

December 17, 2024

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: The AES Corporation
Exclusion of Stockholder Proposal – John Chevedden
Securities Exchange Act of 1934 – Rule 14a-8

Ladies and Gentlemen:

On behalf of The AES Corporation, a Delaware corporation (the “**Company**”), and in accordance with Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), we are filing this letter with respect to the stockholder proposal (the “**Proposal**”) submitted by John Chevedden (the “**Proponent**”) for inclusion in the proxy materials the Company intends to distribute in connection with its 2025 Annual Meeting of Stockholders (the “**2025 Proxy Materials**”). The Proposal is attached hereto as Exhibit A.

We hereby request confirmation that the Staff of the Division of Corporation Finance (the “**Staff**”) will not recommend any enforcement action if, in reliance on Rule 14a-8, the Company omits the Proposal from the 2025 Proxy Materials.

In accordance with relevant Staff guidance, we are submitting this letter and its attachments to the Staff through the Staff’s online Shareholder Proposal Form. Also, in accordance with Rule 14a-8(j), a copy of this submission is being sent simultaneously to the Proponent as notification of the Company’s intention to omit the Proposal from the 2025 Proxy Materials. This letter constitutes the Company’s statement of the reasons it deems the omission of the Proposal to be proper. We have been advised by the Company as to the factual matters set forth herein.

THE PROPOSAL

The Proposal states:

Shareholders ask the Board of Directors to amend the Company Policy on recoupment of incentive pay to apply to the [sic] each Named Executive Officer and to state that conduct or negligence - not merely misconduct - shall trigger mandatory application of that policy. Also the Board shall report to shareholders in each annual meeting proxy the results of any deliberations regarding the policy, including the Board’s reasons for not applying the policy after specific deliberations conclude, about whether or not to cancel or seek

recoupment of unearned compensation paid, granted or awarded to NEOs under this policy.

This improved clawback policy shall at least be included in the Governess [*sic*] Guidelines of the Company or similar document and be easily accessible on the Company website.

REASONS FOR EXCLUSION OF THE PROPOSAL

The Company believes that the Proposal may be properly omitted from the 2025 Proxy Materials pursuant to Rule 14a-8(i)(10) because the Company has already substantially implemented the Proposal.

The Proposal May Be Excluded under Rule 14a-8(i)(10) Because the Company's Policies, Practices and Procedures Compare Favorably with the Guidelines of the Proposal.

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal if the company has already substantially implemented the proposal. According to the Securities and Exchange Commission (the "**Commission**"), the purpose of this rule is to "avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." See Exchange Act Release No. 34-20091 (Aug. 15, 1983); Exchange Act Release No. 34-12598 (July 1976). The Commission has also stated that "substantial" implementation under the rule does not require implementation in full or exactly as presented by the proponent. See Exchange Act Release No. 34-40018 (May 21, 1998, n.30).

The Staff has consistently found that "a determination that the company has substantially implemented the proposal depends upon whether [the company's] particular policies, practices, and procedures compare favorably with the guidelines of the proposal." See *Texaco, Inc.* (1991). The Staff has permitted exclusion of a proposal under Rule 14a-8(i)(10) when a company has substantially implemented and therefore satisfied the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail, or exercised discretion in determining how to implement the proposal. See, e.g., *Salesforce.com, Inc.* (Apr. 20, 2021); *Apple Inc.* (Oct. 16, 2020); *Wal-Mart Stores, Inc.* (Mar. 25, 2015); and *Exelon Corp.* (Feb. 26, 2010).

The Proposal is substantially identical to the proposal submitted by the Proponent to Exxon Mobile Corporation ("**Exxon**") in connection with its 2024 Annual Meeting of Shareholders. See *Exxon Mobil Corp.* (March 20, 2024). The Staff concurred that Exxon had already substantially implemented the Proposal under Rule 14a-8(i)(10) on the basis that Exxon had established and adopted policies that extend beyond "misconduct" as the basis for potential recoupment of compensation from executive officers, as those policies would apply without regard to individual fault in the case of a restatement, and if an executive officer is found to have engaged in conduct detrimental to the Exxon's interests.

Similar to Exxon, the Company already maintains additional policies that are not based solely on named executive officer ("**NEO**") "misconduct". The Company's policies and provisions¹ allow the Company to recover or cancel compensation from the NEOs, as well as from the broader group of executive officers, consistent with the request in the Proposal:

¹ As discussed below, these provisions are included within the Company's Amended and Restated Compensation Recoupment Policy and the Company's 2003 Long Term Compensation Plan and award agreements thereunder.

- In the case of certain financial restatements due to material noncompliance with financial reporting requirements, certain incentive-based compensation would be recovered from NEOs (as well as the from the broader group of “executive officers”) irrespective of whether or not the executive’s conduct contributed to the restatement; and
- Outstanding long-term compensation awards held by an NEO, other executive officer, or other participant in the Company’s long-term compensation plan would be forfeited if the individual is found to have engaged in conduct constituting “cause,” which is defined to cover a more expansive scope of conduct than the “negligence” standard referenced in the Proposal.

Thus, similar to Exxon, the Company has already substantially implemented the essential objective of the Proposal that seeks an amendment of the “Company Policy” on recoupment of incentive pay from NEOs based on a broad range of conduct because that request is already more than encompassed by the Company’s existing policies and programs.

With respect to recovery of incentive-based compensation in case of a restatement, the Company currently maintains the AES Corporation Amended and Restated Compensation Recoupment Policy, effective October 6, 2023 (the “**Dodd-Frank Policy**”)², as mandated by New York Stock Exchange Listing Standard 303A.14 to implement Rule 10D-1 under the Exchange Act (“**Rule 10D-1**”), under which, in compliance with Rule 10D-1, the Company is required to recover certain incentive-based compensation in case of a financial restatement, without regard to misconduct (or any conduct) on the part of the executive.

In addition, the Company’s 2003 Long Term Compensation Plan, as amended and restated on October 10, 2023 (the “**Compensation Plan**”)³, and award agreements thereunder⁴ (together, the “**Long-Term Compensation Arrangements**”) include provisions governing the forfeiture of long-term compensation awards in the event of a broad range of participant conduct. As a general matter, long-term compensation awards granted under the Long-Term Compensation Arrangements comprise at least a majority of annual pay for the Company’s NEOs.

- Under the Long-Term Compensation Arrangements, which consist of restricted stock units, performance stock units and performance cash units subject to service- and, in the case of the performance stock units and performance cash units, performance-based vesting over a 3-year period, outstanding awards will be forfeited in the event a participant engages in conduct constituting “cause”. “Cause” is defined as: “dishonesty; insubordination; continued and repeated failure to perform assigned duties or willful misconduct in the performance of such duties; intentionally engaging in unsatisfactory performance; failing to make a good faith effort to bring unsatisfactory performance to an acceptable level; violation of the Company’s policies, procedures, rules or recognized standards of behavior; misconduct related to the Employee’s employment; or a charge, indictment or conviction of, or a plea of guilty or nolo contendere to, a felony, whether or not in connection with the performance by the Employee of his or her duties or obligations to the Company.”

² The Dodd-Frank Policy is filed with the Company’s Annual Report on Form 10-K (the “**10-K**”) for the fiscal year ended December 31, 2023 as required by Rule 10D-1 and can be found here.

³ The Company’s 2003 Long Term Compensation Plan is filed with the Company’s 10-K and can be found here.

⁴ The Company’s forms of Restricted Stock Unit, Performance Stock Unit and Performance Cash Unit Award Agreements (together, the “**Long-Term Compensation Award Agreements**”) are each filed with the Company’s 10-K and can be found here, here and here, respectively.

- The Company’s definition of “cause” already compares favorably with the standard of negligence that has been used under state common law for judging officer conduct.⁵ For example, the Company’s NEOs are bound by a duty of care with respect to the Company and any “violation of the Company’s policies, procedures, rules or recognized standards of behavior” would constitute “cause” under the Long-Term Compensation Arrangements, triggering forfeiture.
- The Company’s long-term compensation program, which consists of a mix of awards that are subject to both service-based and performance-based vesting conditions (which, in the case of performance-based awards are tied to the Company’s stock price and key long-term financial goals) not only fosters ongoing retention and aligns the long-term interests of the Company’s executive officers with its stockholders, but also provides an efficient mechanism for the Company to cancel compensation from its executive officers if behavior constituting “cause” is triggered.

The Dodd-Frank Policy and Long-Term Compensation Arrangements (together, the “**Company Policies**”) are publicly available via the Company’s SEC filings.

The information in the Company Policies is substantially comparable to and in fact exceeds the request in the Proposal, as illustrated in detail in the following table:

Proposal Language	Current Implementation	Page Reference
“Shareholders ask the Board of Directors to amend the Company Policy on recoupment of incentive pay...”	The Company maintains the Dodd-Frank Policy, which governs the recoupment of incentive-based compensation, in addition to the forfeiture provisions contained in the Long-Term Compensation Arrangements.	N/A
“... to apply to each Named Executive Officer...”	The Dodd-Frank Policy applies to the Company’s current and former executive officers, which include the NEOs. The Long-Term Compensation Arrangements apply to all participants in the Compensation Plan, which includes the NEOs.	Dodd-Frank Policy, pg. 1 Compensation Plan, pgs. 3, 7
“...to state that conduct or negligence – not merely misconduct...”	The Dodd-Frank Policy applies without regard to fault or misconduct by a covered executive. The additional forfeiture provisions of the Long-Term Compensation Arrangements are triggered upon a termination of employment due to the existence of any conduct constituting “cause”. As explained above, the kinds of conduct that would	N/A Compensation Plan pgs. 1, 12 Long-Term Compensation

⁵ See, e.g., *Morrison v. Berry*, 2019 WL 7369431, at *22 (quoting *Zucker v. Hassell*, 2016 WL 7011351, at *7 (Del. Ch. Nov. 30, 2016)) (“Gross negligence involves more than simple carelessness. To plead gross negligence, a plaintiff must allege ‘conduct that constitutes reckless indifference or actions that are without the bounds of reason’”).

Proposal Language	Current Implementation	Page Reference
	constitute “cause” are intentionally broad and cover all violations of the Company’s policies, procedures, rules or recognized standards of behavior, and therefore compare favorably with the standard of negligence used under the common law of the Company’s state of incorporation.	Award Agreements, pg. 2
“...shall trigger mandatory application...”	<p>Application of the Dodd-Frank Policy is mandatory in case of a triggering restatement.</p> <p>In addition, outstanding awards under the Long-Term Compensation Arrangements will automatically be forfeited and cancelled by the Company upon a termination of a participant’s employment for “cause”.</p>	<p>Dodd-Frank Policy, pg. 1</p> <p>Long-Term Compensation Award Agreements, pg. 2</p>
“...the Board shall report to shareholders in each annual meeting proxy the results of any deliberations regarding the policy...about whether or not to cancel or seek recoupment...”	Under Item 402(w) of Regulation S-K, the Company will be required to disclose an explanation of any decision not to pursue recovery under the Dodd-Frank Policy. ⁶ In addition, forfeiture of outstanding long-term compensation awards from an NEO under the Company Policies would also generally be disclosed in the Outstanding Equity Table in the annual proxy statement filed for the year after the year in which the recovery occurs.	N/A

⁶ Item 402(w) of Regulation S-K would also require disclosure in the event of a restatement triggering recovery under the Dodd-Frank Policy of (i) the date of the restatement, (ii) the aggregate dollar amount of erroneously awarded compensation attributable to the restatement (including an analysis of how the amount was calculated, and (iii) the aggregate dollar amount of erroneously awarded compensation that remains outstanding at the end of the last completed fiscal year (or, if such amount has not yet been determined, disclosure of such fact and the reasons).

Proposal Language	Current Implementation	Page Reference
<p>“...of unearned compensation paid, granted or awarded...”</p>	<p>The Dodd-Frank Policy applies to incentive-based compensation granted, earned or vested based in whole or in part on the Company’s attainment of a “financial reporting measure” (as defined therein) during a three-year lookback period.</p> <p>The Long-Term Compensation Arrangements provide for forfeiture of all outstanding awards, whether vested or unvested.</p>	<p>Dodd-Frank Policy, pg. 1-2</p> <p>Compensation Plan pg. 12</p> <p>Long-Term Compensation Award Agreements, pg. 2</p>
<p>“This improved clawback policy shall at least be included in the Governess [sic] Guidelines of the Company or similar document and be easily accessible on the Company website...”</p>	<p>The Dodd-Frank Policy is filed with the Company’s Annual Report on Form 10-K as required under SEC rules.</p> <p>The Long-Term Compensation Arrangements are publicly filed with the Company’s Annual Report on Form 10-K and the material terms are disclosed in the Company’s annual proxy statement.</p>	<p>N/A</p>

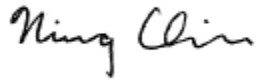
As illustrated above, the Company Policies more than meet the essential objective of the Proposal, which is to ensure that the Company has a policy in place for recovery of “unearned” pay in case of a restatement, based on behavior beyond “misconduct” consistent with the request in the Proposal. The Company is able to cancel incentive-based compensation under a broad range of individual conduct by the NEOs. Because the various provisions contained in the Company’s existing policies and programs compare favorably with, and thus substantially implement, the guidelines of the Proposal, the Company believes that the Proposal may be omitted from the Company’s 2025 Proxy Materials pursuant to Rule 14a-8(i)(10).

CONCLUSION

The Company respectfully requests the Staff’s concurrence with its decision to exclude the Proposal from its 2025 Proxy Materials and further requests confirmation that the Staff will not recommend enforcement action to the SEC if it so excludes the Proposal.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this request. Please do not hesitate to call me at (212) 450-4908 or Jennifer Gillcrist at (703) 682-6397. If the Staff does not concur with the Company’s position, we would appreciate an opportunity to confer with the Staff concerning these matters prior to the issuance of its response.

Respectfully yours,



Ning Chiu

Attachment

cc w/ att: Paul Freedman, The AES Corporation
Jennifer Gillcrist, The AES Corporation
John Chevedden

Proposal

Proposal 4 – Improve Clawback Policy for Unearned Executive Pay

Shareholders ask the Board of Directors to amend the Company Policy on recoupment of incentive pay to apply to the each Named Executive Officer and to state that conduct or negligence - not merely misconduct - shall trigger mandatory application of that policy. Also the Board shall report to shareholders in each annual meeting proxy the results of any deliberations regarding the policy, including the Board's reasons for not applying the policy after specific deliberations conclude, about whether or not to cancel or seek recoupment of unearned compensation paid, granted or awarded to NEOs under this policy.

This improved clawback policy shall at least be included in the Governness Guidelines of the Company or similar document and be easily accessible on the Company website.

The current Clawback Policy is clearly incomplete and can be difficult for shareholders to access. The AES executive pay governance score is 9 with 10 being the worse possible score.

Wells Fargo offers a prime example of why AES needs a stronger policy. After 2016 Congressional hearings, Wells Fargo agreed to pay \$185 million to resolve claims of fraudulent sales practices. The Wells Fargo's board then moved to claw back \$136 million from 2 top executives. Wells Fargo unfortunately concluded that the CEO had only turned a blind eye to the practice of opening fraudulent accounts and thus failed to attempt any clawback.

Please vote yes:

Improve Clawback Policy for Unearned Executive Pay – Proposal 4