional ethics by [Summa magazine](#), while AES Dominicana was listed among the most reputable companies in the Dominican Republic



AES Brasil received the Selo Pró-Ética award – which promotes policies and actions intended to mitigate the risks of corruption and fraud in companies – from the Federal Controllershship Office

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# Risk management

Leaders are responsible for the management and assessment of risk at the Company, including communication of the most material risks to the Board and its Committees. The Board provides oversight over the risk management practices implemented by Management, except for the oversight of risks that have been specifically delegated to a Committee of the Board. If the oversight of a specific area of risk has been delegated to a Committee, the full Board receives reports from the Committee Chairs at each regularly scheduled full Board meeting.

The Board also receives a report at regularly scheduled meetings and at least once a year a presentation from the Chief Risk Officer (CRO), which is the head of AES' Global Risk Management Group (GRM). Through these materials, the Board is educated on the current state of AES risks while also learning new risk metrics and techniques. Additional details on the role of the Board in Risk Management can be found in [the Proxy Statement](#).

The CRO chairs the Risk Oversight Committee (ROC), which oversees diverse aspects of the Company's strategy and business and is comprised of the Company's Chief Financial Officer (CFO), Chief Operating Officer, CRO and the Presidents of the Renewables, Energy Infrastructure and New Energy Technologies Strategic Business Units. The risk management functions are part of the finance organization reporting to the CFO, and are independent from the operations and business lines.

[See the 2023 Annual Report for a discussion on AES' top areas of risk →](#)



## Disaster/Emergency planning and response

AES businesses face possible risks and scenarios that can disrupt operations and the service they provide. Safe, fast and effective power restoration following emergency events is essential to the reliability of electric power generation and distribution systems and the well-being of the services and people that depend on these systems.

As provider of essential services, our businesses have diverse programs in place to ensure our operations are prepared to manage unusual disruptions. Our management approach includes a set of emergency preparedness standards describing requirements for the development, review and implementation of Business Continuity Plans (BCP). These plans also consider local regulations and include preparedness for: operational emergencies; off-site emergencies that will have a significant impact on operations or staff; physical security measures, including evacuation of our employees in case of unrest; and emergencies involving nature, e.g., severe weather, floods, earthquakes, tsunamis, etc.

Our Safety Management System and the Global Safety Standard on Emergency Preparedness describes minimum requirements for emergency preparedness plans that address the risk associated with operational activities, man-made emergencies, natural disasters and anticipated industry hazards.

Stakeholder collaboration and engagement are also an important part of our program. Our procedures include clear and frequent communications and collaboration with customers, neighboring communities, the media, contractors and government officials. To create awareness with key stakeholders, businesses also can share information with surrounding communities about safety and how to act during an emergency, bad weather conditions, or spill overs, among others.

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# Cybersecurity

We recognize the importance of maintaining the safety and security of our people, systems, and data and have a holistic process, supported by our management and Board of Directors, for overseeing and managing cybersecurity and related risks.

The Board of Directors is responsible for periodic review and oversight of the AES' 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.

[Our Privacy Policy](#) describes how AES and its affiliates and subsidiaries collect, use, share, and otherwise process personal data that identifies our customers, prospects, distributors, vendors, end users, and suppliers that we collect through our websites, mobile applications, business operations, and services. Our Privacy Policy undergoes regular internal audits. Additionally, as custodians of customer data regulated by the State Utility Commission, we are subject to third-party reviews.

We have implemented measures to help prevent unauthorized access to our systems and facilities, including certain measures to comply with mandatory regulatory reliability standards. To date, [cyber-attacks have not had a material impact on our operations](#) or financial results. We continue to assess potential threats and vulnerabilities and make investments to address them, including global monitoring of networks and systems, identifying, and implementing new technology, improving user awareness through employee security training, and updating our security policies as well as those for third-party providers.

We consider cybersecurity as part of the enterprise risk process, including organized and structured reporting protocols. We have also established an Incident Response Team and Threat Management and Incident Response Standard that governs our assessment, response, and notifications internally and externally upon the occurrence of a cybersecurity incident.

During the year, on a continuous basis, we provide awareness training to our employees to help identify, avoid, and mitigate cybersecurity threats. Our employees participate in training, including phishing exercises, monthly safety meetings, and an annual cybersecurity awareness update. We also periodically host tabletop exercises with management and other employees to practice rapid cyber incident response. Additional details about our Cybersecurity management approach can be found in our [2023 Annual Report and 10-K](#).



## 2023 performance

More than 9,500 people received on average 60 phishing training emails during the year, with a fail rate below 2%. More than 1,300 different types of phishing training emails were sent to create awareness and educate our people.



### 2023 recognition

Our transformative cyber awareness model was recognized at the 2023 CSO50 Awards as a security initiative that demonstrates outstanding business value and thought leadership.

[Read more →](#)

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# Summary of 2023 recognitions

We are proud to be recognized by reputable third parties for our commitment to **clean energy** and **business excellence** in 2023.



Ethisphere's World's Most Ethical Companies  
10-Time Honoree



BNEF second largest seller of clean energy to corporations through power purchase agreements<sup>15</sup>



Great Places to Work Designation



Dow Jones Sustainability Index



- Wall Street Journal Best Managed Companies
- Fortune's Most Admired Companies
- Edison Electric Institute, Edison Award Finalist, International Category
- Fast Company Best Workplaces for Innovators

- Virginia 500 Power List by Virginia Business- Virginia's most powerful and influential leaders in business, government, politics and education
- [America's Climate Leaders 2023](#) by USA Today
- Gender-Balanced Recognition Certificate by 50/50 Women on Boards

(15) According to BNEF, AES was the largest seller of clean energy to corporations through PPAs in 2021 and 2022. In 2023, AES was the second largest, with 1.9 GW compared to Engie with 2.4 GW; however, BNEF noted that their methodology does not include energy storage in its ranking, where AES signed more than 1 GW in 2023.

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This 2023 Improving Lives Report, with its downloadable [Excel file](#) together represents our 2023 Sustainability Report and covers our activities and businesses where AES has operational control from January 1 to December 31, 2023, unless otherwise stated. The report is published on an annual basis.

The [Excel file](#) includes an index of how our 2023 reporting aligns to the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

In certain specific indicators there has been updates in the information due to recalculations or methodology adjustments. Those cases are indicated with a footnote in the Excel file.

AES has used the services of Lloyd’s Register Quality Assurance Inc. (LRQA) to verify and conduct an independent and limited assurance of the following data: Greenhouse gases Scopes 1, 2 and 3, other Air Emissions, Water withdrawal and discharge, Hazardous and Non-Hazardous Waste generation, Ash & Gypsum generation and recycling from coal combustion, Electricity Generation, Energy Use, Lost time incidents and fatality rate.

The Sustainability Report 2023 was prepared with reference to the Global Reporting Initiative (GRI Standards) with the inclusion of the GRI Universal Standards 2021 and the GRI Topic Standards 2021, and also considering the Electric Utilities Disclosure supplement dedicated to the sector issued in 2013, also by GRI.



(16) Topics are plotted for illustrative separation, not intended to directly correlate to X & Y coordinates. Specific rankings for each topic are available in the appendix.

## Our priority assessment

Our priority assessment is reviewed every year, and a reassessment is conducted every 3 years (or earlier if deemed necessary after the annual review). In 2023, with the support of an external consultant, we refreshed our priority assessment to identify the range of environmental, social, governance topics and business drivers that are most important to the success of the business.

We started by reviewing our external context for which we considered external stakeholder perspectives, benchmarked ourselves against peer companies, and analyzed international standards, regulations and reporting frameworks to understand stakeholder expectations of our business.

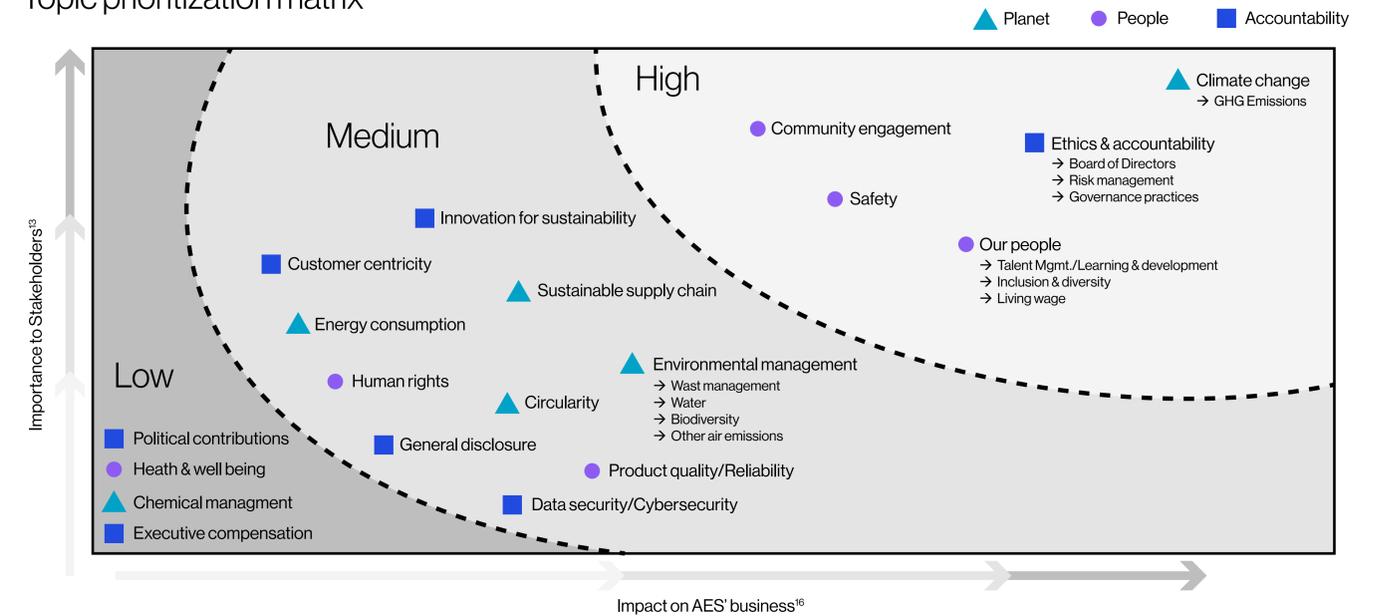
We continued with an identification of internal perspectives through AES reports, previous priority assessment documentation, publications, surveys, etc. By having an external and internal approach we ensured the creation of a list of topics that leveraged the latest thought leadership and incorporated new topics that are shaping the industry through a wide stakeholder lens.

The list of initial priority topics was then validated using over 25 leadership interviews. Executives across different functions – both at corporate and local levels – were interviewed to gather feedback around: the list of topics identified as priorities, the relative importance of these topics to stakeholders and business and thoughts on the topics and their implications for AES.

Interviews provided unique inputs and perspectives to yield a numerical weighting that fed into the final output.

Our assessment followed the GRI’s guidance for determining relevant topics and includes the Sustainability Accounting Standards Board (SASB) topics for our sector.

### Topic prioritization matrix



## GRI index

GRI code	GRI Indicator	Source	Page/ Table
GRI 2 - General Disclosures			
2-1	Organizational details	Improving Lives 2023	Page 8
2-2	Entities included in the organization's sustainability reporting	Improving Lives 2023	Page 56
2-3	Reporting period, frequency and contact point	Improving Lives 2023	Page 56
2-4	Restatements of information	Improving Lives 2023	Page 56
2-5	External assurance	Improving Lives 2023	Pages 61-63
		Excel data tables - Sustainability Report 2023	Assurance Statement
2-6	Activities, value chain and other business relationships	Excel data tables - Sustainability Report 2023	Suppliers - Table 1
2-7	Employees	Excel data tables - Sustainability Report 2023	Our People - Table 2 and Table 3
2-8	Workers who are not employees	Excel data tables - Sustainability Report 2023	Our People - Table 1
2-9	Governance structure and composition	2024 Proxy Statement	Pages 9-10, 20-23, 25-35
		Excel data tables - Sustainability Report 2023	Board of directors - Table 1 and Table 2
2-10	Nomination and selection of the highest governance body	2024 Proxy Statement	Pages 25-28
2-11	Chair of the highest governance body	2024 Proxy Statement	Page 9
2-12	Role of the highest governance body in overseeing the management of impacts	AES Corporate Governance Guidelines	Pages 2, 6
		AES Governance Committee Charter 2023	Page 6
2-13	Delegation of responsibility for managing impacts	AES Governance Committee Charter 2023	Page 1
2-14	Role of the highest governance body in sustainability reporting	AES Governance Committee Charter 2023	Pages 5, 6
2-15	Conflicts of interest	2024 Proxy Statement	Page 18
2-16	Communication of critical concerns	2024 Proxy Statement	Page 11
2-17	Collective knowledge of the highest governance body	2024 Proxy Statement	Pages 25-27
2-18	Evaluation of the performance of the highest governance body	2024 Proxy Statement	Pages 25, 45-46
2-19	Remuneration policies	2024 Proxy Statement	Pages 39-68
2-20	Process to determine remuneration	2024 Proxy Statement	Pages 39-68
2-21	Annual total compensation ratio	Excel data tables - Sustainability Report 2023	Talent Management - Table 5
2-22	Statement on sustainable development strategy	Improving Lives 2023	Page 3
2-23	Policy commitments	Code of Conduct	Pages 1-23
		Human rights Policy	Pages 1-2
2-24	Embedding policy commitments	Improving Lives 2023	Page 49-50
2-26	Mechanisms for seeking advice and raising concerns	Improving Lives 2023	Page 50
2-27	Compliance with laws and regulations	Improving Lives 2023	Pages 49-50
		Excel data tables - Sustainability Report 2023	Talent Management - Table 12

# GRI index

GRI code	GRI Indicator	Source	Page/ Table
2-28	Membership associations	Improving Lives 2023	Page 31
2-29	Approach to stakeholder engagement	Excel data tables - Sustainability Report 2023	Stakeholders - Table 1
2-30	Collective bargaining agreements	Excel data tables - Sustainability Report 2023	Talent Management - Table 4
GRI 3 - Material Topics			
3-1	Process to determine material topics	Improving Lives 2023	Page 56
3-2	List of material topics	Improving Lives 2023	Page 56
3-3	Management of material topics	Improving Lives 2023	Pages 22, 41, 49
Topic Disclosures			
302-1	Energy consumption within the organization	Excel data tables - Sustainability Report 2023	Energy - Table 1
302-3	Energy intensity	Excel data tables - Sustainability Report 2023	Energy - Table 1
302-4	Reduction of energy consumption	Excel data tables - Sustainability Report 2023	Energy - Table 1
		2023 Improving Lives	Pages 19
303-1	Interactions with water as a shared resource	Excel data tables - Sustainability Report 2023	Water (all tables)
		2023 Improving Lives	Page 47
303-2	Management of water discharge-related impacts	2023 Improving Lives	Page 47
303-3	Water withdrawal	Excel data tables - Sustainability Report 2023	Water - Table 1 and Table 3
303-4	Water discharge	Excel data tables - Sustainability Report 2023	Water - Table 1 and Table 3
303-5	Water consumption	Excel data tables - Sustainability Report 2023	Water - Table 1 and Table 3
305-1	Direct (Scope 1) GHG emissions	Excel data tables - Sustainability Report 2023	Emissions - Table 2
305-2	Energy indirect (Scope 2) GHG emissions	Excel data tables - Sustainability Report 2023	Emissions - Table 4
305-3	Other indirect (Scope 3) GHG emissions	Excel data tables - Sustainability Report 2023	Emissions - Table 5
305-4	GHG emissions intensity	Excel data tables - Sustainability Report 2023	Emissions - Table 1
305-5	Reduction of GHG emissions	2023 Improving Lives	Page 43
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Excel data tables - Sustainability Report 2023	Emissions - Table 7
306-1	Waste generation and significant waste-related impacts	2023 Improving Lives	Page 47
306-2	Management of significant waste related impacts	2023 Improving Lives	Page 47
306-3	Waste generated	Excel data tables - Sustainability Report 2023	Waste - Table 1, Table 3, Table 4 and Table 5
306-4	Waste diverted from disposal	Excel data tables - Sustainability Report 2023	Waste - Table 3, Table 4 and Table 5
306-5	Waste directed to disposal	Excel data tables - Sustainability Report 2023	Waste - Table 3, Table 4 and Table 5
401-1	New employee hires and employee turnover	Excel data tables - Sustainability Report 2023	Talent Management - Table 1 and Table 3

## GRI index

GRI code	GRI Indicator	Source	Page/ Table
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	2023 Improving Lives	Page 27
403-1	Occupational health and safety management system	2023 Annual Report	Page 62
		2024 Proxy Statement	Page 16
		Improving Lives 2023	Page 28
403-2	Hazard identification, risk assessment, and incident investigation	AES website	Keeping our people safe
403-3	Occupational health services	2023 Improving Lives	Page 28
403-4	Worker participation, consultation, and communication on occupational health and safety	2023 Improving Lives	Page 28
403-5	Worker training on occupational health and safety	2023 Improving Lives	Pages 29-30
403-6	Promotion of worker health	2023 Improving Lives	Page 27
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2023 Improving Lives	Page 28
403-8	Workers covered by an occupational health and safety management system	Excel data tables - Sustainability Report 2023	Health and Safety - Table 3
403-9	Work-related injuries	Excel data tables - Sustainability Report 2023	Health and Safety - Table 1 and Table 2
404-1	Average hours of training per year per employee	Excel data tables - Sustainability Report 2023	Talent Management - Table 8
404-2	Programs for upgrading employee skills and transition assistance programs	2023 Improving Lives	Page 37
404-3	Percentage of employees receiving regular performance and career development reviews	Excel data tables - Sustainability Report 2023	Talent Management - Table 11
405-1	Diversity of governance bodies and employees	Excel data tables - Sustainability Report 2023	Board of directors - Table 1
		Excel data tables - Sustainability Report 2023	Our People - Table 9
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2023 Annual Report	Page 84
Electric Utilities Specific Disclosures (2013)			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	Excel data tables - Sustainability Report 2023	Installed capacity - Table 1 and Table 2
EU2	Energy output broken down by primary energy source and by regulatory regime	Excel data tables - Sustainability Report 2023	Generation - Table 1 and Table 2
EU3	Number of residential, industrial, institutional and commercial customer accounts	Excel data tables - Sustainability Report 2023	Operation - Table 3
EU4	Length of above and underground transmission and distribution lines by regulatory regime	Excel data tables - Sustainability Report 2023	Operations - Table 9
EU10	Planned capacity broken down by energy source and regulatory regime	Excel data tables - Sustainability Report 2023	Installed capacity - Table 4
EU11	Generation Efficiency of Thermal Plants	Excel data tables - Sustainability Report 2023	Operations - Table 4
EU12	Transmission and distribution losses	Excel data tables - Sustainability Report 2023	Operations - Table 5
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	Excel data tables - Sustainability Report 2023	Health and Safety - Table 5
EU28	Power outage frequency	Excel data tables - Sustainability Report 2023	Operations - Table 1
EU29	Average power outage duration	Excel data tables - Sustainability Report 2023	Operations - Table 1 and Table 2
EU30	Average plant availability factor by energy source	Excel data tables - Sustainability Report 2023	Operations - Table 3

# SASB index

SASB code	SASB Indicator	Source	Page/Table
Sustainability Disclosure Topics & Metrics			
IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations and (3) emissions-reporting regulations	Excel data tables - Sustainability Report 2023	Emissions - Table 2 and Table 6
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	Excel data tables - Sustainability Report 2023	Emissions - Table 5
IF-EU-110a.3	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	2023 Improving Lives Report	Pages 19-20, 43
IF-EU-120a.1	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) particulate matter (PM <sub>10</sub> ), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Excel data tables - Sustainability Report 2023	Emissions - Table 7
IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Excel data tables - Sustainability Report 2023	Water - Table 1 and Table 3
IF-EU-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	2023 Improving Lives Report	Page 42
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	2023 Improving Lives Report	Page 46
IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Excel data tables - Sustainability Report 2023	Waste - Table 2
IF-EU-150a.3	Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations	2023 Improving Lives Report	Page 47
IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Excel data tables - Sustainability Report 2023	Customers - Table 4
IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Excel data tables - Sustainability Report 2023	Customers - Table 6
IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Excel data tables - Sustainability Report 2023	Stakeholders - Table 1
IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Excel data tables - Sustainability Report 2023	Health and Safety - Table 1 and Table 2
IF-EU-420a.2	Percentage of electric load served by smart grid technology <sup>{2}</sup>	Excel data tables - Sustainability Report 2023	Operations - Table 6
IF-EU-420a.3	Customer electricity savings from efficiency measures, by market <sup>{3}</sup>	Excel data tables - Sustainability Report 2023	Customers - Table 5
IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	not applicable as AES doesn't operate any nuclear asset	
IF-EU-550a.1	Number of incidents of non-compliance with physical or cybersecurity standards or regulations	Excel data tables - Sustainability Report 2023	Cybersecurity - Table 1
IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days <sup>{4}</sup>	Excel data tables - Sustainability Report 2023	Operations - Table 1 and Table 2
Activity Metrics			
IF-EU-000.A	Number of: (1) residential, (2) commercial, and (3) industrial customers served	Excel data tables - Sustainability Report 2023	Customers - Table 3
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	Excel data tables - Sustainability Report 2023	Customers - Table 2
IF-EU-000.C	Length of transmission and distribution lines	Excel data tables - Sustainability Report 2023	Operations - Table 9
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Excel data tables - Sustainability Report 2023	Generation - Table 1 and Table 2
IF-EU-000.E	Total wholesale electricity purchased	Excel data tables - Sustainability Report 2023	Operations - Table 8

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# Assurance statement



## LRQA Independent Assurance Statement

Relating to The AES Corporation’s GHG Inventory and EHS Report for the 2023 Calendar Year

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, environmental, and health and safety (EHS) inventories (“the Report”) for the calendar year (CY) 2023 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 2023 and specifically the following requirements:

- Verifying conformance with:
  - AES’ reporting methodologies for the selected datasets; and
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data<sup>1</sup>.
- Reviewing whether the Report has taken account of:
  - GHG Protocol Scope 3 Accounting and Reporting Standard.
- 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 the following:
      - Category 1 Purchased Goods and Services: Municipal Water;
      - Category 3 Fuel and Energy Related Activities: Mining and transport of coal for generating stations in Puerto Rico and the Andes;
      - Category 3 Fuel and Energy Related Activities: Purchased Electricity Sold to End Users;
      - Category 5 Waste Generated in Operations: Landfilled waste;
      - Category 6 Business travel: Air and Hotel; and
      - Category 7 Employee Commuting to headquarters and to power generation sites in Brazil.
  - Electricity Generation, gross and net;
  - Water withdrawal and discharge;
  - Ash & Gypsum generation and recycling from coal combustion;
  - Air Emissions (SO<sub>2</sub>, NO<sub>x</sub>, PM and Hg);
  - Hazardous and non-hazardous waste generation;
  - Energy use from fuel consumption and electricity consumption;
  - Safety lost time incident case rates (operational control); and
  - Safety fatality case rates (operational control).

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

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



- GHG emissions at administrative offices and fugitive methane emissions from coal on the basis of their de minimis contribution to the total inventory;
- Water accessed for generation at hydroelectric plants is not considered a withdrawal or discharge and is excluded. Water use in administrative offices and clean energy consolidated sites was also excluded; and
- GHG emissions and EHS data related to AES’ suppliers, contractors and any other third-parties were excluded, except as follows: Scope 3 GHG emissions for operations and safety metrics for operations and construction contractors where AES has personnel onsite to enforce AES’ EHS requirements.

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

### LRQA’s Opinion

Based on LRQA’s approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that AES has not, in all material respects:

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

The opinion expressed is formed on the basis of a limited level of assurance<sup>2</sup> and at the materiality of the professional judgement of the verifier.

### Basis for Qualified Opinion

- Water withdrawal and discharge, and associated Scope 3 GHG emissions have not been included in the equity share values reported for Ohio Gen Co-Owned OVEC, for which AES owns 5% equity share but does not have operational control. The omission of water use at this one site does not have a material impact on the water inventory.

**Table 1. Summary of AES’ Greenhouse Gas Emissions Equity Share Data, CY 2023:**

Item	Equity Share Quantity	Unit
Scope 1 GHG emission – Fossil (excludes biogenic)	33,901,488	Metric Tons CO <sub>2</sub> e
Biogenic GHG emissions	126,794	Metric Tons CO <sub>2</sub> e
Scope 2 GHG emissions – (Location-based) <sup>1,1</sup>	472,668	Metric Tons CO <sub>2</sub> e
Scope 2 GHG emissions – (Market-based) <sup>1,1</sup>	472,668	Metric Tons CO <sub>2</sub> e
Scope 3: Purchased Goods and Services: Municipal Water	317	Metric Tons CO <sub>2</sub> e
Scope 3 FERA: Mining and Transport of coal to Puerto Rico	36,769	Metric Tons CO <sub>2</sub> e
Scope 3 FERA: Mining and Transport of coal to the Andes	222,486	Metric Tons CO <sub>2</sub> e
Scope 3: FERA: Purchased Electricity Sold to End Users	2,179,173	Metric Tons CO <sub>2</sub> e
Scope 3: Waste generated in operations: Landfill <sup>1,2</sup>	9,963	Metric Tons CO <sub>2</sub> e

<sup>2</sup> 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.

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Scope 3 Business Travel: Air Travel	1,569	Metric Tons CO <sub>2</sub> e
Scope 3 Business Travel: Hotel Stays	134	Metric Tons CO <sub>2</sub> e
Scope 3: Employee Commuting: Arlington, VA Headquarters office	71	Metric Tons CO <sub>2</sub> e
Scope 3: Employee Commuting: Power Generation sites in Brazil (fossil) <sup>1,3</sup>	57	Metric Tons CO <sub>2</sub> e
Scope 3: Employee Commuting: Power Generation sites in Brazil (biogenic) <sup>1,3</sup>	40	Metric Tons CO <sub>2</sub> e
<small>Note 1.1: Scope 2, Location-based and Scope 2, Market-based are defined in the WRI/WBCSD GHG Protocol Scope 2 Guidance, 2015          Note 1.2: All non-hazardous waste disposed is assumed to be sent to landfill.          Note 1.3: Limited to transportation of employees by third party.</small>		

**Table 2. Summary of AES' Environmental Equity Share Data, CY 2023**

Item	Equity Share Quantity	Unit
Electricity Generated - Gross	72,700,652	MWh
Electricity Generated -Net	68,858,869	MWh
Steam Generated	332,150	MWh
Energy use (fuel consumed for electricity generation)	125,332,741	MWh
Energy use (purchased electricity for own use)	378,703	MWh
Water Withdrawal	2,742,141,635	Cubic Meter
Water Discharge	2,674,059,220	Cubic Meter
Solid Waste Generation: Ash & Gypsum from coal combustion	3,527,275	Metric Tons
Solid Waste Recycling: Ash & Gypsum from coal combustion	1,357,332	Metric Tons
Air Emissions: Sulphur Dioxide (SO <sub>2</sub> )	35,671	Metric Tons
Air Emissions: Nitrogen Oxides (NOx)	30,208	Metric Tons
Air Emissions: Particulate Matter (PM)	1,989	Metric Tons
Air Emissions: Mercury (Hg)	0.19	Metric Tons
Non-hazardous waste	33,123	Metric Tons
Hazardous Waste <sup>2,1</sup>	1,955	Metric Tons
<small>Note 2.1: 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.</small>		



**Table 3. Summary of AES' Safety Data for Operationally Controlled Facilities, CY 2023.**

Item <sup>2,1</sup>	Operational Control Quantity	Unit
Lost Time Incident Case Rate-AES Employees	0.117	Per 200,000 Hours
Lost Time Incident Case Rate-Operations Contractors	0.118	Per 200,000 Hours
Lost Time Incident Case Rate-Construction Contractors	0.077	Per 200,000 Hours
Fatality Case Rate-AES Employee	0.000	Per 200,000 Hours
Fatality Case Rate-Operations Contractors	0.009	Per 200,000 Hours
Fatality Case Rate-Construction Contractors	0.000	Per 200,000 Hours

**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;
- verifying CY 2023 GHG emissions and EHS data at an aggregated level; and
- Confirming that AES has recalculated their 2016 base year emissions inventory as required by their documented base year recalculation policy. AES will publish the recalculated base year along with a description of changes in their next sustainability report, which will be released in 2024. LRQA did not verify the reported data and calculations of the updated 2016 base year.

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**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: 26 March 2024	
Brooke Farrell LRQA Lead Verifier Coordinating Lead Project 1	Kate Pagan LRQA Lead Verifier Project 2	David Hadlet LRQA Lead Verifier Project 2.5	Joycelyn Swamidoss LRQA Lead Verifier Project 3
Andrea Bockrath LRQA Lead Verifier Project 3.5	Alejandra Astudillo LRQA Lead Verifier Project 4	Neville Dias LRQA Lead Verifier Project 5	Derek Markolf LRQA Lead Verifier Project 6

On behalf of LRQA, Inc.,  
2101 CityWest Blvd, Houston, TX 77042

LRQA reference: UQA 00000462

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# Forward-looking statements / disclaimer

This report was published July, 2024 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’ 2023 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 or any external website is not part of and is not incorporated by reference in this report. Any Stockholder who desires a copy of the Company’s 2023 Annual Report on Form 10-K filed February 26, 2024 with the SEC may obtain a copy (excluding the exhibits thereto) 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](http://www.aes.com).



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