

AES CORP  
Form DEF 14A  
March 08, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

THE AES CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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No fee required.

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NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS OF THE AES CORPORATION  
TO BE HELD ON THURSDAY, APRIL 20, 2017

March 7, 2017

TO THE HOLDERS OF COMMON STOCK OF THE AES CORPORATION:

Notice is hereby given that the 2017 Annual Meeting of Stockholders of The AES Corporation (the “Company” or “AES”) will be held on Thursday, April 20, 2017, at 9:30 a.m. EDT, at the Virginia Tech Executive Briefing Center, 900 North Glebe Road, Arlington, VA 22203 for the following purposes, as more fully described in the accompanying Proxy Statement:

1. To elect nine members to the Company’s Board of Directors (the “Board”);
2. To approve, on an advisory basis, the Company’s executive compensation;
3. To approve, on an advisory basis, the frequency of the vote on executive compensation;
4. To ratify the appointment of Ernst & Young LLP (“EY” or the “Independent Registered Public Accounting Firm”) as the independent auditors of the Company for the fiscal year 2017;
5. If properly presented, to vote on a nonbinding Stockholder proposal seeking amendments to AES’ current proxy access by-laws;
6. If properly presented, to vote on a nonbinding Stockholder proposal seeking a report on Company policies and technological advances through the year 2040; and
7. To transact such other business as may properly come before the Annual Meeting.

Doors to the meeting will open at 8:30 a.m. EDT. Stockholders of record at the close of business on February 27, 2017 are entitled to notice of, and to vote at, the Annual Meeting. If you plan to attend the Annual Meeting, please note that, for security reasons, before being admitted, you must present your admission ticket or proof of stock ownership and valid photo identification at the door. All hand-carried items will be subject to inspection and any bags, briefcases or packages must be checked at the registration desk prior to entering the meeting room.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON THURSDAY, APRIL 20, 2017: THE PROXY STATEMENT, ANNUAL REPORT ON FORM 10-K AND RELATED PROXY MATERIALS ARE AVAILABLE FREE OF CHARGE AT [www.edocumentview.com/aes](http://www.edocumentview.com/aes).

Brian A. Miller  
Executive Vice President, General Counsel  
and Corporate Secretary

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Proxy Statement

PROXY STATEMENT

March 7, 2017

The Board of Directors (the “Board”) of The AES Corporation (the “Company” or “AES”) is soliciting Proxies to be voted on the Stockholders’ behalf at the 2017 Annual Meeting of Stockholders (the “Annual Meeting”).

The Annual Meeting will commence at 9:30 a.m. EDT on Thursday, April 20, 2017. The Annual Meeting will be held at Virginia Tech Executive Briefing Center, 900 North Glebe Road, Arlington, VA 22203 .

This Proxy Statement provides information regarding the matters to be voted on at the Annual Meeting, as well as other information that may be useful to you. In accordance with rules adopted by the United States Securities and Exchange Commission (the “SEC”), instead of mailing a printed copy of our proxy materials to each Stockholder of record, we are furnishing proxy materials to our Stockholders on the Internet. If you received a Notice of Internet Availability of Proxy Materials (the “Notice”) by mail, you will not receive a printed copy of the proxy materials other than as described below. Instead, the Notice will instruct you as to how you may access and review all of the important information contained in the proxy materials. The Notice also instructs you as to how you may submit your Proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

This Proxy Statement and accompanying Proxy Card, Annual Report on Form 10-K for the year ended December 31, 2016 (“AES’ Form 10-K”) and related proxy materials will first be given and/or made available to Stockholders on or about March 10, 2017. These materials will be available at [www.envisionreports.com/aes](http://www.envisionreports.com/aes) for registered holders of AES stock and, at [www.edocumentview.com/aes](http://www.edocumentview.com/aes) for beneficial holders of AES stock. In accordance with SEC rules, the websites, [www.envisionreports.com/aes](http://www.envisionreports.com/aes) and [www.edocumentview.com/aes](http://www.edocumentview.com/aes), provide complete anonymity with respect to a Stockholder accessing the websites.

At the close of business on February 27, 2017, there were 659,313,631 shares of common stock outstanding. Each share of common stock is entitled to one vote.

Proxy Statement Summary

PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. Please refer to the complete Proxy Statement and AES' Form 10-K before you vote.

Date and Time: April 20, 2017 9:30 a.m. EDT Location: Virginia Tech Executive Briefing Center 900 North Glebe Road, Arlington, VA 22203

Record Date: February 27, 2017 \* Admission Ticket required, please see page 8 of the Proxy Statement for details.

Voting Matters	Board of Directors' Recommendations
1. Election of Nine Director Nominees	FOR all Director Nominees
2. Advisory Approval of Executive Compensation	FOR
3. Advisory Approval of Frequency of Executive Compensation Vote	1 YEAR
4. Ratification of Appointment of EY as the Independent Auditors for Fiscal Year 2017	FOR
5. If Properly Presented, a Nonbinding Stockholder Proposal Seeking Amendments to AES' Current Proxy Access By-laws	AGAINST
6. If Properly Presented, Nonbinding Stockholder Proposal Seeking a Report on Company Policies and Technological Advances Through The Year 2040	AGAINST

CORPORATE GOVERNANCE

Our Corporate Governance Policies Reflect Best Practices

- Annual Election of All Directors
- Non-Executive, Independent Chair of the Board Since 2003
- Eight out of Nine Director Nominees are Independent
- Annual Board and Committee Self-Evaluations and Review of Director Qualifications
- Executive Sessions of Independent Directors Held at Each Regularly Scheduled Board Meeting, and Directors Meet Periodically Throughout the Year with Individual Members of Management
- Directors Subject to Term Limits, Average Tenure of Our Directors is Less than Six Years
- 98% Average Attendance of Incumbent Directors at Board and Committee Meetings
- Audit, Compensation Committee and Nominating Committee Members are All Independent
- Directors are Subject to Rigorous Stock Ownership Requirements
- Director Compensation Reviewed Annually
- Financial Audit Committee Members are all Financially Literate and three of four are Audit Committee Financial Experts
- No Increase in Director Compensation Since 2012

## Proxy Statement Summary

### 2016 Stockholder Engagement Program

We place great value on Stockholder outreach, and engage regularly with our investors to gain insights into the governance issues about which they care most. We seek a collaborative and mutually beneficial approach to issues of importance to investors that affect our business and aim to ensure that our corporate governance practices are informed by, and generally are in line with, our Stockholders' expectations.

### Proxy Access

In the fourth quarter of 2015, the Board adopted amendments to the Company's By-Laws (the "By-Laws") which allow qualifying Stockholders to nominate Directors to our Board, known as proxy access (the "Proxy Access By-Laws").

Prior to adopting the Proxy Access By-Laws the Company engaged in discussions regarding the Proxy Access By-Laws, with a number of our Stockholders that, in the aggregate, held over 45% of AES' outstanding stock. We obtained valuable feedback from our Stockholders regarding the Proxy Access, including input on particular aspects of the By-Law provisions. Specifically, the Company and these Stockholders discussed how the By-Laws could be amended, with such Stockholders generally supporting proxy access on the terms that were ultimately adopted by the Board. These terms included, among other matters, (i) permitting a Stockholder (or group of no more than 20 Stockholders) who have held at least 3% of the Company's outstanding shares continuously for at least three years to nominate up to 20% of the Board, (ii) temporarily limiting the resubmission of failed Stockholder nominees (who are unable to obtain support by Stockholders owning at least 25% of the shares voted) for the next two annual meetings, but not restricting the nominator's subsequent use of proxy access, (iii) avoiding use of proxy access during a traditional proxy contest, and (iv) providing that a successful proxy access nominee who is renominated by the Board counts towards the maximum number of proxy access nominees for only two years (collectively, the "Proxy Access Amendments").

We believe our Stockholder engagement efforts enabled the Board to implement the Proxy Access Amendments with meaningful and informed insight from our Stockholders, which ultimately served to further the long-term interests of AES and our Stockholders. Additionally, the voting policies of certain of our largest Stockholders are consistent with the Proxy Access Amendments. Accordingly, we believe AES' Proxy Access By-Laws are consistent with the views of our shareholders and with market practice. For more information regarding the Proxy Access Amendments, please refer to Management's Statement in Opposition to Proposal 5 of this Proxy Statement.

### Company Report on Policies and Technological Advances

At the 2016 Annual Meeting a Stockholder proposal was presented requesting that the Company provide a report on the impact of public policies and technological advances consistent with limiting global warming to no more than 2 degrees Celsius over pre-industrial levels on the Company's portfolio through 2040 (the "2016 Climate Report Proposal"). The Board recommended a vote against the 2016 Climate Report Proposal, noting that as part of the Company's corporate strategy, AES continuously reviews the potential impacts of technological and regulatory changes on our business, including our planned investments. The Company also noted that it provides extensive public disclosures on our approach to technological and regulatory changes and has been favorably recognized by third-party leaders in the global sustainability movement as noted below. The majority of Stockholders agreed with the Board and did not support the 2016 Climate Report Proposal, with only 36% votes cast "For" the 2016 Climate Report Proposal.



While the 2016 Climate Report Proposal received only 36% of the votes cast, the Company nevertheless engaged in discussions with a number of Stockholders that, in the aggregate, held approximately 45% of AES' outstanding stock. In these discussions, the Company reviewed the substantial disclosures it has provided with regard to emissions, risks and opportunities and the progress that the Company has made. Consistent with the vote totals on the 2016 Climate Report Proposal, our investors were generally satisfied with the Company's disclosure and indicated support for the progress made by the Company with regard to emissions. A few investors indicated that the Company should consider publishing a report describing this progress and the Company's strategy for emissions generally.

We believe these discussions provided valuable feedback from our Stockholders regarding the types of additional information the Company could provide regarding its emissions strategy and progress. Accordingly, with support of the Board, management determined that the Company should provide investors with additional information regarding its emissions strategy and the substantial progress that the Company has made with regard to emissions reductions. Therefore, in November 2016, the Company released a report titled "Strategy for Environmental Performance: Seeking Opportunities in a Changing Landscape" (the "November 2016 Strategy Presentation") which can be found on our website at <http://www.aes.com/sustainability/sustainability-overview/default.aspx> under Resources. The November

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Proxy Statement Summary

2016 Strategy Presentation highlights the significant role sustainability has played in AES’ corporate strategy. The November 2016 Strategy Presentation discusses the importance of sustainability in AES’ operations and investment program, describes AES’ governance with regard to sustainability and discloses the progress AES has made with regard to emissions, including the fact that:

the execution of the Company’s strategy resulted in a 17% decline in AES’ global carbon emissions from 2012 to 2015; improvements in the Company’s environmental performance including a planned reduction of AES’ U.S. carbon emissions by 20% to 30% by 2018, as compared to 2012 through projects currently under construction and completed partnerships; and

- outside the U.S. AES is introducing cheaper, cleaner natural gas to markets that currently rely on petroleum fuels for electricity generation, creating environmental and social benefits for all stakeholders.

AES has received a number of awards and recognitions from third-party leaders in the global sustainability community including, CERES, the Dow Jones Sustainability Index, CDP and Ethisphere. We believe our Stockholder engagement efforts enabled the Board to release the November 2016 Strategy Presentation that meets the needs of Stockholders through an assessment of the risks and opportunities associated with public policy and technological changes that are reasonably foreseeable, which ultimately serves to further the long-term interests of AES and our Stockholders. For more information regarding the Company’s efforts relating to emissions reduction, public policies, technological changes, and related disclosures that the Company already has made, please refer to Management’s Statement in Opposition to Proposal 6 of this Proxy Statement.

Director Nominee Facts

Further discussion on the qualifications and experience of Director nominees is included in “2017 Director Nominees”

Expertise	Tenure*	
Four with electric industry experience	0-2 years	1
Seven with significant finance experience	3-5 years	1 1 1 1
Six with significant international market experience	6-10 years	1 1 1
Eight with experience with large complex multi-national companies	> 11 years	1
	Average Tenure	6 years
	Average Age	62 years

\*Average tenure is as of our 2017 Annual Meeting of Stockholders; average age is as of December 31, 2016.



Proxy Statement Summary

EXECUTIVE COMPENSATION SUMMARY

AES' executive compensation philosophy emphasizes pay-for-performance. Our philosophy is to provide executive compensation opportunities that approximate the 50<sup>th</sup> percentile of survey data based on our revenue size and industry. Our incentive plans are designed to reward strong performance, with greater compensation paid when performance exceeds expectations and less compensation paid when performance falls below expectations. Thus, the actual compensation realized by our Named Executive Officers ("NEOs") will be commensurate with the Company's actual performance.

AES' Compensation Committee has a practice of reviewing executive compensation program components, targets and payouts on an annual basis to ensure the strength of our pay-for-performance alignment. Our performance is evaluated against both short-term goals, which support AES' business strategy, and long-term goals, which measure the creation of sustainable Stockholder value.

Compensation and Benefit Practice

- Pay-for-Performance Structure
- Independent Consultant Retained by the Compensation Committee
- Double-Trigger Change-in-Control for Long Term Compensation Awards
- No Perquisites for our Executive Officers
- Directors and Executive Officers Prohibited from Hedging or Pledging of AES Common Stock
- No Special Retirement Benefit Formulas for Executive Officers
- Mix of AES-Specific and Relative Performance Goals
- Director and Executive Officer Stock Ownership Guidelines
- Executive Compensation Clawback Policy
- No Change-in-Control Excise Tax Gross Ups
- No Backdating or Option Repricing
- Annual Review of Risk Related to Compensation Programs
- Relative Pay-for-Performance Alignment
- Caps on Annual and Long-Term Incentive Payouts

In 2016, AES again received strong support for its executive compensation programs, with approximately 95% of votes cast approving, on an advisory basis, our executive compensation. In 2016, as in prior years, the Compensation Committee considered input from our Stockholders and other stakeholders as part of its annual review of AES' executive compensation program.

Please see the "Compensation Discussion and Analysis" section in this Proxy Statement for a detailed description of our executive compensation programs.

Board of Directors

BOARD OF DIRECTORS

PROPOSAL 1: ELECTION OF DIRECTORS

The Board has nominated nine Directors (the “Nominees”) for election at the Annual Meeting. The Nominees are identified and discussed in the paragraphs below for election at this year’s Annual Meeting and to each serve a one-year term expiring at the Annual Meeting in 2018. Mr. Lader is not being re-nominated, as provided by the Company’s tenure policy in the Corporate Governance Guidelines.

Andrés R. Gluski

Age: 59

Director Since: September 2011

Board Committees:

Strategy and Investment Committee, Chair

Innovation and Technology Committee

Skills and Expertise:

Public Company CEO

Energy Industry

Global Business

**Qualifications and Experience:** As the CEO of AES, Mr. Gluski provides our Board with in-depth knowledge about the Company’s business and issues confronting our business, the electric industry and international markets. Mr. Gluski was appointed to the U.S. Brazil CEO Forum in 2012 and the US-India CEO Forum in 2015. Mr. Gluski also served on the President's Export Council from 2013-2016. In 2015, Mr. Gluski was also appointed Chairman of the Council of the Americas/Americas Society. Prior to his appointment as CEO in September 2011, Mr. Gluski served as Executive Vice President and Chief Operating Officer of the Company from March 2007 until that time, Regional President for Latin America from 2006 to 2007, Senior Vice President for the Caribbean and Central America from 2003 to 2006, CEO of La Electricidad de Caracas (“EDC”) from 2002 to 2003 and CEO of AES Gener (Chile) in 2001. Before joining AES, Mr. Gluski was Executive Vice President and Chief Financial Officer of EDC, Executive Vice President of Banco de Venezuela (Grupo Santander), Vice President for Santander Investment, and Executive Vice President and Chief Financial Officer of CANTV (subsidiary of GTE). Mr. Gluski has also worked with the International Monetary Fund in the Treasury and Latin American Departments and served as Director General of the Ministry of Finance of Venezuela.

**Education:** Mr. Gluski is a magna cum laude graduate of Wake Forest University and holds a M.A. and a Ph.D. in Economics from the University of Virginia.

**Current and Former Directorships:** Mr. Gluski currently serves on the Board of Directors of Waste Management, Inc. (NYSE: WM)(from January 2015 to the present), The Council of the Americas/Americas Society (from 2011 to the present; Chairman since 2015), The Edison Electric Institute (from 2010 to the present), and AES Gener (from May 2005 to the present). He also served on the Board of Directors of Cliffs Natural Resources (NYSE: CLF) from January 2011 to August 2014 and AES Brasiliana (from March 2006 to the 2016).

Charles L. Harrington

Age: 58

Director Since: December 2013

Skills and Expertise:

Senior Leadership, CEO

Engineering & Construction

Board Committees:	Global Business
Financial Audit Committee	Finance
Strategy and Investment Committee	
Innovation and Technology Committee	

**Qualifications and Experience:** Mr. Harrington brings to the AES Board a strong record of driving innovation and sustainable results. Since May 2008, Mr. Harrington has served as Chairman and CEO of Parsons Corporation, an engineering, construction, technical and management services firm (“Parsons”), and has spent over 30 years with Parsons in various operations, including in finance, as Chief Financial Officer, and business development roles. During his tenure as CEO of Parsons, Mr. Harrington has focused on expanding into strategically important new business areas and led Parsons to record profitability.

**Education:** Mr. Harrington received a B.S., magna cum laude, in Engineering from California Polytechnic State University and a M.B.A. in Finance and Marketing from the Anderson School of Management, UCLA.

**Current and Former Directorships:** Mr. Harrington currently serves on the Board of Directors of the J.G. Boswell Company (privately held) (from 2015 to the present) and has been a member of the boards of the following privately-held or non-profit companies: Parsons Corporation (from 2008 to the present), Anderson School of Management at UCLA (from 2008 to 2014), California Polytechnic State University (from 2008 to the present), Blumenthal Performing Arts Center (from 2006 to 2012), California Science Center (from 2008 to the present) and Business-Higher Education Forum (from 2011 to the present).

Board of Directors

Kristina M. Johnson

Age: 59

Director Since: January 2011

(Previously served on the Board from April 2004 to April 2009)

Board Committees:

Compensation Committee

Innovation and Technology Committee, Chair

Skills and Expertise:

Senior Leadership, CEO

Energy Industry

Technology

Governmental Experience

**Qualifications and Experience:** Dr. Johnson currently is the Chief Executive Officer of Cube Hydro Partners, a company that invests in, develops, and modernizes hydroelectric facilities and provides consulting services on hydroelectric power and other clean energy projects, a position she has held since January 2014, and at Enduring Hydro, LLC, since April 2011. Dr. Johnson was the Undersecretary for Energy at the U.S. Department of Energy (from May 2009 to November 2010). Prior to government service, Dr. Johnson was Provost and Senior Vice President for Academic Affairs at the Johns Hopkins University from September 2007 to April 2009. Previously, she served as the Chief Academic and Administrative Officer and Chief Budget Officer of the Edmund T. Pratt, Jr., School of Engineering at Duke University (“Duke”), joining Duke in July 1999. Prior to joining Duke, Dr. Johnson served on the faculty of the University of Colorado at Boulder from 1985 to 1999 as a Professor of Electrical and Computer Engineering and a co-founder and Director (from 1993 to 1997) of the National Science Foundation Engineering Research Center for Optoelectronic Computing Systems Center.

**Education:** Dr. Johnson received her B.S., with distinction, M.S. and Ph.D. from Stanford University in Electrical Engineering. She is an expert in liquid crystal electro-optics and has over forty-five patents or patents pending in this field. Dr. Johnson has received numerous recognitions for contributions to her field, including the John Fritz Medal, considered the highest award given in the engineering profession, was inducted into the National Inventor’s Hall of Fame (June 2015) and the National Academy of Engineering (2016).

**Current and Former Directorships:** From 2006 to 2009, Dr. Johnson served on the boards of directors of Minerals Technologies, Inc.(NYSE: MTX), Boston Scientific Corporation (NYSE: BSX) and Nortel Networks, until her appointment to the Department of Energy when she resigned from all public boards. After leaving the Department of Energy, she was re-elected to the board of directors of Boston Scientific Corporation (from December 2010 to the present) and elected to the board of directors of Cisco Systems, Inc. (Nasdaq: CSCO)(from August 2012 to the present).

Tarun Khanna

Age: 50

Director Since: April 2009

Board Committees:

Nominating, Governance and Corporate Responsibility Committee

Financial Audit Committee

Innovation and Technology Committee

Skills and Expertise:

Global Business

Emerging Markets

Corporate Strategy

Finance

**Qualifications and Experience:** Dr. Khanna is the Jorge Paulo Lemann Professor at the Harvard Business School, joining the faculty in 1993. He brings substantial expertise regarding global business, emerging markets and corporate strategy to the Board. Dr. Khanna’s scholarly work has been published in a range of economics, management and foreign policy journals and he has published Billions of Entrepreneurs: How China and India are Reshaping their Futures, and Yours, a book focusing on the drivers of entrepreneurship in Asia. He also co-authored the book, Winning in Emerging Markets: A

Roadmap for Strategy and Execution, which was published in March 2010. He was appointed a Young Global Leader (under 40) by the World Economic Forum in 2007, was elected as a Fellow of the Academy of International Business in 2009, and was appointed Director of Harvard University's South Asia Institute in 2010.

Education: Dr. Khanna received a B.S.E. from Princeton University and Ph.D. from Harvard University.

Current and Former Directorships: Dr. Khanna is also a member of the boards of directors of SKS Microfinance (from February 2009 to the present) and the following privately-held companies: GVK Bio Sciences (from 2007 to the present), TVS Logistics (from 2008 to the present) and Axilor (from 2015 to the present). He is also a Director of the non-profit, Parliamentary Research Services (from 2015 to the present) and is a Trustee of the Museum of Fine Arts, Boston (from 2015 to the present).



Board of Directors

Holly K. Koepfel

Age: 58

Director Since: April 2015

Board Committees:

Nominating, Governance and Corporate Responsibility Committee  
 Compensation Committee

Skills and Expertise:

Energy Industry

Finance

Corporate Strategy

Global Business

Former Public Company CFO

**Qualifications and Experience:** Ms. Koepfel, a senior operating and financial executive, has served for over thirty years in the energy industry. Her knowledge of global energy-related commodity markets and infrastructure industries offers valuable insights to the Board. Most recently (from 2010 to February 2015), Ms. Koepfel was Partner and Global Co-Head of Citi Infrastructure Investors, a division of Citigroup. Prior to her service at Citi Infrastructure Investors, Ms. Koepfel served as Executive Vice President and Chief Financial Officer for American Electric Power Corporation (“AEP”) from 2006 to 2009 and several additional executive positions at AEP (from 2000 to 2006).

**Education:** Ms. Koepfel received a B.S. in Business Administration from Ohio State University and an M.B.A. from Ohio State University, where she was a member of Phi Beta Kappa.

**Current and Former Directorships:** Ms. Koepfel has been a member of the boards of directors of Reynolds American Inc., (NYSE: RAI) (from 2008 to the present) and Integrys Energy Group, Inc. (from 2012 to February 2015).

James H. Miller

Age: 68

Director Since: June 2013

Board Committees:

Compensation Committee, Chair  
 Financial Audit Committee

Skills and Expertise:

Energy Industry

Former Public Company CEO

Finance

Global Business

**Qualifications and Experience:** Mr. Miller brings to the AES Board his substantial experience in the energy industry both in the US and internationally, including experience in regulated utilities and competitive power markets. With more than 35 years of experience in the energy industry, Mr. Miller served as Chairman of PPL Corporation from 2006 until his retirement in March 2012. He joined PPL as President of its US generation businesses in 2001. Previously, he was Executive Vice President of USEC Inc. and President of two ABB Group subsidiaries: ABB Environmental Systems and ABB Resource Recovery Systems. He began his career at the former Delmarva Power & Light Co.

**Education:** Mr. Miller holds a bachelor’s degree in electrical engineering from the University of Delaware and served in the US Navy nuclear submarine program.

**Current and Former Directorships:** Mr. Miller is a member of the boards of directors of Crown Holdings, Incorporated (NYSE: CCK) (from 2010 to the present) and Chicago Bridge & Iron Company N.V. (NYSE: CBI) (from 2014 to the present). In addition, Mr. Miller has been a member of the boards of directors

of Rayonier, Inc. (NYSE: RYN) (from 2011 to 2014), Rayonier Advanced Materials (NYSE: RYAM) (from 2014 to 2015) and Lehigh Gas Partners LP (from 2012 to 2013).

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Board of Directors

John B. Morse Jr.

Age: 70

Director Since: December 2008

Skills and Expertise:

Former Public Company CFO

Board Committees:

Investment

Financial Audit Committee, Chair

Finance

Strategy and Investment Committee

Risk Management

Qualifications and Experience: Mr. Morse brings substantial executive experience to the Board, including board, investment and other finance expertise. Before his retirement in December 2008, Mr. Morse served as the Senior Vice President, Finance and Chief Financial Officer of The Washington Post Company (the “Post”), now Graham Holdings Co., a diversified education and media company whose principal operations include educational services, newspaper and magazine print and online publishing, television broadcasting and cable television systems recording over \$4.4 billion in annual operating revenues. During Mr. Morse’s 19 year tenure, the Post’s leadership made more than 100 investments in both domestic and international companies and included new endeavors in emerging markets. Prior to joining the Post, Mr. Morse was a partner at Price Waterhouse (now PricewaterhouseCoopers), where he worked with publishing/media companies and multilateral lending institutions for more than 17 years.

Education: Mr. Morse graduated with a B.A. from the University of Virginia and an M.B.A. from the Wharton School of Finance at the University of Pennsylvania.

Mr. Morse is a Certified Public Accountant.

Current and Former Directorships: Mr. Morse is also a member of the boards of directors of Host Hotels & Resorts Corporation (NYSE: HST) (from 2005 to the present) and HSN, Inc. (Nasdaq: HSNI) (from 2008 to the present). Mr. Morse also is Former Trustee and President Emeritus of the College Foundation of the University of Virginia (from 2002 to 2012), and completed a six-year term as a member of the Financial Accounting Standards Advisory Council (from 2004 to 2010).

Moisés Naím

Age: 63

Director Since: April 2013

Skills and Expertise:

Emerging Markets

Board Committees:

International Economics

Nominating, Governance and Corporate Responsibility Committee

Governmental Experience

Compensation Committee

Qualifications and Experience: Dr. Naím is a Distinguished Fellow in the International Economics Program at the Carnegie Endowment for International Peace and has served in that role from June 2010 to the present. For fourteen years (from 1996 to 2010), Dr. Naím served as Editor in Chief for Foreign Policy magazine (first, at The Carnegie Endowment for International Peace and subsequently, at The Washington Post Company). He has written extensively on international economics and global politics, economic development and the consequences of globalization, and is the chief international columnist for El País and La Repubblica, which are high circulation daily newspapers in Spain and Italy, respectively. His

columns are syndicated worldwide. Dr. Naím is also the host and producer of Efecto Naím, a global Spanish language news and analysis broadcast. Dr. Naím brings substantial international economics and political expertise to AES through his tenure as Venezuela's Minister of Industry and Trade and Director of Venezuela's Central Bank in the early 1990s and as an Executive Director of the World Bank in the early 1990s. He is also the author of many scholarly articles and more than ten books on economics and politics and has broad experience as a consultant to corporations, governments and non-governmental organizations. Education: Dr. Naím holds M.Sc. and Ph.D. degrees from the Massachusetts Institute of Technology. Current and Former Directorships: Dr. Naím is a member of the board of directors of FEMSA (NYSE: FMX) (from 2011 to the present) and was a member of the board of directors of Cementos Pacasmayo (NYSE: CPAC) (from 2013 to 2015).

Board of Directors

Charles O. Rossotti

Age: 75

Director Since: March 2003

Chairman and Lead Independent Director Since: April 2013

Skills and Expertise:

Senior Leadership

Global Business

Corporate Strategy

Finance

Governmental Experience

Risk Management

Skills and Expertise:

Senior Leadership

Global Business

Corporate Strategy

Finance

Governmental Experience

Risk Management

Qualifications and Experience: Mr. Rossotti brings substantial executive, entrepreneurial, global business, operations, and finance experience to our Board as a result of his previous positions. Since March 2003, he served as a Senior Advisor with the Carlyle Group, one of the world's largest private equity firms. From November 1997 until November 2002, Mr. Rossotti was the Commissioner of Internal Revenue at the United States Internal Revenue Service ("IRS"), where he was responsible for regulatory and financial and accounting functions for \$2 trillion a year in tax revenues. Prior to joining the IRS, Mr. Rossotti was a founder of American Management Systems, Inc. ("AMS"), a technology and management consulting firm which grew from inception to 9,000 employees and \$800 million in revenue, where he oversaw operations in the U.S., Europe, and Asia. Mr. Rossotti held the position of President of AMS from 1970 to 1989, CEO from 1981 to 1993 and Chairman from 1989 to 1997, where he oversaw expansion into developed international markets, risk management of contracting functions, and strategic actions. From 1965 to 1969, he held various positions in the Office of Systems Analysis within the Office of the Secretary of Defense. He is currently a member of the board of directors of Capital Partners for Education, a non-profit organization and a member of the Controller General's Advisory Board of the U.S. Government Accountability Office.

Education: Mr. Rossotti graduated magna cum laude from Georgetown University and received an M.B.A. with high distinction from Harvard Business School.

Current and Former Directorships: Mr. Rossotti serves or served as a member of the boards of directors of Bank of America Corporation (NYSE: BAC) (from 2009 to 2013), Booz, Allen, Hamilton (NYSE: BAH) (from 2008 to the present), and Merrill Lynch Corporation (from 2004 to 2008) and the following privately held companies: Apollo Global (from 2008 to 2012), Compusearch Systems, Inc. (from 2005 to 2011), Quorum Management Solutions (from 2010 to 2015), Primatics Financial (from 2011 to 2015), Wall Street Institute (from 2005 to 2010), ECi Software Solutions (from 2014 to the present), Carlyle Select Trust (from 2014 to 2015), Coalfire Systems (from 2015 to the present), LDiscovery, LLC (2015 to the present) and Novetta Solutions, LLC (2015 to the present).

THE BOARD  
RECOMMENDS  
A VOTE  
FOR THE  
ELECTION OF  
EACH OF THE  
NINE

DIRECTORS  
NAMED ABOVE

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## Board and Committee Governance

### BOARD AND COMMITTEE GOVERNANCE

#### Director Independence

We are required to have a majority of independent Directors serving on our Board and may only have independent Directors serving on each of our Financial Audit Committee (the “Audit Committee”), Compensation Committee and Nominating, Governance and Corporate Responsibility Committees (the “Nominating Committee”) pursuant to the rules of the New York Stock Exchange (the “NYSE”) and, with respect to our Audit Committee, the rules and regulations existing under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Under the NYSE rules, no Director qualifies as “independent” unless the Board affirmatively determines that the Director has no material relationship with the Company (directly, or as a partner, Stockholder, or officer of an organization that has a relationship with the Company). The Board makes independence determinations based on all relevant facts and circumstances when assessing the materiality of any relationship between the Company and a Director or a Director’s affiliation with other businesses or entities that have a relationship with the Company.

Our Board undertook an annual review of Director independence in February 2017. The purpose of this review was to determine whether any relationships or transactions involving Directors (including their family members and affiliates) were inconsistent with a determination that the Director is independent under the independence standards set forth in the NYSE rules and our Corporate Governance Guidelines and, with respect to Audit Committee members, under the Exchange Act.

In making this determination, the Board considered not only the criteria for independence set forth in the listing standards of the NYSE but also any other relevant facts and circumstances that may have come to the Board’s attention, after inquiry, relating to transactions, relationships or arrangements between a Director or any member of their immediate family (or any entity of which a Director or an immediate family member is an Executive Officer, general partner or significant equity holder) on the one hand, and AES or any of its subsidiaries or affiliates, on the other hand, that might signal potential conflicts of interest, or that might influence Director’s relationship with AES or any of its subsidiaries. As described in the preceding sentence, the Board considered the independence issue not merely from the standpoint of the Director, but also from that of the persons or organizations with which the Director or Director nominee is affiliated.

Based on its review, our Board determined that Messrs. Harrington, Lader, Miller, Morse and Rossotti, Ms. Koepfel and Drs. Johnson, Khanna and Naím each qualify as independent under the independence standards existing under the NYSE rules. Mr. Lader is not being re-nominated at the 2017 annual meeting as provided by the Company’s tenure policy. Our Board also determined that Messrs. Harrington, Miller, and Morse and Dr. Khanna qualify as independent under the independence standards for audit committee members under the Exchange Act.

#### Board Leadership Structure

Our Corporate Governance Guidelines require 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.

We believe the structure described above provides strong leadership for our Board, while positioning our CEO as the leader of the Company for our investors, counterparties, employees and other stakeholders. Our current structure,

which includes an independent Chairman serving as Lead Independent Director, helps ensure independent oversight over the Company. Our Corporate Governance Guidelines state that 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. At the same time, our current structure allows the CEO to focus his energies on management of the Company.

Our Board has nine independent members. 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 three Board Committees 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.

Pursuant to our By-Laws and our Corporate Governance Guidelines, our Board determines the best leadership structure for the Company. As part of our annual Board self-evaluation process, the Board evaluates issues such as independence of the Board, communication

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## Board and Committee Governance

between Directors and Management, the relationship between the CEO and Chairman, and other matters that may be relevant to our leadership structure. The Company recognizes that in the event that circumstances facing the Company change, a different leadership structure may be in the best interests of the Company and its Stockholders.

## Board Committees

In 2016, the Board maintained five standing Committees:

• Compensation Committee;  
 • Financial Audit Committee;  
 • Nominating, Governance and Corporate Responsibility Committee;  
 • Innovation and Technology Committee; and  
 • Strategy and Investment Committee.

The table below shows the directors who are currently members or chairs of each of the Standing Board Committees and the number of meetings each committee held in 2016. Each independent Director usually serves on one or more committees.

Director	Audit	Compensation	Nominating, Governance and Corporate Responsibility	Innovation and Technology	Strategy and Investment
Andres R. Gluski				1	Chair
Charles L. Harrington <sup>(1)(2)</sup>	1			1	1
Kristina M. Johnson		1		Chair	
Tarun Khanna <sup>(2)</sup>	1		1	1	
Holly Koeppel		1	1		
Philip Lader			Chair	1	1
James H. Miller <sup>(1)(2)</sup>	1	Chair			
John B. Morse Jr. <sup>(1)(2)</sup>		Chair			1
Moises Naim		1	1		
Charles O. Rossotti <sup>(3)</sup>					
Number of Meetings in 2016	8	7	5	5	4

(1) Designated as an “audit committee financial expert” as defined by the rules and regulations of the SEC.

(2) Designated as “financially literate” as required by the NYSE rules.

(3) Chairman and Lead Independent Director, serves as an ex-officio member of each committee (with no voting authority as to such committees).

Committee Charters. Each of the five committees has a charter which can be obtained from the Company’s website (<http://www.aes.com/about-us/board-of-directors-and-committees/default.aspx>) or by sending a request to the Office of the Corporate Secretary, The AES Corporation 4300 Wilson Boulevard, Arlington, VA 22203.

Compensation Committee. The primary functions of the Compensation Committee are to:

review and evaluate at least annually the performance of the CEO and other executive officers of the Company, including setting goals and objectives, and to set executive compensation, including incentive awards and related performance goals;

- provide oversight of the Company's executive compensation and benefit plans and practices;
- make recommendations to the Board to modify AES' executive compensation and benefit programs to align with the Company's compensation goals;

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## Board and Committee Governance

review, discuss and make recommendations to the Board on say on pay and say on frequency matters and Stockholder engagement;

assess the stock ownership guidelines for executive officers; and

review Management's succession planning.

The Board determined that all Compensation Committee members are independent within the meaning of SEC rules and current listing standards of the NYSE. In addition, each member of the Compensation Committee is a "Non-Employee Director" as defined in Rule 16b-3 under the Exchange Act and is an "Outside Director" as defined in Section 162(m) of the Internal Revenue Code.

At the commencement of each year, AES' NEOs (other than the CEO) discuss their position-specific goals and objectives for the upcoming year with the CEO. Our CEO submits the Company's goals and objectives for the upcoming year to the Compensation Committee. In the first quarter of the following year, the CEO performs an assessment of each NEO's performance against his or her stated goals and, in the case of our CEO, our Compensation Committee reviews and assesses his performance against his stated goals and objectives.

Based on our CEO's performance, the Compensation Committee provides an evaluation, approves and makes a compensation recommendation to the Board as to the CEO. The Compensation Committee reviews and the Board approves evaluations and compensation recommendations submitted by the CEO on the other NEOs. The Compensation Committee then reviews these recommendations with the Board.

Additionally, the Compensation Committee makes recommendations to the Board to modify AES' compensation and benefit programs if it believes that such programs are not consistent with the Company's executive compensation goals or could otherwise be improved. Under the Compensation Committee's Charter, it may form subcommittees and delegate to such subcommittees, other Board members and Officers, such power and authority, as the Compensation Committee deems appropriate in accordance with the Charter. The Compensation Committee has also delegated to the CEO, subject to review by the Compensation Committee and the Board, the power to set compensation for non-Executive Officers. Under the 2003 Long-Term Compensation Plan, the Compensation Committee is also permitted to delegate its authority, responsibilities and powers to any person selected by it and has expressly authorized our CEO to make equity grants to non-Executive Officers in compliance with law. Under such delegation, our CEO may grant equity awards to non-Executive Officer employees up to 250,000 shares annually with a total cap of 1.25 million shares over the life of the delegation.

The Compensation Committee retains the services of its own independent outside consultant to assist it in reviewing and/or advising the amount and/or form of executive compensation. Meridian Compensation Partners, LLC ("Meridian") is the firm retained by the Compensation Committee for these purposes and is precluded from providing other services to AES. The Compensation Committee has the sole authority to hire and dismiss its consultant. Meridian provided review and comment to the Compensation Committee in 2016 as appropriate and provided objective input and analysis to the Compensation Committee throughout the year with reference to market data trends, regulatory initiatives, governance best practices and emerging governance norms. For further information concerning the independent outside consultant's role in relation to NEO compensation, please refer to "The Role of the Compensation Committee's Independent Consultant" in the Compensation Discussion and Analysis ("CD&A") of this Proxy Statement.

Management regularly obtains market survey data based on comparable companies from Willis Towers Watson. Meridian reviews the market survey data prior to it being shared with the Compensation Committee to ensure the data sources are appropriate for purposes of comparing our NEOs' compensation to comparable executives at similarly-sized general industry and energy industry companies.

The Compensation Committee has instructed the Senior Vice President and Chief Human Relations Officer (“CHRO”) to provide information to the Compensation Committee that is required for developing compensation programs and determining executive compensation. The CHRO directly works with the Compensation Committee’s independent consultant in the preparation of the background material for the Compensation Committee. For further information regarding our executive compensation practices refer to the CD&A of this Proxy Statement.

The compensation of our Directors is established by the Nominating Committee. See “Director Compensation” of this Proxy Statement for a description of our Nominating Committee’s processes and procedures for determining Director compensation.

Financial Audit Committee. The primary functions of the Audit Committee is to assist the Company’s Board of Directors in the oversight of:

- the integrity of the financial statements of the Company and its subsidiaries;
- the effectiveness of the Company’s internal control over financial reporting;

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## Board and Committee Governance

- the Company's compliance with legal and regulatory requirements;
- the qualifications, independence and performance of the Company's independent registered public accounting firm (the "Independent Auditor");
- the performance of the Company's internal audit function;
- the Company's compliance with legal and regulatory requirements; and
- to prepare the audit committee report included in the Company's annual Proxy Statement.

All members of the Audit Committee are independent within the meaning of the SEC rules and under the current listing standards of the NYSE. The Board has also determined that each member of the Audit Committee is "financially literate" as required by the NYSE rules, and that each of Messrs. Harrington, Morse and Miller are Audit Committee Financial Experts pursuant to SEC rules based on, among other things, the experience of such member, as described under "Proposal 1: Election of Directors" of this Proxy Statement.

**Nominating, Governance and Corporate Responsibility Committee.** The principal functions of the Nominating Committee are:

- identify and provide recommendations for potential Director nominees for election to the Board;
- advise the Board with respect to Board composition, procedures and committees;
- develop and recommend to the Board corporate governance guidelines applicable to the Company;
- establish and administer programs for evaluating the performance of Board members;
- review the fees paid to outside directors for their services on the Board and its Committees;
  - consider governance and social responsibility issues relating to the Company;
- review of the Company's contributions to trade associations, including any amounts related to political activities and lobbying expenses, and review of other political contributions or expenditures, if any, by the Company;
  - provide oversight of the Company's cybersecurity program and related issues; and
- oversee the Company's environmental and safety and audit programs.

The Nominating Committee may form subcommittees and delegate to those subcommittees such power and authority as the Committee deems appropriate and in compliance with applicable law. The Nominating Committee operates under the Charter of the Nominating Committee adopted and approved by the Board. Consistent with the requirements of the Charter, the Board determined that all Nominating Committee members are independent within the meaning of the listing standards of the NYSE.

**Director Qualifications.** 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.

**Diversity.** The Company does not maintain a separate policy regarding the diversity of the Board. However, the charter of the Nominating Committee requires that the Committee review the composition of the Board to ensure it has the "appropriate balance" of attributes, including, but not limited to, knowledge, experience and diversity. In addition, 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." Consistent with these governing documents, both the Nominating Committee and the full Board seek Director nominees with diverse 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.

**Director Nomination Process.** Pursuant to our Corporate Governance Guidelines, our Nominating Committee reviews the qualifications of proposed Director nominees to serve on our Board and recommends Director nominees to our Board for election at the Company's Annual Meeting. The Board proposes a slate of Director nominees to the Stockholders for election to the Board, using information provided by the Nominating Committee.

In certain instances, a third party may assist in identifying potential Director nominees. The Nominating Committee also considers potential nominations for Director provided by Stockholders and submits any such suggested nominations, when appropriate, to the Board

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## Board and Committee Governance

for approval. Stockholder nominees for Director are evaluated using the criteria described above. Stockholders wishing to recommend persons for consideration by the Nominating Committee as nominees for election to the Board can do so by writing to the Office of the Corporate Secretary, The AES Corporation, 4300 Wilson Boulevard, Arlington, Virginia 22203 and providing the information and following the additional procedures set forth in the By-Laws, which are described in “Additional Governance Matters” of this Proxy Statement.

Innovation and Technology Committee. The Innovation and Technology Committee is responsible for the oversight and evaluation of:

- the Company’s efforts to foster growth through innovation;
- the Company’s efforts to identify and assess risks and opportunities in the power industry and adjacent industries arising from emerging or competing technologies;
- the Company’s performance excellence and continuous improvement program; and
- the Company’s approach to replication of innovative solutions across businesses.

Strategy and Investment Committee. The Strategy and Investment Committee focuses on:

- evaluation of strategic plans;
- oversight of capital deployment in the context of the Company’s corporate strategy;
- and
- review of individual transactions at the request of the Board.

## Board Attendance

Under our Corporate Governance Guidelines, Directors are expected to attend Board meetings and meetings of Committees on which they serve in person or by telephone conference, and Directors are encouraged to attend the Annual Meeting.

In 2016, our Board convened five times and our Board Committees convened for several meetings as specified in the chart above, and no Director attended less than 75% of the aggregate of all meetings of the Board and the Committees on which they then served. Non-management Directors met in executive session after each of the five in-person meetings of the Board in 2016, with Mr. Rossotti presiding as Lead Independent Director. All Directors attended the 2016 Annual Meeting of Stockholders on April 21, 2016.

Board and Committee Governance

Board's Role in Risk Management  
Risk Management Oversight Structure  
Board of Directors

Oversees all operational, financial, strategic and reputational risk with oversight of specific risks undertaken within the Committee structure.

Financial Audit Committee

- Oversees risk related to 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).
- Oversees the performance of the independent auditor.