

FIRST ANNUAL
SUSTAINABILITY REPORT 2012
GRI Supplement



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This document is the Supplement to The AES Corporation's First Annual Sustainability Report. Performance data and information contained in this Supplement focus on the company's operations in 2012 and the preceding 3 to 5 years for context.

This report has been prepared in accordance with the recommendations of the Global Reporting Initiative, version 4.0, and includes Electric Utility Sector Disclosures. We have chosen to prepare the report in accordance with the criteria listed under the "core" option. Specific Standard Disclosures and disclosures on material topics are addressed in "The AES Corporation's First Annual Sustainability Report," which is available on our website, www.aes.com.

Strategy and Analysis

G4-1 Statement from the CEO

Please refer to The AES Corporation First Annual Sustainability Report, Page 1.

G4-2 Key impacts, risks, and opportunities

Key Impacts on Sustainability

As a company committed to improving lives, AES has long been aware of the importance of providing access to electricity and a higher standard of living for many of the world's poor and disenfranchised. Our businesses improve the lives of millions every day by delivering safe, reliable and sustainable energy in the markets we serve. We accomplish this by maintaining a sustainable advantage through:

- **Our Business Model:** We leverage our electricity assets, experience and knowledge to provide efficient, reliable energy and infrastructure solutions in the markets we serve.
- **Our Footprint:** We are focused on delivering competitive services and products in our core markets of the USA, Chile and Brazil, while also pursuing appropriate business development opportunities in additional markets where we can maintain a competitive advantage.
- **Our People:** On every business venture, AES people work in teams, adhere to processes, apply discipline and clarity, aim for business agility and accountability, and focus on our customers.

As we invest in capital projects that increase the availability and reliability of electricity, we create positive economic impacts for the communities affected through job creation, improved access to health care, the countries where we invest and for our company, our business partners and our shareholders.

We understand that as a power producer and electric utility, we can potentially impact air and water quality, biodiversity, availability of natural resources. In pursuing growth opportunities, it is essential that we understand the environments in which we operate and are committed to developing energy solutions in an environmentally responsible manner. Environmental stewardship and leadership are a key part of the four principles of the environmental policy of AES businesses described in Figure 8. For that reason AES businesses go beyond simply meeting environmental standards, as they work to develop the right energy solutions for the markets in which they operate.

AES and our businesses have taken a leadership role in expanding energy storage solutions, in particular for hydroelectric, solar and wind, to make them more viable and relevant for the future. In markets where fossil fuel generation is the right choice for development, we are working to ensure those resources are used in the most efficient, effective and responsible manner. We utilize new technologies in the areas of fuel and waste, and we have made investments in complementary innovative technologies to control emissions and minimize water consumption. A list of recent projects highlighting our approach to environmental challenges can be found on our website, www.aes.com.

AES has adopted an Environmental Management System (EMS) Framework, based on industry best practices, which requires each business to establish an environmental program that allows for continuous environmental performance monitoring, environmental risk assessments, and periodic integrated environmental, health and safety audits. The environmental programs, created and implemented by each AES business, allow the businesses to achieve environmental compliance, address significant environmental impacts and strive for continuous performance improvement. The EMS allows/encourages significant autonomy and flexibility among the SBUs to adopt other external frameworks and guiding principles for their environmental decision making and conduct. See the Disclosure on Management Approach for Environmental in the Sustainability Report to learn more about our EMS.

Because our contributions involve not just providing a critical service, but making investments in the people and infrastructure of a community, we focus on adhering to all applicable local laws and regulations and to international principles such as the UN Global Compact.

AES participates in providing basic services to communities at the bottom of the pyramid in developing economies and our business leaders must continually balance the economic, social and environmental impacts of the work we do. We work to protect human rights and community well-being, as well as economic livelihoods and environmental conditions, while we undertake projects that involve significant change.

We understand that our impact within a community can be deepened through partnerships with local stakeholders and non-governmental organizations, and we encourage our businesses to pursue such relationships. We encourage our businesses to custom-tailor community engagement programs to ensure the most effective, efficient and beneficial local contribution.

While the programs we invest in may differ from community to community, our goal is consistent: To have a positive impact and make a lasting difference in the communities in which we operate. As one of our core values, safety is at the forefront of all AES' community efforts with public safety awareness campaigns conducted in the communities we serve.

AES continually strives to improve quality of life through social and cultural welfare projects that provide needed services and build civic pride in the communities. Our businesses coordinate with local organizations and community leaders to provide construction oversight for infrastructure projects and support local cultural activities.

For a better understanding of our businesses' impact on local communities throughout the globe, please refer to our website, www.aes.com.

Risk Management and Long-term risks and opportunities

As a business that must expertly manage commodities risk – for the fuel sources and markets for our generation and distribution businesses, as well as for our global financial operations – managing risk well is central to who we are and to our governance structure. Through our corporate center and our Board of Directors, we oversee various dimensions of risk management across our business.

Identifying, aggregating, mitigating, and anticipating risk is an essential element of AES' governance and financial management functions as well as a guiding component for the company's sustainability goals. The 2012 Annual Report and 10K list some of the 2012 goals and targets and our year end results.

AES has put in place programs which make it possible for the Risk Management Group to effectively manage market risks faced by AES. Integrating risk management principles in the organization's strategic framework, aligning risk management activities with strategic objectives, communicating risk intelligence to the Board of Directors and Executive Officers, establishing and maintaining adherence to risk appetite and thresholds, and monitoring emerging risks across the enterprise, drive a culture of risk awareness and discipline across the Corporation. We believe that risk management enhances sustainability, just as we believe that improving our sustainability efforts also helps us reduce and avoid certain risks across the company.

Note: More information on our Risk Management practices and our business risk factors on long-term prospects and financial performance can be found in the 2012 10K, Item 1A – Risk Factors, pages 78 to 103.

Organizational Profile

G4-3 Name of the Organization

The AES Corporation

G4-4 Primary brands products and services

The AES Corporation is a diversified power generation and distribution company dedicated to improving lives by providing safe, reliable and sustainable energy solutions in every market we serve. Founded in 1981 as one of the first Independent Power Producers in the U.S., we pioneered private investment in power generation and distribution in many countries. Today, we are one of the world's leading power companies concentrated in both stable and high growth markets with operating capabilities across diverse fuel types and technologies. AES owns and operates a diverse and growing portfolio of electricity generation and distribution businesses, which provide safe, reliable and sustainable energy to customers in 25 countries as of December 31, 2012. Please refer to the AES factsheet on our website to view the location of all our operations.

G4-5 Location of the organization's headquarters

The AES Corporation (NYSE: AES) is headquartered in Arlington, Virginia, USA. The mailing address and phone number for the headquarters is:

The AES Corporation
4300 Wilson Boulevard
Arlington, Virginia 22203
+1.703.522.1315

G4-6 Countries where AES operates

AES owns and operates a diverse and growing portfolio of electricity generation and distribution businesses, which provide safe, reliable and sustainable energy to customers in 25 countries as of December 31, 2012. Please refer to the Figure 1 and G4-8 for additional information on the location of all our operations.

Scale: AES Corporation	As of December 31, 2012	
Total number of employees	24,870	
Total number of countries/operations/utilities	25 countries/71 operations/9 utilities	
Net revenue / Total Assets*	\$18.141 billion / \$42 billion assets	
Quantity of products or services provided	39,429 MW capacity; 101,062 GWh energy delivered	
Total assets	\$41.8 billion	
Beneficial ownership	China Investment Corporation	17.4 percent
	T. Rowe Price Associates, Inc.	8.9 percent
	Fidelity Management & Research Co.	7.5 percent
	BlackRock	7.2 percent
	The Vanguard Group, Inc.	5.2 percent
*Additional financial information is located in The AES Corporation 2012 Annual Report and 10K		

Figure 1 Scale of The AES Corporation

ANDES Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
ARGENTINA			
AES Argentina	Bariloche, RN, Argentina	Hydro	1,050
Paraná-GT	San Nicolas, BA, Argentina	Gas/Diesel	845
San Nicolás	San Nicolas, BA, Argentina	Coal/Gas/Oil	675
Gener – TermoAndes	Cobos, SA, Argentina	Gas/Diesel	643
Los Caracoles	San Juan, SJ, Argentina	Hydro	125
Rio Juramento – Cabra Corral	Salta, SA, Argentina	Hydro	102
Quebrada de Ullum	San Juan, SJ, Argentina	Hydro	45
San Juan – Ullum	San Juan, SJ, Argentina	Hydro	45
San Juan – Sarmiento	San Juan, SJ, Argentina	Gas/Diesel	33
Rio Juramento – El Tunal	Salta, SA, Argentina	Hydro	10
Argentina Subtotal			3,573
CHILE			
Gener – Gener	Cabrero, Chile; San Francisco Mostazal, Chile; Laja, Chile; Santiago, Chile	Hydro/Coal/Diesel	986
Gener – Guacolda	Huasco, Chile	Coal/Pet Coke	608
Gener – Electrica Angamos	Mejillones, Chile	Coal	545
Gener – Electrica Santiago	Santiago, Chile	Gas/Diesel	479
Gener – Norgener	Tocopilla, Chile	Coal/Pet Coke	277
Gener – Electrica Ventanas	Puchuncavi, Chile & Laguna Verde, Chile	Coal	272
Chile Subtotal			3,167
COLOMBIA			
Chivor	Santa Maria de Boyaca, Colombia	Hydro	1,000
Colombia Subtotal			1,000

ASIA Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
INDIA			
OPGC	Orissa, India	Coal	420
Saurashtra	Jamnagar District, Gujarat, India	Wind	39
India Subtotal			459
PHILIPPINES			
Masinloc	Makati City, Philippines	Coal	660
Philippines Subtotal			660
SRI LANKA			
Kelanitissa	Wellampitya, Sri Lanka	Diesel	168
Sri Lanka Subtotal			168
CHINA			
Chengdu	Sichuan Province	Gas	50
China Subtotal			50

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BRAZIL Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
Tietê	Ouroeste, SP, Brazil; Bariri, SP, Brazil, Barra Bonita, SP, Brazil; Caconde, SP, Brazil; Sao Jose do Rio Pardo, SP, Brazil; Ibitinga, SP, Brazil; Mococa, SP, Brazil; Moji-Guacu, SP, Brazil; Buritama, SP, Brazil; Promissao, SP, Brazil; Sao Joao da Boa Vista, SP, Brazil; Vargem Grande, SP, Brazil	Hydro	2,658
Uruguaiana	Uruguaiana, RS, Brazil	Gas	640
Brazil Subtotal Generation			3,298

Eletropaulo	Sao Paulo, Brazil	6,483,000	45,557
Sul	Porto Alegre, Brazil	1,240,000	8,851
Brazil Subtotal Distribution		7,723,000	54,408

EMEA (Europe, Middle East & Africa) Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
BULGARIA			
Maritza	Bulgaria	Coal	690
St. Nikola	Kavarna, Bulgaria	Wind	156
Bulgaria Subtotal			846
CAMEROON			
Dibamba	Cameroon	Heavy Fuel Oil	86
Cameroon Subtotal			86
JORDAN			
Amman East	Al Manakher Village, Amman, Jordan	Gas	380
Jordan Subtotal			380
KAZAKHSTAN			
Ust-Kamenogorsk CHP	Ust-Kamenogorsk, East Kazakhstan, Kazakhstan	Coal	1,354
Shulbinsk HPP	Shulba Village, East Kazakhstan, Kazakhstan	Hydro	702
Ust-Kamenogorsk HPP	Ust-Kamenogorsk, East Kazakhstan, Kazakhstan	Hydro	331
Sogrinsk CHP	Ust-Kamenogorsk, East Kazakhstan, Kazakhstan	Coal	301
Kazakhstan Subtotal			2,688
NETHERLANDS			
Elsta	Terneuzen, Zeeland, Netherlands	Gas	630
Netherlands Subtotal			630
NIGERIA			
Ebute	Lagos, Nigeria	Gas	294
Nigeria Subtotal			294
SPAIN			
Cartagena	Murcia, Spain	Gas	1,199
Spain Subtotal			1,199

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Business	Location	Fuel	Gross MW
TURKEY			
Kocaeli	Izmit, Turkey	Gas	158
Bursa	Bursa, Turkey	Gas	156
Kepezkaya	Karaman, Turkey	Hydro	28
Kumkoy	Samsun, Turkey	Hydro	18
Damlapinar	Karaman, Turkey	Hydro	16
Istanbul (Koc University)	Istanbul, Turkey	Gas	2
<i>Turkey Subtotal</i>			378
UNITED KINGDOM			
Ballylumford	United Kingdom	Gas	1,246
Kilroot	Carrickfergus, United Kingdom (Northern Ireland)	Coal/Oil	662
Drone Hill	United Kingdom	Wind	29
North Rhins	Ayrshire, United Kingdom (Scotland)	Wind	22
<i>United Kingdom Subtotal</i>			1,959

Business	Location	Type	Gross MW	Approx. Number of Customers Served as of 12/31/2012	Approx. GWh Sold in 2012
CAMEROON					
SONEL	Douala, Cameroon	Integrated	936	816,000	3,569
<i>Cameroon Subtotal</i>			936	816,000	3,569
KAZAKHSTAN					
Ust-Kamenogorsk Heat Nets	Ust-Kamenogorsk, East Kazakhstan, Kazakhstan	Distribution	N/A	96,000	0
<i>Kazakhstan Subtotal</i>			96,000	0	0
UKRAINE					
Kyivoblenergo	Kyiv, Ukraine	Distribution	N/A	882,000	5,248
Rivneenergo	Rivne, Ukraine	Distribution	N/A	412,000	2,418
<i>Ukraine Subtotal</i>			1,294,000	7,666	7,666

MCAC (Mexico, Central America, and the Caribbean) Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
DOMINICAN REPUBLIC			
Andres	Boca Chica, Dominican Republic	Gas	319
Itabo	San Cristobal, Dominican Republic	Coal	295
Los Mina	Santo Domingo, Dominican Republic	Gas	236
<i>Dominican Subtotal</i>			850
MEXICO			
Mérida III	Yucatan, Mexico	Gas	505
Termoelectrica del Golfo (TEG)	Tamaulipas, Mexico	Pet Coke	275
Termoelectrica del Peñoles (TEP)	Tamaulipas, Mexico	Pet Coke	275
<i>Mexico Subtotal</i>			1,055
EL SALVADOR			
AES Nejapa	Region Central, El Salvador	Landfill Gas	6
<i>El Salvador Subtotal</i>			6

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Business	Location	Fuel	Gross MW
PANAMA			
Bayano	Chepo, Panama	Hydro	260
Changuinola	Changuinola, Panama	Hydro	223
Chiriqui – Esti	Chiriqui, Panama	Hydro	120
Chiriqui – Los Valles	Chiriqui, Panama	Hydro	54
Chiriqui – La Estrella	Chiriqui, Panama	Hydro	48
<i>Panama Subtotal</i>			705
PUERTO RICO			
Puerto Rico	Puerto Rico, US	Coal	525
<i>Puerto Rico Subtotal</i>			525
TRINIDAD & TOBAGO			
Trinidad	Trinidad, Trinidad & Tobago	Gas	720
<i>Trinidad Subtotal</i>			720
Business	Location	Approx. Number of Customers Served as of 12/31/2012	Approximate GWh Sold in 2012
EL SALVADOR			
CAESS	Region Central, El Salvador	558,000	2,160
CLESA	Region Occidente, El Salvador	342,000	852
DEUSEM	Region Oriente, El Salvador	68,000	119
EEO	Region Oriente, El Salvador	260,000	511
<i>El Salvador Subtotal</i>		1,228,000	3,642

US (United States) Strategic Business Unit Locations

Business	Location	Fuel	Gross MW
Southland – Alamitos	Alamitos, CA, US	Gas	2,075
Southland – Redondo Beach	Redondo Beach, CA, US	Gas	1,392
Southland – Huntington Beach	Huntington Beach, CA, US	Gas	474
Shady Point	Poteau, OK, US	Coal	360
Buffalo Gap II	Merkel, TX, US	Wind	233
Warrior Run	Cumberland, MD, US	Coal	208
Hawaii	Kapolei, HI, US	Coal	205
Buffalo Gap III	Merkel, TX, US	Wind	170
Deepwater	Pasadena, TX, US	Pet Coke	160
Beaver Valley	Monaca, PA, US	Coal	132
Buffalo Gap I	Merkel, TX, US	Wind	121
Lake Benton I	Lake Benton, MN, US	Wind	106
Armenia Mountain	Mainesburg, PA, US	Wind	101

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Business	Location	Fuel	Gross MW
Laurel Mountain	Belington, WV, US	Wind	98
Storm Lake II	Alta, IA, US	Wind	78
Mountain View I & II	North Palm Springs, CA, US	Wind	67
Condon	Gilliam County, OR, US	Wind	50
Mountain View IV	North Palm Springs, CA, US	Wind	49
Tehachapi	Kern County, CA, US	Wind	38
Palm Springs	North Palm Springs, CA, US	Wind	30
<i>United States Subtotal</i>			6,281

Business	Location	Gross MW	Approx. Number of Customers Served as of 12/31/2012	Approximate GWh Sold in 2012
Dayton Power & Light	Dayton, OH, US	3,818	500,000	16,454
IPL, Indianapolis Power & Light	Indianapolis, IN, US	3,699	470,000	15,323
<i>United States Subtotal</i>		7,517	970,000	31,777

G4-7 Nature of ownership and legal form

The AES Corporation (NYSE: AES) is a publically held global power company incorporated under the laws of Delaware in 1981, and is governed by a Board of Directors. For additional detail, please refer to The AES Corporation 2012 Annual Report and 10K.

G4-8 Markets served, sectors served, and types of customers

In 2012 AES organized businesses under regional Strategic Business Units (SBUs). Each of our global operating sites is organized into one of the following SBUs:

SBU Geographic Market

- **Andes**, Chile, Colombia, and Argentina
- **Asia**, Vietnam, Sri Lanka, India and Philippines
- **Brazil** Sao Paulo and Rio Grande do Sul
- **EMEA** Europe, Middle East and Africa
- **MCAC** Mexico, Central America and Caribbean
- **US** United States of America

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

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Scale: Strategic Business Units	Employees	Businesses	Costs (\$ billion)	Revenue (\$ billion)
Andes	1,544	9	\$2.440	\$3.020
Brazil	7,426	4	\$5.838	\$6.807
Mexico, Central America & Caribbean (MCAC)	1,749	16	\$2.012	\$2.573
Europe, Middle East & Africa (EMEA)	9,612	25	\$1.299	\$1.867
Asia	405	5	\$488	\$738
United States (US)	3,600	19	\$3.039	\$3.759

Figure 2 Scale of AES' Strategic Business Units (SBU), employees, businesses and revenues

AES is diversified across fuel sources, technologies and geographies. We generate and distribute electricity from thermal and renewable sources to help meet the world's changing energy needs. Our utilities power several diverse markets, from São Paulo, Brazil to Indianapolis, Indiana to Douala, Cameroon.

EUSS Profile by SBU	Installed Capacity (Gross MW)	Utility GWh	Utility Customers	Transmission Lines (Km) (High Voltage)		Distribution Lines (Km) (Low Voltage)	
				Overhead	Underground	Overhead	Underground
Andes	7,740						
Brazil	3,298	54,408	7,723,000	3,806	190	105,066	3134*
Mexico, Central America & Caribbean (MCAC)	3,860	3,642	1,228,000			35,846	62
Europe, Middle East & Africa (EMEA)	9,396	11,235	2,206,000	5,950		58,392	
Asia	1,337						
United States (US)	13,798	31,777	1,107,000	4,280	12	28,420	14,396
Total:	39,429	101,062	12,264,000				

Figure 3 Electric Utility Profile Summary (by SBU)

G4-9 Scale of the reporting organization

Information on the scale of AES, including number of employees, number of operations, net sales, and quantity of products or services provided, is located in Figures 1, 2, and 3.

G4-10 Employee demographics

AES's work is performed solely by permanent employees or supervised workers. In 2012, AES did not experience significant variations in employee numbers. Gender data for Supervised Workers was not available but will be included in future reports. Employee and supervised worker totals, by SBU, are listed in Figure 4.

	Permanente - Full time Employees			Supervised Workers	Total Workforce
	Female	Male	Total	Total	Total
Andes	217	1,327	1,544	1,871	3,415
Asia	88	317	405	1,006	1,411
Brazil	1,943	5,483	7,426	9,150	16,576
EMEA	2,162	7,450	9,612	4,165	13,777
MCAC	263	1,486	1,749	2,743	4,492
US	749	3,008	3,757	2,230	5,987
Corporate	151	226	377	60	437
Total	5,573	19,297	24,870	21,225	46,095

Figure 4 Employee demographics

G4-11 Employee covered by collective bargaining agreements

Of our nearly 25 thousand permanent full-time employees, 83% are covered by collective bargaining agreements.

G4-12 The AES Corporation Supply Chain

The AES Supply Chain organization and principal categories is shown below. Our Supply Chain Management (SCM) goal is to create and convert supply chain opportunities into sustainably profitable results through best practice replication throughout our Capital Expenditure (CAPEX) and Operating Expenditures (OPEX) processes. To that end our Top five SCM priorities are:

- Cost management
- Working capital optimization
- Process Improvement
- Supply Assurance & Risk Mitigation
- Improving supplier performance

Our estimated spend for 2013 is \$7.5 billion, divided as \$4.3 billion in non-fuel spend (OPEX and CAPEX) and \$3.2 billion in Fuel spend.

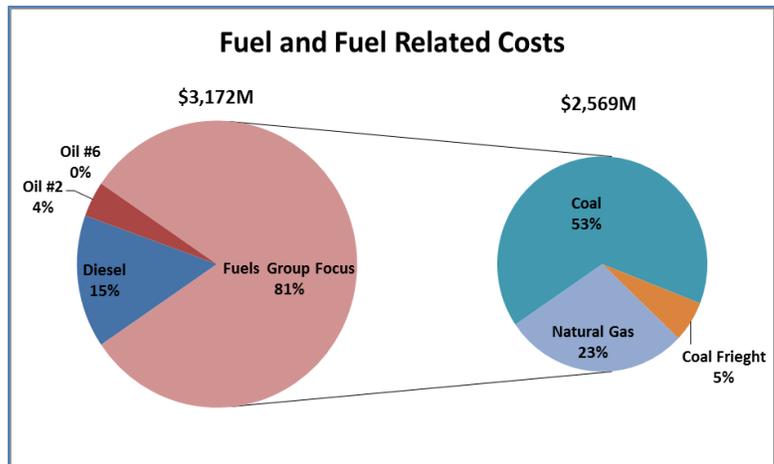


Figure 5 Fuel and fuel related costs, estimated for 2013

The AES Ethics and Compliance Program includes a thorough Contract Compliance and Counterparty Due Diligence process, which supports AES' efforts to work with business partners that engage in responsible business practices. Business partners include any partner, joint owner, joint venture partner, purchaser of interest in any project, subsidiary or affiliate, as well as any contractor, subcontractor, consultant, agent, representative or other entity or individual or any affiliate thereof engaged or retained by AES or any AES company to perform work or provide equipment, materials or services of any kind, directly or indirectly to AES or any AES company. As part of our due diligence process we take notice and ensure that the selection of business partners, suppliers, and vendors follow the standards

set forth in our Procure to Pay Policy.

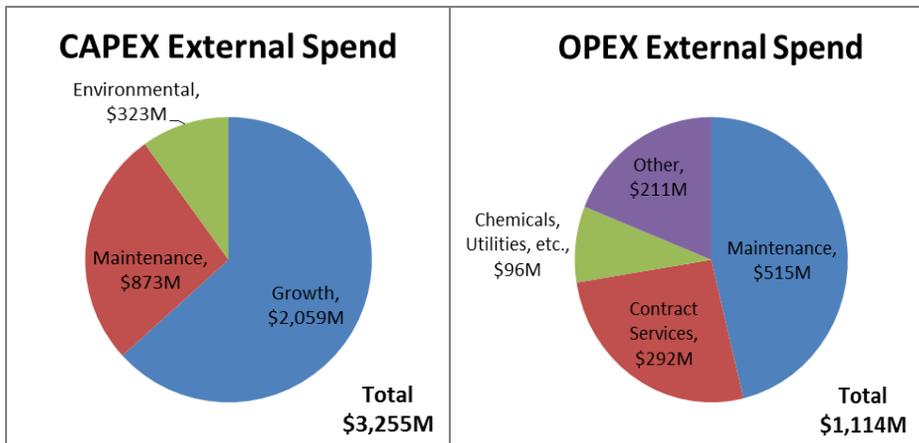


Figure 6 AES Corporation External CAPEX and OPEX estimated Spend for 2013

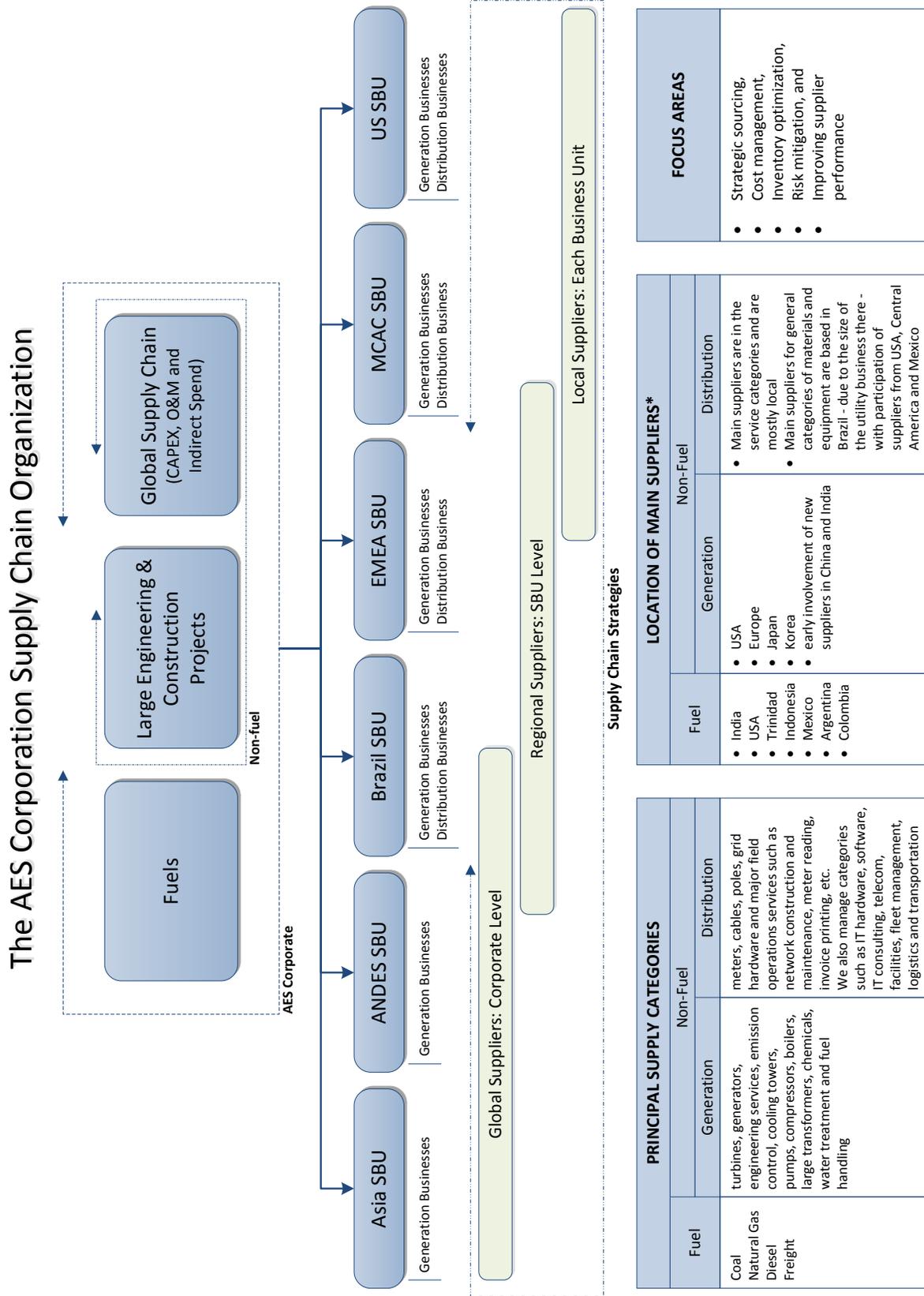


Figure 7 AES Corporation Supply Chain Organization

AES includes compliance language in its contracts where appropriate. This compliance language includes, among other things, clauses that prohibit our business partners from engaging in bribery and other activities relating to corruption when working with AES. Engagements in high risk areas are reviewed and approved at the corporate level by the AES Ethics and Compliance Department. We also have our Environmental and Safety guidelines that must be followed by each business unit previous to any contracting and are subject to periodic auditing.

G4-13 Significant changes in the AES organization

Significant operational changes are listed on pages 1 through 6 of The 2012 AES Corporation Annual Report.

Commitments to External Initiatives

G4-14 AES's approach to addressing potential environmental challenges under the precautionary approach

AES' management approach to environmental issues is embodied in our third foundational principle to make decisions on additional expenditures considering the term "environment" as broadly defined to include the external surroundings or conditions within which people live, including ecological, economic, social and all other factors that determine quality of life and standard of living.



Figure 8 AES' Four Guidelines of Environmental Management

Eight AES businesses in four countries, representing 32% of the AES global workforce, are signatories and active participants to the UN Global Compact Principles and have adopted the Ten Principles with respect to Human Rights, Labor, Environment and Anti-Corruption.

G4-15 External charters, principles, or other initiatives endorsed by AES

AES and its subsidiaries have adopted many external charters and principles important in addressing economic, environmental and social issues.

We follow the guidelines of the Equator Principles on new development and acquisitions and several of our businesses are signatories to the United Nations Global Compact. Our Mong Duong project is a recent example of a business development case that has applied the equator principles. See AES First Annual Sustainability Report, page 18, for a detailed discussion on the Mong Duong Project.

We have adopted the Occupational Health and Safety Assessment Series, OHSAS 18001, for our health and safety management systems at all our businesses. Developed in response to widespread demand for a recognized standard against which to be certified and assessed, this initiative has helped AES to control occupational health and safety risks as part of our three-year plan. We also subscribe to voluntary international standards and certifications including ISO 14000, Environmental Management Systems and ISO 9000, Quality Management Systems.

During 2012, 24 AES businesses received certification or recertification of their safety (OHSAS 18001), environmental (ISO 14001) and quality (ISO 9001) management systems.

G4-16 List memberships of associations and advocacy organizations

AES considers membership in associations and advocacy groups important in achieving our strategic goals. In 2012 we evaluated continued memberships in numerous associations to focus only on those that were outcome based, responsive to AES needs and relevant to our future goals. The following associations fit those criteria:

Edison Electric Institute (EEI)

The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. EEI has 70 international electric companies as Affiliate Members, and 250 industry suppliers and related organizations as Associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

EEI membership is important to better understanding and addressing the aspects of our industry important to our stakeholders. Our CEO is a member of the governance body and AES staff is encouraged to participate in programs related to reliability, the environment, cyber security, energy efficiency, federal regulation and more.

North American Electric Reliability Corporation (NERC)

The NERC is a not-for-profit entity whose mission is to ensure the reliability of the Bulk-Power System in North America. NERC develops and enforces Reliability Standards; annually releases seasonal and long-term reliability; monitors the Bulk Power System through system awareness; and educates, trains, and certifies industry personnel. AES views engagement with NERC to be strategic and has US SBU staff assigned to the Cyber Security Subcommittee of the Critical Infrastructure Protection Committee.

Carbon Disclosure Project (CDP)

AES views CDP as an important global observer of, not only the electric utility businesses, but all organizations. For the past seven years we voluntarily participated in disclosing information pertaining to our greenhouse gas (GHG) emissions from all our global operations. We are in the process of taking further steps to work closer with CDP to ensure the accuracy and validity of our reports and to better understand AES' position in relation to other sector participants.

Trust for the Americas

The Trust for the Americas is a non-profit organization associated with the Organization of American States (OAS). In collaboration with its member countries, the private sector, and civil society, the Trust provides technical, financial, and human resources to build the capacities of marginalized groups throughout the Americas, focusing specifically on generating economic opportunity and fostering inclusive and safe communities. AES has sponsored a joint educational program (AES POETA Jóvenes) in several Latin American countries.

Council of the Americas

The Council of the Americas (COA) is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere. AES views membership strategically important and our CEO is on the organization's Board of Directors. Further, many AES Executives are engaged in key initiatives related to our business strategy, policy development and trends in the countries where we are active in Latin America. For example, in 2012 AES Gener's Chief Operating Officer (COO) participated as speaker at the ASCOA Latin American Cities Conference.

Institute of the Americas

For 25 years, the Institute of the Americas (IA) has been at the forefront of U.S.-Canada-Latin America cooperation, working with the public and private sectors to encourage investment and information-sharing in energy and technology markets. The primary focus of the Institute's programs is energy, climate change and clean technology development.

We view membership as strategic for our Latin American businesses. The AES COO holds a key position on the Board of Directors. The CEO of AES Gener participated in the IA's *Chile Energy Roundtable* providing key and informed insight on the future energy matrix in the country. Two AES executives, including the Vice President for Central America and the Caribbean, shared their knowledge at the IA's *Prospects for LNG and Natural Gas in Central America* conference in Panama City, Panama.

Business Council for International Understanding (BCIU)

BCIU provides an ongoing forum for senior business executives to interact with heads of state/government, cabinet ministers, and senior government officials. Since its inception in 1955, the BCIU has been a neutral, results-oriented partner, facilitating dialogue and alliances between world businesses and political leaders.

BCIU coordinated several strategic meetings and gatherings with key players on the global stage. AES also holds a position on the BCIU Board of Directors.

The Corporate Council on Africa

The Corporate Council on Africa (CCA) is a nonprofit, membership-based organization established in 1993 to promote business and investment between the United States and the nations of Africa.

The Corporate Council works closely with governments, multilateral groups and businesses like AES Corporation to improve the continent's trade and investment climate and to raise Africa's profile. CCA works with member companies to help them increase their investment in and trade with the nations of Africa. AES' COO holds a position on the CCA Board of Directors.

Electric Utility Organizational Profile Protocols

EU-1 Installed Capacity

The chart in Figure 9 shows installed capacity by fuel source. The table in Figure 3 includes total installed capacity by AES Strategic Business Unit (SBU).

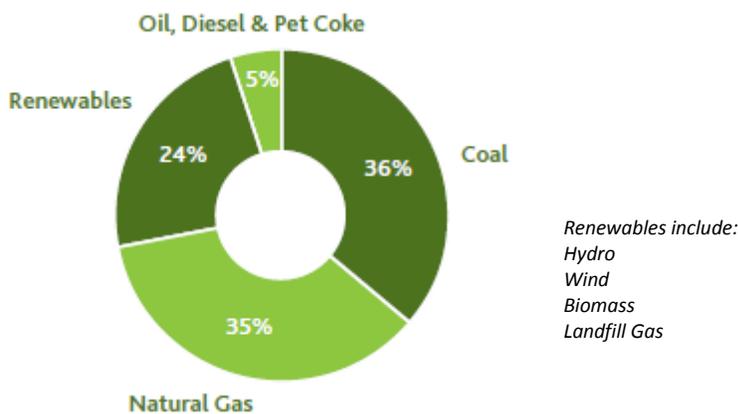


Figure 9 Installed capacity by energy source

EU2 Net Energy Output

The table in Figure 3 includes the net energy output by SBU.

EU3 Number of Customer Accounts

The table in Figure 3 includes the customer accounts by SBU.

EU4 Length of Transmission and Distribution Lines

The table in Figure 3 includes the length of transmission and distribution lines by SBU, including voltage transmitted and whether lines are underground or overhead.

EU5 Allocation of CO₂e Emissions Allowances

The table in Figure 910 represents allocation of CO₂ allowances by carbon trading framework.

Carbon Trading Framework	SBU Affected	2012 Allocation (kt CO ₂)	Allowances Purchased (kt CO ₂)	Verified Emissions (kt CO ₂ e)
EU ETS	EMEA	9,066,314	1,389,447	7,566,595
RGGI	US	0	1,421,818	1,395,882

Figure 10 EUSS Profile: Allocation of CO₂ emission allowances by carbon trading framework

Identified Material Aspects and Boundaries

G4-17 Entities included in financial reporting

The entities included in The AES Corporation’s consolidated financial statements are listed in The 2012 AES Corporation Annual Report which is publically available on the AES website. All entities identified within the 2012 AES Annual Report are also covered in this report.

G4-18 Process for defining report content and Aspect boundaries and report content

Our aim is to communicate with our many different stakeholders about issues that are important to them. We recognize that in addition to the financial performance information available through SEC disclosures, our stakeholders are interested in how we manage various sustainability aspects of our business and what our performance has been. In addition to the financial community, we recognize that employees, customers, local policymakers, nongovernmental organizations (NGOs), industry organizations and observers, as well as neighbors at our locations, are all our AES stakeholders.

To develop this first communication on sustainability for our stakeholders, we followed Global Reporting Initiative, G4 guidelines in identifying “material” aspects that are significant for our business and for our stakeholders.

We consider material aspects and topics as those that reflect AES’ significant economic, environmental, or social impacts and those aspects and topics that substantially influence the assessments and decisions of stakeholders. We considered a set of potentially material aspects and topics that we initially identified and evaluated using various sources including research of industry sector sustainability issues, analysis of issues confronting our peers in the utility industry, media coverage of AES businesses and issues of interest, changes or potential changes in laws and regulation, and feedback received from customers, civil society, regulators and other stakeholders through our stakeholder engagement process. We also considered issues identified via our internal risk management program. Through this process we identified over 50 relevant topics.

We qualified and prioritized topics and added additional issues, as appropriate, via a review by various levels of management and our Executive Leadership Team (ELT). In our process of prioritization, we also considered where these topics were material, according to GRI G4 guidance. See Figure 12 and Figure 13 below for more detail on boundaries for material issues both inside and outside of our organization.

In addition, the report contains information on our corporate profile and history, governance, key programs, case study highlights that provide important context for understanding our approach to these 13 material aspects.

The process of defining material aspects and developing this first AES Sustainability Report was led by a Steering Committee of executives from across the business and approved by the CEO. It is our intention that this process will serve as a model for guiding our continuing sustainability programs and the associated reports and disclosures.

G4-19 Material Aspects and boundaries

The process described above resulted in the material aspects discussed in this report, as shown in Figure 11.

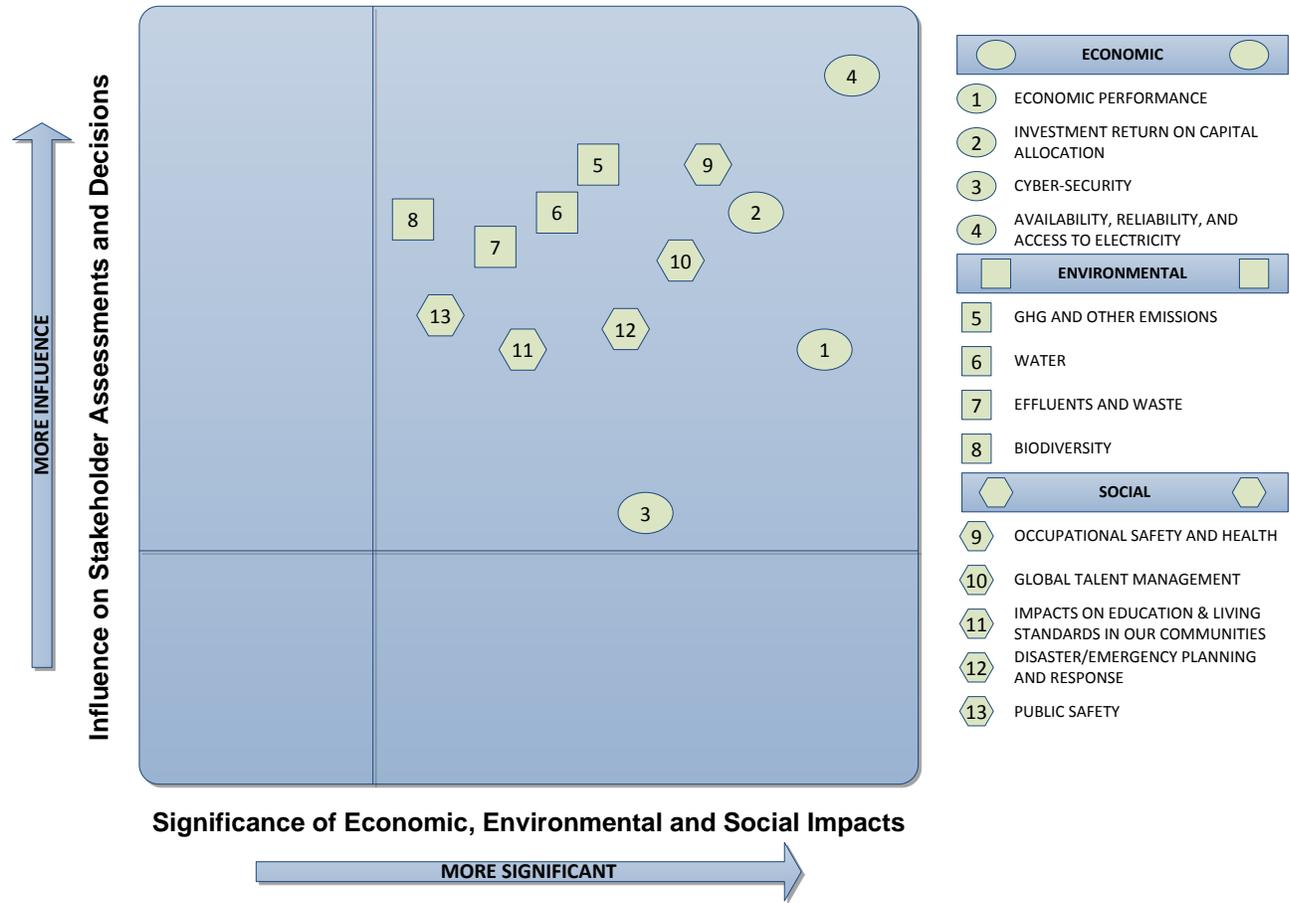


Figure 11 Material aspects highlighted in this report

G4-20 Aspect boundaries

Boundaries for each material aspect are listed in Figure 12 Aspect boundary for material aspects within AES.

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Material Aspect	Boundary Within AES						
	SBU						CORPORATE
	ANDES	ASIA	BRAZIL	EMEA	MCAC	US	
Economic Performance	X	X	X	X	X	X	X
Investment Return on Capital Allocation							X
Availability, Reliability, and Access to Electricity	X	X	X	X	X	X	X
GHG and other Emissions	X	X	X	X	X	X	
Water	X	X	X	X	X	X	
Effluents and Waste	X	X	X	X	X	X	
Biodiversity	X	X	X	X	X	X	
Cyber-security	X	X	X	X	X	X	X
Occupational Safety and Health	X	X	X	X	X	X	X
AES Global Talent Management	X	X	X	X	X	X	X
Impacts on Education and Living Standards in our Communities	X	X	X	X	X	X	X
Disaster/Emergency Planning and Response	X	X	X	X	X	X	X
Public Safety	X	X	X	X	X	X	X

Figure 12 Aspect boundary for material aspects within AES

G4-21 Aspects material outside the organization

Boundaries for each material aspect outside the organization are listed in Figure 13 Aspect boundary for material aspects outside AES.

Material Aspect	Boundary Outside AES						
	Suppliers	Community	Regulators	Investors	NGOs	Partners	Customer
Economic Performance	X	X		X			
Investment Return on Capital Allocation				X			
Availability, Reliability, and Access to Electricity	X	X	X	X		X	X
GHG and other Emissions	X	X	X		X		
Water	X	X	X		X		
Effluents and Waste	X	X	X		X		
Biodiversity	X	X	X	X	X		
Cyber-security	X	X				X	X
Occupational Safety and Health		X					
AES Global Talent Management		X					
Impacts on Education and Living Standards in our Communities	X	X			X		
Disaster/Emergency Planning and Response	X	X	X	X		X	
Public Safety	X	X	X				X

Figure 13 Aspect boundary for material aspects outside AES

G4-22 Effect of restatements

As this is the AES Corporation's first Sustainability Report, there are no restatements to report.

G4-23 Significant changes in Scope and Aspect Boundaries

As this is the AES Corporation’s first Sustainability Report, we have not identified significant changes from previous reports.

Stakeholder Engagement

G4-24 Stakeholders engaged by the organization

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

AES Stakeholders	Engagement	Key Issues	How issues addressed
<p>Suppliers:</p> <p>Our business operations connect us with a broad spectrum of suppliers and we strive to ensure those relationships are positive and mutually beneficial. AES works with suppliers to ensure ethical business practices are adhered to and cost effective terms are reached</p>	<p>As a supplier of products and services ourselves, we understand the importance of open communication. We promote suppliers success through clear policies, procedures, terms and conditions</p>	<ul style="list-style-type: none"> • Direct contact between vendors and AES’ supply chain buyers and sourcing specialists • Supplier performance score cards (some locations) • Published policies and guidelines such as safety requirements, environmental guiding principles and supplier diversity objectives 	<ul style="list-style-type: none"> • Centralized management of key supply chain categories such as fuel sourcing • Developed and communicated safety, environmental, and diversity guidelines to existing and prospective suppliers
<p>Investors / Shareholders:</p> <p>All our investors- institutional, retail and bond-holders are key stakeholders in our company</p>	<p>We regularly communicate with our investors regarding our business strategy and plan, risk management, financial returns, growth and governance via:</p> <ul style="list-style-type: none"> • Annual Investor Meetings • Annual and Corporate Social Responsibility Reports • Quarterly earnings presentations • Investor Relations Website • Investor Calls • Proxy communications • Rating Agency discussions • Traditional and Social Media • Investor and public forum events 	<ul style="list-style-type: none"> • Company Management • Governance • Strategy and growth plans • Financial performance and liquidity • Dividends • Risk Management and response to the 2008 liquidity crisis • Environmental performance • Return on investment 	<ul style="list-style-type: none"> • Restored a healthy balance sheet and maintained sufficient liquidity • Ensured that investors are provided timely information on key issues • Initiated significant corporate reorganization to streamline the business for profitability

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AES Stakeholders	Engagement	Key Issues	How issues addressed
<p>Customers:</p> <p>We engage in dialogue with our residential, commercial, industrial, and government customers all over the world. We conduct customer satisfaction surveys to help us better address our customers' needs and make various customer feedback mechanisms available. We serve a broad base of customers across the energy value chain and we are committed to maintaining good relationships with them</p>	<p>We work to meet our customers' needs and keep them informed of changes to product/service quality and offerings, reliability of service, competitive pricing and customer service. We are invested in understanding our customers' perspectives and in addressing their concerns via:</p> <ul style="list-style-type: none"> • Dedicated Internet based feedback interface • Customer satisfaction surveys • 24/7 Customer call center • Publications and reports • Energy efficiency and demand response programs • Residential customer education programs • Sustainable energy solutions • Customized energy management solutions • Wholesale and retail power and gas market participation • Increased focus on diversity within our key customer groups • Traditional and social media • Participation in public events 	<ul style="list-style-type: none"> • Managing energy use with new technologies • Lowering energy costs • Using cleaner energy sources, including renewables • More efficient energy use 	<ul style="list-style-type: none"> • Provided information and energy management tools via our websites • Continued peak demand management programs • Conducted advanced metering and dynamic pricing pilot • Deployed on-site renewable energy systems for commercial customers • Conducted energy-efficiency audits and building retrofits, and provided incentives for numerous energy efficiency measures • Provided risk management services for wholesale and retail customers • Held forums on customer choice and energy management technologies
<p>Governments:</p> <p>Many government entities, from local to state/provincial and federal agencies, are significant stakeholders, especially those that shape energy policy and regulation of our business.</p>	<p>It is our duty to communicate with local, state, and federal government officials in the countries where we do business to ensure that we develop sound energy policies that balance reliability, affordability and environmentally sound practices via:</p> <ul style="list-style-type: none"> • Meetings with officials • Meetings with elected officials in communities surrounding power plants and utilities infrastructure • Power plant tours • Emergency planning exercises conducted with local/state agencies • Policy white papers, testimony and briefings • Regulatory proceedings and rate cases • FERC and NERC reporting • Reporting in compliance with national and local requirements across the globe 	<ul style="list-style-type: none"> • Reliability • Security, affordability and sustainability of electricity supply • Energy market structure and regulation • Job creation • Environmental compliance • Federal policies • Financial/OTC derivatives • Safety • Fuel diversity and balanced energy matrix 	<ul style="list-style-type: none"> • Investment in new technologies to keep long-term electricity supply reliable, affordable and cleaner • Engaged in discussions with federal governments, partnership groups and EPA about environmental performance and policy • Engaged directly on financial reform legislation, GHG policy, Clean Energy Standard and federal loan guarantees

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AES Stakeholders	Engagement	Key Issues	How issues addressed
<p>Industry Observers:</p> <p>We value our dialogue and collaboration with local communities and non-governmental organizations (NGOs) that represent local communities and global observers.</p>	<p>We engage in dialogue with NGOs and other industry observers around the world through:</p> <ul style="list-style-type: none"> • industry organizations, conferences and direct dialogue • Participation in advisory councils, business alliances of NGOs • Collaboration with NGOs in facilitating policy making dialogues • Website • Traditional and Social Media 	<ul style="list-style-type: none"> • Employment • Business development • Infrastructure • Environmental performance and policies • Job creation • Safety • Skilled work force development 	<p>Engaged in many NGO-sponsored dialogues on energy and environmental policy topics, including GHG policy, Clean Energy Standard and renewable energy incentives.</p>
<p>Community:</p> <p>Communities where we operate are essential partners in our growth. We view our community as including people who are within a close proximity of our business and/or are impacted by our operations</p>	<p>We invest in, support and ensure dialogue with the communities where we conduct business via:</p> <ul style="list-style-type: none"> • Periodic community meetings in communities surrounding our facilities • Career fairs • Volunteer projects and financial contributions • Participation in community events • Website • Traditional and Social Media 	<ul style="list-style-type: none"> • Employment of local talent • Business development in local community • Infrastructure • Environmental performance and policies • Job creation • Safety • Skilled work force development • Social benefits 	<ul style="list-style-type: none"> • Updates on key issues and projects and feedback mechanisms on website • Skilled work-force development programs with industry and labor stakeholders at community educational locations • CSR programs • Education on safe, adequate and efficient use of energy
<p>AES People:</p> <p>Our people make us the company we are. They are an essential part of everything we do.</p>	<p>Engaging our people is critical to our business success and our employees expect open discussions about workplace safety, career opportunities, job satisfaction, diversity and inclusion, and benefits and salary via:</p> <ul style="list-style-type: none"> • AES People surveys • Company intranet – OurAES.com • Multi-lingual update communications from company executives • Electronic newsletters • Employee Helpline • Yearly performance reviews • Online courses, classroom training and college degree programs • Leadership and employee development opportunities • AES Global Congress on Innovation, Technical Excellence and Sustainable Practices 	<ul style="list-style-type: none"> • Workplace safety • Career opportunities • Job stability • Diversity and inclusion • Salary and benefits • Company strategy and leadership • Having a positive corporate image 	<ul style="list-style-type: none"> • Promoted two-way communications • Increased feedback mechanisms • Increased involvement in company related activities

G4-25 Basis for identification and selection of stakeholders

All stakeholders that are affected by The AES Corporation – and that affect our employees and our business – are important to us. In addition to financial performance, our stakeholders are interested in

how we manage various sustainability aspects of our business and what our performance has been. In addition to the financial community, we recognize that employees, customers, local policymakers, nongovernmental organizations (NGOs), industry organizations and observers, as well as neighbors at our locations, are all our AES stakeholders.

Management at the businesses identify key stakeholders based on the unique characteristics of each operation. The identification of key stakeholders is determined based on:

- level of impact on the operations (high, medium, low)
- level of influence (high, low)
- position before the company/business (positive, neutral, negative)

In recent years social media has become an important means of communicating with the company at both the business and corporate levels. Our corporate and local business websites have means for stakeholders to contact AES whether via Facebook, Twitter, LinkedIn, e-mail or a simple phone call. Our Board has received hundreds of communications via this media.

In regions where our operations are close in proximity to local communities, we conduct citizenship engagement events on topics such as training and education or health awareness. In several communities we established programs aimed at improving the quality of life in the communities near AES facilities through enhanced education, vocational training and employment opportunities. These programs allow us to identify key stakeholders and better understand the needs, concerns and perceptions of the local communities. The Stakeholder Engagement strategy is implemented at the corporate and local business level based on guidelines established at corporate.

G4-26 Approach to stakeholder engagement

The table located in G4-24, Stakeholders engaged by the organization, summarizes stakeholder groups engaged by AES, our approach to engagement, general topics discussed and examples of 2012 outcomes.

G4-27 Key topics discussed

The table located in G4-24, Stakeholders engaged by the organization, summarizes stakeholder groups engaged by AES, our approach to engagement, general topics discussed and examples of 2012 outcomes.

Report Profile

G4-28 Reporting period

Performance data and information contained in this report focus on the company's operations in 2012 and the preceding 3 to 5 years for context.

G4-29 Date of most recent report

This report is AES's first sustainability report based on the GRI reporting standard and as such is the most recent.

G4-30 Reporting Cycle

This report will be issued on an annual basis.

G4-31 Contact point for questions regarding the report or its content

Contact information for comments or feedback on this sustainability report and any other inquiry related to The AES Corporation can be found at www.aes.com.

G4-32 GRI content index

The report has been prepared in accordance with the recommendations of the Sustainability Reporting Guidelines, version 4.0, of the Global Reporting Initiative (GRI Guidelines) published in May 2013. We have chosen to prepare the report in accordance with the criteria listed under the “core” option and include responses to guidance from the Electric Utility Sector Disclosures. We have also responded to several aspects and disclosures listed under the “comprehensive” option.

General Standard Disclosures for “in accordance - CORE”

Disclosure	Page(s)		Assurance
	Report	Supplement	

Strategy and Analysis			
G4-1	1	1	N/A
G4-2	1	1	N/A
Organizational Profile			
G4-3	1, 11	3	N/A
G4-4	11	3	N/A
G4-5	11	4	N/A
G4-6	3,14,19,26,40,45,57	4	N/A
G4-7	11	9	N/A
G4-8	3,14,19,26,40,45,57	5-9	N/A
G4-9	3	10	N/A
G4-10	3,49	10	N/A
G4-11	49	11	N/A
G4-12		12	N/A
G4-13		13	N/A
G4-14	27	13	N/A
G4-15	27	14	N/A
G4-16		14-16	N/A
Electric Utility Organizational Profile Protocols			
EU1	3,14,19,26,40,45,57	166	N/A
EU2	3,14,19,26,40,45,57	16	N/A
EU3	3,14,19,26,40,45,57	15	N/A
EU4	3,14,19,26,40,45,57	16	N/A
EU5		17	N/A
Identified Material Aspects and Boundaries			
G4-17		17	N/A
G4-18	12	17	N/A
G4-19	13	18	N/A
G4-20		19	N/A
G4-21		19	N/A
G4-22		19	N/A
G4-23		20	N/A
Stakeholder Engagement			
G4-24	12	20	N/A
G4-25	12	22	N/A
G4-26		23	N/A
G4-27		23	N/A
Report Profile			
G4-28	2	23	N/A
G4-29	2	23	N/A
G4-30	2	24	N/A
G4-31		24	N/A
G4-32		24	N/A

Disclosure	Page(s)		Assurance
	Report	Supplement	

G4-33		2727	N/A
Governance			
G4-34		27	N/A
G4-35		28	N/A
G4-36		28	N/A
G4-37		28	N/A
G4-38		29	N/A
G4-39		30	N/A
G4-40		30	N/A
G4-41		30	N/A
G4-42		31	N/A
G4-43		31	N/A
G4-44		31	N/A
G4-45		31	N/A
G4-46		32	N/A
G4-47		32	N/A
G4-48		33	N/A
G4-49		33	N/A
G4-50		33	N/A
G4-51		33	N/A
G4-52		33	N/A
G4-53		34	N/A
G4-54		34	N/A
G4-55		34	N/A
Ethics and Integrity			
G4-56		3535	N/A
G4-57		355	N/A
G4-58		36	N/A

Specific Standard Disclosures for “in accordance - CORE”

Material Aspects	DMA and Indicators		Omissions	External Assurance
		Page(s) Report Supplement		
Availability, Reliability and Access to Electricity	DMA EU28 EU29 EU30	20 23 22 21	7	
Disaster/Emergency Planning and Response	DMA	25		
Economic Performance	DMA G4-EC1 G4-EC2	15 16 16		
Investment Return on Capital Allocation	DMA	18		
Environmental Management: GHG and Other Emissions	DMA G4-EN15 G4-EN18 G4-EN19 G4-EN20 G4-EN21	27, 28 29 29 33 32 32		
Environmental Management: Water	DMA G4-EN8 G4-EN9 G4-EN10	27, 34 35 36 35		
Environmental Management: Effluents and Waste	DMA G4-EN22 G4-EN23 G4-EN24	27, 36 36 37 37		
Environmental Management: Biodiversity	DMA G4-EN11 G4-EN12 G4-EN13 G4-EN14 EU13	27, 38 38 38 38 38 38		
Cyber-security	DMA	24		
Impacts on Education and Living Standards in our Communities	DMA G4-SO1 G4-SO2	41 42 42		
Public Safety and Physical Security	DMA EU25	41, 44 44		
Occupational Safety and Health	DMA G4-LA5 G4-LA6 G4-LA7 G4-LA8	46 46, 56 46, 50 56 55		
Global Talent Management	DMA G4-LA9 G4-LA10 G4-LA11	46 53 53 53		

G4-33 External Assurance

The financial aspects included in this report are based upon externally audited financial statements by Ernst & Young, the corporation's existing financial auditor. All entities identified within the 2012 AES Annual Report are also covered in this report which is publically available on the AES website.

Since much of the critical information provided in this report has been assured via external and internal groups, we chose not to expend additional resources to externally assure our first report. For example, as noted above, the financial aspects included are based upon audited financial statements. The internal organizations selected to perform assurance on specific topics are independent of the AES business units they review and are specialized in the subject area

Other measures used to ensure the validity of the information provided in this report are discussed below:

- Personnel databases for employment metrics, which are checked by routine data reviews performed mostly by Human Resources personnel globally.
- The AES Corporation proprietary Corporate Environment, Health and Safety System is used to track environment, health and safety data from facilities worldwide. Data is reviewed routinely by qualified internal personnel and with assistance from a third-party environmental, health and safety and ISO consultants.
- Filings with environmental, health and safety, and other regulatory agencies that are routinely checked internally and by the applicable regulatory agency.
- Written company policies and procedures are periodically reviewed by our internal audit department, quality program management, and many customers.
- Certified registrars validate and certify our operations to various quality, environmental, six sigma and safety standards (e.g., ISO 9000, ISO 14001 and OHSAS 18001).

Governance

G4-34 Governance structure of the organization, including committees

The AES Corporation is led and managed by our CEO and the executive management team with the guidance and oversight of our Board of Directors. All our actions, including those of AES leadership and the Board, are grounded in the five shared values that shape the company's culture: Put Safety First, Act with Integrity, Honor Commitments, Strive for Excellence, and Have Fun Through Work.

The business and affairs of the Company are subject to the direction and oversight of the Board. The Board's and the Company's goals are to help meet the world's need for electric power in ways that benefit all of our stakeholders, to build long-term value for the Company's shareholders, and to assure sustained performance and viability of the Company for its owners, employees and other individuals and organizations who depend on the Company.

To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer and other senior

management, and provide them constructive advice and feedback. The Board is also responsible for assuring that the Company's management and employees operate in a legal and ethically responsible manner, which includes a responsibility to ensure that adequate procedures and controls are in place to foster compliance with applicable laws, rules and regulations governing the Company's businesses. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select his or her successor. The Board is authorized to retain outside advisors as necessary and appropriate to assist the Board.

G4-35 Delegation of authority to senior executives and employees

Our Senior Executives maintain responsibility for day to day management of the Company with oversight by the Board of Directors. The principal officers of the Corporation are elected by the Board of Directors and each such officer shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal.

G4-36 Executive-level position or positions with responsibility for economic, environmental and social topics

AES has not appointed one individual responsibility for economic, environmental and social topics. Rather, several executive positions at the corporate and business functional levels have been established and report to the Executive Leadership Team (ELT) to manage key economic, environmental and social aspects of the Company. For example, the Chief Ethics and Compliance Officer (CECO) focuses on ethics, compliance and values, the Chief Risk Office (CRO) reports potential risk to the ELT and Board, the VP of Stakeholder Management is responsible for interactions with stakeholders with a focus on governmental officials and local communities. The ELT reports to the Board in a series of formal and informal meetings each year. Typically, the Board schedules five in-person meetings yearly

G4-37 Report processes for consultation between stakeholders and the Board

The process for consultation between The AES Corporation and its stakeholders is delegated to the functional area closest to the topic under consideration with feedback on critical substance being shared with the Board. For example:

- AES tracks and reports safety statistics on a monthly basis using a format that is based on USA Occupational Safety and Health Administration (OSHA) reporting requirements (29 CFR 1904). Safety metrics that are regularly monitored include unsafe behaviors, unsafe conditions, near misses, and progress on implementation of safety action plans identified in AES' Three Year Action Plan.
- AES has established an Environmental Management System (EMS), a series of environmental standards based on industry practices, which set environmental performance requirements for each AES business worldwide.
- Anticipating, identifying and mitigating risk is an essential element of AES' governance and financial management functions. The Risk Diagnostic Survey rates identified risks and compiles

them into business-specific and aggregate “heat maps.” This visual tool focuses attention on risks needing active mitigation strategies as well as on potential emerging risks.

The aforementioned programs are reviewed by the Board of Directors and are described in detail on our website (www.aes.com).

G4-38 Composition of the Board and its committees

As of December 31, 2012, our Board was comprised of 11 members. Nine members, including the Chairman, are independent. One member is an Executive Director (AES CEO), and one member is a non-executive director.¹ A number of our independent Board members are currently serving or have served as Directors or as members of senior management of other public companies. We have four Board Committees, three of which are comprised solely of independent Directors, each with a different independent Director serving as Chairman of the Committee. We believe that the number of independent experienced Directors that make up our Board, along with the independent oversight of the Board by the non-executive Chairman, benefits our Company and our Stockholders.

The Board and its Committees provide oversight of the risk management practices implemented by Management. AES Management is 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 Audit Committee maintains initial oversight of risks related to the integrity of the Company’s financial statements; internal controls over financial reporting and disclosure controls and procedures (including the performance of the Company’s internal audit function); the performance of the independent auditor; and the effectiveness of the Company’s Ethics and Compliance Program.

The Company’s Nominating Committee maintains initial oversight of risks related to workplace safety and cyber security, and our subsidiaries’ continuing efforts to ensure compliance with the best practices in these areas. When appropriate, the Nominating Committee also receives environmental reports regarding our subsidiaries’ compliance with environmental laws and their efforts to ensure continuing compliance with governing laws and regulations.

The Company’s Compensation Committee maintains initial oversight over risks related to the Company’s compensation practices, including hiring and retention, succession planning (approved by the full Board), and training of employees.

The Strategy and Investment Committee maintains initial oversight over risks related to our overall strategic plans and capital deployment in the context of our corporate strategy.

Although not a standing committee, four members of the Board are also members of the Technology and Innovation Advisory Council, whose role is to identify and evaluate promising technologies and innovations for use in the power and adjacent industries and review ongoing technology efforts.

¹ See 2013 Proxy Statement for bios and conditions of membership on each Board member, which confirm gender, years served, qualifications and experience, education and outside directorships. One Director is a nominee of a large investor pursuant to a Stockholder’s Agreement

G4-39 Report whether the Chair of the Board is also an executive officer

Our Corporate Governance Guidelines provides for the separation of the offices of the Chairman of the Board (“Chairman”) and CEO. If the Chairman is independent, he or she will also serve as Lead Independent Director. Since 1993, we have separated the offices of Chairman and CEO. Since 2003, our Chairman has been an independent Director who has also acted as Lead Independent Director. Our current structure, which includes an independent Chairman serving as Lead Independent Director, helps ensure independent oversight over the Company.

G4-40 Nomination and selection processes for Board and its committees, and the criteria used for nominating and selecting highest governance body members

The Nominating Committee charter requires that the Nominating Committee review the composition of the Board to ensure it has the “appropriate balance” of attributes such as knowledge, experience, diversity and other attributes. Furthermore, the Company’s Corporate Governance Guidelines establish that the size of the Board shall be nine to twelve members, a range which “permits diversity of experience without hindering effective discussion or diminishing individual accountability.”

Director nominees are selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding the Company’s global business environment and willingness to devote adequate time and effort to Board responsibilities so as to enhance the Board’s ability to oversee and direct the affairs and business of the Company.

Consistent with these governing documents, both the Nominating Committee and the full Board seek Director Nominees with distinct professional backgrounds, experience and perspectives so that the Board as a whole has the range of skills and viewpoints necessary to fulfill its responsibilities. As part of our annual Board self-evaluation process, the Board evaluates whether or not the Board as a whole has the skills and backgrounds for the current issues facing the Company. The Board also evaluates its effectiveness with regard to specific areas of expertise.

The Nominating Committee is responsible for assessing the appropriate balance of criteria required of Board members and to review annually such assessment with the Board.²

G4-41 Processes for the Board to ensure conflicts of interest are avoided and managed.

Each year the Board and ELT are required to complete Director and Officer (D&O) Questionnaires designed to provide information about executive compensation, securities ownership, outside board memberships, potential related-person transactions and insider transactions which permits the Company to confirm the accuracy of its disclosure in its Form 10-K and Proxy Statement. In addition, from the economic perspective, the AES Corporation hired Ernst & Young as the company’s principle accounting firm. The result of their work is publically available on the AES webpage.

² For more information, see the 2013 Proxy Statement, www.aes.com

G4-42 Board and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts

The Executive Leadership Team promotes the Company's mission and branding efforts. The Strategy and Investment Committee maintains initial oversight over risks related to our overall strategic plans and capital deployment in the context of our corporate strategy. The purpose of the committee is to focus on the evaluation of the Company's strategic plans. Finally, the Nominating Committee considers governance, social responsibility and cyber security issues relating to the Board and the Company and considers the scope of the Company's internal environmental and safety audit programs.

G4-43 Report the measures taken to develop and enhance the Board's collective knowledge of economic, environmental and social topics

During each Board Meeting, Management provides regular updates on Risk, Safety and Environment, Operations, Finance, Compliance, Dispute Resolution, Strategy and other matters. The Board also receives a bi-monthly Reading Materials briefing designed to provide insights into the external factors affecting the Company's businesses across the globe.

Management from time to time will provide educational sessions and site visits for Board members on a wide range of topics.



Figure 14 AES Board members visiting the Andres Facility in the Dominican Republic, 2012

G4-44 Evaluation of the Board's performance with respect to governance of economic, environmental and social topics.

The Nominating Committee is responsible for assessing the appropriate balance of criteria required of Board members and to review annually such assessment with the Board. Two members of the Nominating Committee process the Board's yearly Self-Assessment. They request that all members of the Board complete and return the Questionnaire and they also follow up with each Board member to conduct an oral interview. From these sources, they quantitatively summarize responses and produce a final report which is shared with the full Board in February and where the Board participates in a discussion regarding the results.

G4-45 Board's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.

Our Management is responsible for the management and assessment of risk at the Company, including communication of the most material risks to the Board and its Committees, who provide oversight over the risk management practices implemented by Management. The Chief Risk Officer provides regular

reports and updates to the Board. Our full Board provides oversight with respect to risk management, except for the oversight of risks that have been specifically delegated to a Committee of the Board.³ Our Stakeholder Management Team supports our strategic objectives by interpreting and influencing both external and internal environments by creating positive relationships with stakeholders through appropriate management of their expectations and agreed objectives.

G4-46 Board's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics

The Board and its Committees provide oversight over the risk management practices implemented by Management. AES Management is 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 Audit Committee maintains initial oversight over risks related to the integrity of the Company's financial statements; internal controls over financial reporting and disclosure controls and procedures (including the performance of the Company's internal audit function); the performance of the independent auditor; and the effectiveness of the Company's Ethics and Compliance Program.

The Company's Nominating Committee maintains initial oversight over risks related to workplace safety and cyber security, and our subsidiaries' continuing efforts to ensure compliance with the best practices in these areas. When appropriate, the Nominating Committee also receives environmental reports regarding our subsidiaries' compliance with environmental laws and their efforts to ensure continuing compliance with governing laws and regulations.

The Company's Compensation Committee maintains initial oversight over risks related to the Company's compensation practices, including practices related to hiring and retention, succession planning (approved by the full Board), and training of employees.

The Strategy and Investment Committee maintains initial oversight over risks related to our overall strategic plans and capital deployment in the context of our corporate strategy.

G4-47 Frequency of the Board's review of economic, environmental and social impacts, risks, and opportunities

The AES Board convened ten times in 2012, including five telephonic. Board Committees held the following number of meetings in 2012:

- Audit Committee—ten;
- Compensation Committee—nine;
- Strategy and Investment Committee—seven; and
- Nominating Committee—six.

³ See Board's Role in Risk Management in 2013 Proxy Statement, www.aes.com

G4-48 Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered

The Company's Nominating Committee maintains oversight over the issuance of The AES Corporation Sustainability Report. The Nominating Committee also receives environmental reports regarding subsidiaries' compliance with environmental laws and their efforts to ensure continuing compliance with governing laws and regulations.

On an annual basis, the AES Sustainability Steering Committee, made up of executives from various functional areas, presents the Sustainability Report to the Nominating Committee of the Board of Directors for their consideration and presentation to the full Board for final review and approval.

G4-49 Process for communicating critical concerns to the Board

AES has established various means of communication for stakeholders to address the Board with their concerns including secure voice mail and e-mail. Also, the process for presenting Stockholder proposals and nominations for Director are included in our Proxy Statement.

G4-50 Nature and total number of critical concerns that were communicated to the Board and the mechanism(s) used to address and resolve them

The Nominating Committee receives a Biannual Shareholder Communications Report from the Corporate Secretary who summarizes all e-mails directed to each Committee Chair and Chairman. For example, the Corporate Secretary reported that the Board received 1520 e-mail messages, the Financial Audit Committee received 678 e-mails, the Nominating Committee received 329 e-mails and the Compensation Committee received 448 e-mails. E-mails were read and when appropriate, given further consideration. When deemed critical, e-mails were forwarded to the appropriate board member, e.g., Committee Chairman, for further action and resolution. In addition to the summaries provided to Committee members, each individual e-mail was provided to Committee member for further review if desired.

G4-51 Remuneration policies for the Board and senior executives

Director compensation and that of senior executives is defined in the annual Proxy Statement, which can be accessed on the AES website, www.aes.com.

G4-52 Process for determining remuneration.

In 2012, the Compensation Committee retained the services of its own independent consultant, Meridian Compensation Partners, LLC ("Meridian"), who provided the Compensation Committee with independent knowledge and experience related to executive compensation. The Compensation Committee reviewed the independence of Meridian relative to the final rules released by the SEC regarding engagement of advisors by a compensation committee. Based upon the six factors identified in the final rules, no information was presented which would affect Meridian's independence.

G4-53 How stakeholders' views are sought and taken into account regarding remuneration

As recommended by our Compensation Committee, Shareholders vote annually, on an advisory basis, on the Company's Executive Compensation Program. Since 2011, Shareholders have voted "FOR" the approval of the Company's Executive Compensation Program by at least 94 percent of the total voting block.

G4-54 Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees

Figure 15 includes a complete list of compensation ratios for the organization's highest-paid individual in each country to the median annual total compensation for all employees where we operate.

Location	Ratio	Location	Ratio	Location	Ratio
Argentina	5	El Salvador	26	Puerto Rico	6
Brazil	81	Kazakhstan	69	Singapore	9
Bulgaria	27	Mexico	12	Sri Lanka	14
Cameroon	66	Netherlands	6	Ukraine	107
Chile	19	Nigeria	6	United Kingdom	4
Colombia	14	Northern Ireland	4	USA	11
Corporate	37	Panama	28	Vietnam	22
Dominican Republic	17	Philippines	30		

Figure 15 Annual Compensation Ratios

G4-55 Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country

Figure 166 includes a complete list of compensation increases for each country where we operate.

Location	Ratio	Location	Ratio	Location	Ratio
Argentina	0.7	El Salvador	3.0	Puerto Rico	3.9
Brazil	1.2	Kazakhstan	1.6	Singapore	0.7
Bulgaria	0.6	Mexico	0.5	Sri Lanka	0.7
Cameroon	0.7	Netherlands	1.0	Ukraine	1.0
Chile*	0.0	Nigeria	1.0	United Kingdom	3.1
Colombia	0.8	Northern Ireland	1.7	USA	4.8
Corporate*	0.0	Panama*	0	Vietnam	0.3
Dominican Republic	0.7	Philippines	0.7		

Figure 16 Compensation Increases

Ethics and Integrity

G4-56 Values, code of conduct and ethics and compliance program

As a leader in the global power industry, AES operates under a broad range of economic, political, social and cultural customs and traditions, and an equivalent variety of local, regional and international laws and regulations. These complex situations can pose challenges and we believe it is our duty and responsibility to conduct business with the highest level of integrity, ethics, and compliance in all situations.

As part of our commitment to integrity, AES has a Code of Conduct and a well-defined Ethics and Compliance Program (E&C Program) that encourages internal and external stakeholders to bring matters of concern to the company's attention for prompt resolution. Ethics and Compliance, and appropriate business behavior, are reinforced through policies, procedures, training, communications, reporting mechanisms, and the handling of investigations. Our people and stakeholders are empowered with a strong sense of ownership and accountability for their work. We expect each person to adhere fully to our core corporate Values as described in the Code of Conduct.

Our Code of Conduct communicates our adherence to high ethical standards and how these connect to our core AES Values. The AES Code of Conduct is available at www.aes.com and in 11 languages on our internal website. The Code of Conduct is a key document that every employee must comply with as a condition of employment.

We expect everyone who acts on our behalf – including AES People, business partners, consultants, agents, suppliers, and others – to operate in keeping with our Values and with applicable local, national and international laws.

The AES Ethics and Compliance (E&C) Program is implemented by the 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. Representatives of the E&C Program are located in corporate headquarters and throughout AES business locations globally. The AES Ethics and Compliance Team regularly communicates with employees through regular E&C training and an AES Ethics & Compliance Newsletter which is sent to all AES People and posted on the AES Intranet.

G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity

AES maintains an open door policy and encourages its employees to discuss questions or concerns with management, the Ethics & Compliance Officers, or other appropriate AES personnel.

In addition, AES maintains a Helpline that is a confidential resource for AES employees, contractors, business partners and others to ask questions or report concerns regarding AES business conduct. The AES Helpline is accessible 24 hours per day, 7 days per week via the AES Helpline website (www.aeshelpline.com) or via toll free telephone lines in all countries where AES conducts business. Reports to the AES Helpline may be made anonymously, and both the website and the telephone lines are available in multiple languages. The AES Helpline is operated by a third-party provider and all

reports to the AES Helpline are recorded and followed-up on or investigated by AES Ethics & Compliance Department personnel, with support from other AES departments as appropriate.

G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity

AES employees, contractors, business partners and others are encouraged to report concerns or alleged improper behavior directly to their manager, or local Compliance Officer. In addition, as referenced above, the AES Helpline is available 24 hours per day, 7 days a week for confidential and anonymous reporting of concerns. All allegations of improper conduct are fully investigated by Ethics & Compliance Department personnel, with support from other AES departments as appropriate. When an allegation is substantiated or the investigation reveals potential improvements in policies or procedures, E&C personnel work with management to take remedial action. AES will not tolerate retaliation against any AES person for raising questions or making a good faith report of improper behavior. We provide a summary report of all inquiries and allegations made to the AES Helpline to the Financial Audit Committee of the AES Board of Director at each scheduled committee meeting.