



Conflict of Interest Policy

November, 2009

I. Purpose

As described in *The AES Values: From Words to Action* (AES' Code of Conduct), AES people shall avoid situations that could create – or even give the appearance of creating – a conflict between their personal interests and the interests of AES.

II. Application

This policy applies to all AES people worldwide. In addition, temporary workers, contractors, consultants, agents, representatives and others who perform AES work are required to ensure that their actions on behalf of AES meet the same high standards of integrity expected of AES people.

III. What is a conflict of interest?

A conflict of interest may arise whenever you take an action or make a decision in the performance of your AES responsibilities that may also affect you personally. For example, a conflict of interest arises if you are involved in an AES business action or decision that may have an effect on your personal finances (other than through your direct AES compensation) or may benefit your family, friends, or even other organizations in which you have an interest. Simply the appearance that you may be acting in your own interest rather than in the interest of AES may give rise to concerns about your objectivity. Even when you believe your personal interests are consistent with AES' interests, it may be unclear whether your actions or decisions are motivated by your own interests or the best interests of AES.

Our business decisions must be governed by transparency, objectivity, and loyalty toward AES and its stakeholders, not by our personal interests. AES people should not use their position with AES for personal benefit.

Conflicts of interest are often difficult to identify, so you should seek advice whenever you are unsure.

IV. How can I identify a conflict of interest?

To identify potential conflicts of interest it is helpful to ask yourself a few simple questions:

- ☐ Could it appear to AES people or others that my personal interests might influence how I perform my job or make business decisions?
- ☐ Do I, a relative, or a friend stand to benefit personally or financially from my business decisions or knowledge gained as a result of my employment with AES?
- ☐ Could my activities outside of AES work time be misinterpreted as representing AES business interests or positions?
- ☐ Could AES business partners, suppliers, customers, or shareholders question whether my business decisions have been made objectively and in the best interests of AES?

If the answer to any of these questions is yes, you should seek advice regarding your potential conflict of interest.

V. What should I do if I encounter a potential conflict of interest?

1. Remove yourself from the situation

If a conflict of interest (or the appearance of a conflict of interest) exists, remove yourself from the situation and do not make any decisions or take any action related to the matter until the situation is fully resolved.

2. Disclose the potential conflict and get advice

While AES respects the privacy of AES people, AES people must promptly disclose potential conflicts of interest or situations that may give rise to the appearance of a conflict of interest. It is important to disclose all the facts relating to the potential conflict of interest and respond completely to any requests for further information. Management will work with the Ethics and Compliance Department to find an appropriate solution to the conflict of interest.

There are a number of avenues to disclose the situation and get advice: you may contact a manager, a member of the AES Ethics and Compliance Department, your local Ethics and Compliance personnel, other members of the Legal Department, or the AES Helpline (www.aeshelpline.com).

VI. What are some examples of a conflict of interest?

It is not possible to list all of the relationships, interests, and situations that may lead to a conflict of interest. But the following are examples of common conflicts of interest that you should avoid. If you encounter one of these situations, you should seek advice from your management and the AES Ethics and Compliance Department.

- ☐ Having a direct or indirect financial interest in or relationship with an AES competitor, supplier, customer, joint venture partner, or consultant
- ☐ Having a second job where your other employer is a direct or indirect competitor, distributor, supplier, or customer of AES, unless you obtain prior written approval
- ☐ Having a second job or consulting relationship that affects your ability to perform your work at AES
- ☐ Accepting a gift, offer of entertainment, discount or other benefit from an entity that does business with AES, or is seeking to do business with AES (for more information, please see AES' Gift and Entertainment Policy)
- ☐ Investing in an outside business opportunity in which AES has an interest
- ☐ Taking part in any AES decision involving a company that employs a personal friend or family member
- ☐ Taking part in any AES decision to hire a personal friend or family member
- ☐ Taking part in any AES decision that involves supervising or determining compensation for a personal friend or family member
- ☐ Having a personal or romantic relationship that may give the appearance of compromised objectivity and loyalty in performing AES duties (for example, a personal relationship with a subordinate or the representative of an AES supplier)
- ☐ Using nonpublic information regarding AES or AES business partners for personal gain or gain to a personal friend or family member
- ☐ Sitting on the Board of Directors of other companies that have a financial interest in or a business relationship with AES, unless you obtain prior written approval

VII. Are there situations that do not require conflict of interest review?

There are a few common situations that do not present a conflict of interest requiring you to withdraw from the situation. The most common examples are:

1. Acting as an employee, officer, director, partner, consultant, representative, agent, or advisor, of an entity at the request of AES (such as an AES-related entity).

2. Personal activities or employment performed outside of AES working hours, without the use of AES information or resources, and unrelated to your AES job function and AES business interests. If you have any doubt about whether a particular activity may be related to your AES job function or business interests, it is your responsibility to seek authorization from management.
3. Insignificant personal financial investments in publicly-held companies and funds. If you have any doubts about whether particular personal financial investments raise conflict of interest concerns, it is your responsibility to seek advice from management.

Even though these situations may not present a conflict of interest, they may be contrary to other policies or contractual obligations, so it is your responsibility to seek advice before entering into these activities.

VIII. Where do I go for help or advice?

If you have any questions about this policy or would like to get advice on matters related to this policy, please contact your manager, a member of the AES Ethics and Compliance Department, your local Ethics and Compliance Officer, other members of the Legal Department, or the AES Helpline (www.aeshelpline.com). **donation?**

All charitable contributions and political donations made by AES or on behalf of AES must be reported in advance to the Ethics and Compliance Department. Charitable contributions and political donations must not be made or promised until the Ethics and Compliance Department has provided confirmation to proceed.

Proposals for charitable contributions and political donations must be supported by documentation that provides sufficient details to allow for review, including answers to the following questions:

- Who solicited the contribution or donation?
- Who is the contribution or donation being provided to?
- What legal requirements govern the contribution or donation?
- Is this a one-time expenditure or part of a series of contributions or donations?
- Will AES make the contribution or donation in cash, by check, or “in kind”?
- Will AES receive anything in return for the contribution or donation (for example, tickets to an event or recognition as a corporate sponsor)?
- Does the organization receiving the contribution involve a government official or individuals with authority over pending AES business?

You can obtain specific instructions and documentation requirements from the Ethics and Compliance Department.

VI. What are some examples of charitable contributions and political donations?

Charitable contributions and political donations are most commonly monetary payments in the form of cash or checks. However, anything of value can qualify as a contribution or donation, including “in kind” contributions of goods or services. It is not possible to list every example of items of value



that would be considered contributions or donations under United States and international laws, but the following are common examples:

- Gifts
- Loans, advances, endorsements, and guarantees
- Sponsorships
- Discounts
- Travel expenses
- Donated items, including AES resources (e.g., computers, office space, office supplies, construction equipment, and scrap materials)
- Donated services, including personal services provided during AES work hours or compensated by AES
- Purchase of fundraising items or fundraising event tickets

VII. Are there charitable contributions and political donations that do not require Ethics and Compliance Department review?

There are a few common types of charitable contributions and political donations that do not require Ethics and Compliance Department review:

Personal contributions and donations

As described in *The AES Values: From Words to Action* (AES's Code of Conduct), AES people are encouraged to participate as individuals in charitable and political activities. Personal charitable contributions and political donations made by AES people in their individual capacities as private citizens, outside of AES work time, and consisting solely of personal resources do not require review by the Ethics and Compliance Department.

To make clear that such personal contributions and donations are not being made on behalf of AES, AES people may not use AES's name, funds, facilities, work time, or other resources to support such activities. AES people also may not use their position as an AES person to request or pressure others to make contributions or donations.

Gift matching

AES people may choose to submit personal charitable contributions for inclusion in an AES gift matching program. Such contributions will be evaluated in accordance with applicable gift matching procedures and are not required to be reported to or reviewed by the Ethics and Compliance Department.

Political Action Committees (PACs)

Contributions and donations made to and disbursed from AES political action committees (PACs) established by AES under United States law do not require review by the Ethics and Compliance Department.

*Contributions by AES to outside PACs do require review.



VIII. Reporting

Beginning with political donations made in 2010, AES will prepare an annual report disclosing the following monetary political donations, including dues or similar payments, in amounts greater than \$200:

- (a) political donations made by The AES Corporation that are not deductible under Section 162(e)(1)(B) of the Internal Revenue Code; and,
- (b) amounts contributed by organizations that are not deductible under Section 162(e)(1)(B) of the Internal Revenue Code, where The AES Corporation made contributions to such organizations and where such amounts would not be deductible under Section 162(e)(1)(B) of the Internal Revenue Code if made by The AES Corporation directly.

The annual report will provide an itemized accounting that includes the identity of the recipient, the amount paid to each recipient, and the business titles or responsible areas in The AES Corporation that participate in the decision to make the political donations. The annual report and this Policy will be posted on The AES Corporation public website (www.aes.com).

IX. Where do I go for help or advice?

If you have any questions about this Policy, please contact your manager, a member of the Ethics and Compliance Department, a member of the Legal Department, or the AES Helpline (www.aeshelpline.com).