

Corporate Governance Guidelines
of
The AES Corporation

December 2018

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The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of The AES Corporation (the “Company”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. These Corporate Governance Guidelines are subject to modification from time to time by the Board.

THE BOARD

The Board’s Goals and Role of Directors

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 provide oversight over both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer (the “CEO”) and other senior management, and provide them constructive advice and feedback. The Board is also responsible for oversight to ensure 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 CEO and to select his or her successor. The Board is authorized to retain outside advisors as necessary and appropriate to assist the Board. To achieve the Company’s goals, the Board shall also be guided by the five shared values that shape the Company’s culture: Safety, Integrity, Agility, Excellence, and Fun.

Selection of the Chairman of the Board

The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall be selected by a majority vote of the members of the Board. Ordinarily, the Chairman of the Board will serve as Chairman for no longer than four years. Whenever possible, the Chairman of the Board shall be an Independent Director, as defined below under **Independence of the Board**. If the Board determines that a Chairman who was an Independent Director at the time he or she was selected to be Chairman no longer qualifies as an Independent Director, the Board shall select a new Chairman of the Board as soon as reasonably practicable. Notwithstanding the forgoing, the Board has the discretion to select a Chairman of the Board who is not an Independent Director if there are no Independent Directors willing to serve as Chairman of the Board.

Size of the Board

The Board generally shall have no fewer than 9 and no more than 12 directors. The Board is expressly permitted to modify this range if necessary during transition periods. This range permits

diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Governance Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance Committee shall consider any advice and recommendations offered by the Chief Executive Officer, the Chairman of the Board, and other Board members. The Board is responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

Board Membership Criteria

Nominees for director are selected on the basis of, among other things, experience, knowledge, skills, diversity, expertise, integrity, ability to make independent analytical inquiries, understanding of the Company's global business environment and willingness to devote adequate time and effort to Board responsibilities.

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

Each non-employee director is expected to accumulate and maintain equity ownership in the Company having a value of at least five times the director's annual cash Board retainer by the fifth anniversary of his or her election to the Board. In determining whether a non-employee director has satisfied this Guideline, all vested stock and equity interests held by such director, or to which such director is otherwise entitled, will be taken into consideration, including, without limitation, shares of stock in the Company, the "in-the-money" value of options to purchase stock in the Company, and stock units (regardless of whether such units are settled for stock and/or cash). The Governance Committee shall review compliance with these guidelines on an annual basis.

Other Public Company Directorships

Directors shall advise the Chairman of the Board and the Chairman of the Governance Committee in advance of accepting an invitation to serve on other public company boards of directors. Non-employee directors may not serve on more than five (5) public boards of directors, including the Company's Board, and members of the Financial Audit Committee may not serve on more than three (3) Financial Audit Committees of public boards, including the Company's Financial Audit Committee. Directors who also serve as chief executive officers of publicly-traded companies should not serve on more than two public company boards, in addition to their employer's board provided, however, that service on the public company board of a subsidiary of the employer in which the employer owns, directly or indirectly, in excess of 50% of the equity interests of such subsidiary will not be counted for this purpose.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors under the listing standards of the New York Stock Exchange (the "NYSE") and all applicable

independence standards of the Securities Exchange Act of 1934, as amended, and any regulations and rules promulgated thereunder. The Board shall review, at least annually, the relationships that each director has with the Company (either directly or as a shareholder or officer of an organization that has a relationship with the Company). Only those directors whom the Board affirmatively determines, based on its annual review, are independent as prescribed under the listing standards of the NYSE will be considered to be “Independent Directors.”

No more than 2 management executives may serve on the Board at the same time.

Lead Independent Director

If the Chairman of the Board is not an Independent Director, the Company’s Independent Directors shall designate one of the Independent Directors on the Board to serve as the Lead Independent Director (the “Lead Independent Director”). If the Chairman of the Board is an Independent Director, then he or she shall serve as Lead Independent Director. The Lead Independent Director’s duties include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board’s Independent Directors, and facilitating communications among the other members of the Board.

In performing the duties described above, the Lead Independent Director shall consult with the Chairs of the appropriate Board committees and solicit their participation, in order to avoid diluting the authority or responsibilities of such committee Chairs.

Alternate Lead Independent Director

The Company’s Independent Directors may designate one of the Independent Directors on the Board to serve as the Alternate Lead Independent Director (the “Alternate Lead Independent Director”). In the event that the Lead Independent Director is for any reason unable to fulfill his or her duties, the Alternate Lead Independent Director shall assume the duties of the Lead Independent Director. If the Chairman of the Board is the Lead Independent Director and is unable to fulfill his or her duties, the Alternate Lead Independent Director will assume the duties of both Chairman of the Board and Lead Independent Director.

Change in Status of a Director’s Present Job Responsibility or Health

The Board does not believe that a non-employee director who retires or experiences an employment position change since becoming a member of the Board should necessarily leave the Board. The Board requires, however, that promptly following such an event, the director notify the Governance Committee in writing and submit a letter of resignation. The Board is not obligated to accept a submission of resignation upon a notification of change in position if such submission is proffered. Directors also are required to notify the Governance Committee promptly of a change in health status that could have a material effect on the ability of the director to perform his/her duties as a member of the Board.

Upon receipt of an above notification of a change in status of a director’s present job responsibility or health, the Governance Committee shall review the continued appropriateness of the affected director remaining on the Board under the circumstances and make a recommendation to the Board

regarding continued service. The affected director shall act in accordance with the Board's determination following such review.

Director Tenure

Each director is elected to serve a one-year term. At the end of each such one-year term, a director may be nominated to serve an additional one-year term. An individual director's re-nomination is dependent upon such director's performance. Ordinarily, a director will be nominated with the expectation that he or she will serve a minimum of four consecutive one-year terms and that no director will serve more than fifteen cumulative one-year terms. However, the Board may determine to waive the policy regarding fifteen one-year terms from time to time. Nothing set forth in this section, including the tenure references contained herein, is intended, nor should it be considered to alter or modify any shareholder rights regarding the election of directors.

Board Compensation

A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Board believes that compensation for non-employee directors should be sufficiently competitive to attract and retain fully qualified directors. Director compensation will encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Governance Committee will review no less frequently than every two years, the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, operating in a comparable industry and/or with equivalent complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, which may include any charitable contributions by the Company to organizations with which a director is affiliated, consistent with Company policy. Changes to director compensation recommended by the Governance Committee will be proposed to the full Board for consideration and approval.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only compensation a non-management member may receive from the Company.

Separate Sessions of Non-Management Directors and Sessions of Independent Directors

The non-management directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no fewer than four times a year. The Independent Directors of the Company shall meet in executive session without any non-Independent Directors on a regularly scheduled basis, but no fewer than four times a year. The Lead Independent Director shall preside at such executive sessions.

Self-Evaluation by the Board

The Governance Committee will sponsor an annual self-assessment of the Board's performance, as well as the performance of each committee of the Board, the results of which will be discussed

with the full Board and each committee. The assessment should include a review of any areas in which the Board believes the Board can make a better contribution to the Company and a third party may be hired to assist at the Governance Committee's recommendation. The Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for nomination to the Board and making recommendations to the Board with respect to assignments of Board members to various committees. Individual Board member evaluations will also be included in the annual Board self-assessment process.

Strategic Direction of the Company

The management of the Company formulates, proposes and implements strategic choices. The Board's role is to review, approve and/or to propose modifications to strategic direction and evaluate results. However, as a practical matter, the Board and management will be better able to carry out their respective responsibilities for strategic development if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members.

Board Access to Management, Employees and Advisors

Board members shall have complete access to the Company's management and, as appropriate, to the Company's employees and outside advisors. Board members will use judgment to assure that this access does not negatively affect the business operations of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring other members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the manager; (ii) make presentations to the Board on matters which involve the manager; and (iii) bring managers with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Preparation for Board Meetings

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting are to be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to attend meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting. Directors also are expected to review Board materials provided prior to meetings and be prepared to participate and contribute in a productive manner at Board and committee meetings.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. Except in extraordinary cases, each director shall refer all inquiries from institutional investors, other shareholders, analysts, the press or customers to the Chief Executive Officer or his or her designee.

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal offices, internal auditors, and independent auditors. Each director is encouraged to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD MEETINGS

Frequency of Meetings

There shall be five or more regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, shall annually prepare a "Board of Directors Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board at each of its specified meetings during the year. Thereafter, the Chairman of the Board, in consultation with the Lead Independent Director and the Chief Executive Officer, may adjust the agenda to include special items not contemplated during the initial preparation of the annual Master Agenda.

Upon completion, a copy of the Master Agenda shall be provided to the entire Board. Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have four (4) standing committees: Financial Audit, Governance, Compensation, and Innovation and Technology Committee. The purpose and responsibilities of these four (4) standing committees shall be outlined in committee charters adopted by the Board. The Board is permitted to form new committee(s) and/or disband current committee(s), although no disbandment by the Board of a committee required by applicable law or regulation is permissible. In addition, the Board may determine to form ad hoc or special committees from time to time, and determine the compensation, composition and areas of competence of such committees.

Independence of Board Committees

Each of the Financial Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors as required to satisfy all applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance Committee shall annually review the committee assignments and shall consider the rotation of the Chairman of the Board and members of the committees with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors. The Governance Committee shall be responsible, after it completes its annual review and thereafter consults with the Chairman of the Board and the Lead Independent Director regarding its review, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman of the Board, Lead Independent Director (if different from the Chairman of the Board), Alternate Lead Independent Director (if applicable), and members to the committees on an annual basis.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board is responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

Evaluation of Chief Executive Officer

The Board will provide the Chief Executive Officer with an annual performance review for the prior year by the second regularly scheduled meeting of the Board each fiscal year. The evaluation may occur in accordance with Section IV.A. of the Compensation Committee Charter or as set forth below. The following steps, which will be subject to the oversight of the Governance Committee, will be utilized to carry out this review:

- The Chief Executive Officer will develop a self-evaluation at the end of each fiscal year that is based upon, among other matters, mutually agreed upon goals that are established among the Board and the CEO at the time of the CEO's immediately prior annual evaluation, and the Chief Executive Officer will provide this self-evaluation to the Compensation Committee and full Board within one month of the end of the fiscal year, either orally or in writing.

- With this information, each non-management director will provide his or her assessment to the Compensation Committee. These assessments should include the director's appraisal of:
 - The Company's performance and the Chief Executive Officer's contribution to it, both compared to competitors and the Company's own strategic goals;
 - Achievement of personal goals set by the Chief Executive Officer for the year, as part of his or her self-evaluation; and
 - Other aspects of the Chief Executive Officer's performance which the non-management directors deem relevant.

The Compensation Committee will synthesize these assessments and report a summary of this information to the non-management directors in executive session by the second regularly scheduled meeting of the Board each fiscal year. After agreement by the non-management directors to the evaluation, the chairs of the Board's committees, unless an alternative process is determined for a specific year, will meet with the Chief Executive Officer to discuss the Board's assessment and to receive the Chief Executive Officer's reaction to the evaluation.

Succession Planning

The Board shall plan for and assist in the development of management for succession to the position of the Chief Executive Officer and other senior management positions. In addition, the Board or a committee designated by the Board shall discuss and review, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company if some or all of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary. The short-term succession plan and long-term management development plans shall be reviewed no less than annually after adoption.

Management Development

The Board shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and mid-level managers throughout the Company.