The Ethical Dilemma

How to Create a “Speak Up” Culture and Get People Talking about Ethical Issues

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The AES Corporation (NYSE: AES) is a Fortune 200 global power company. We provide affordable, sustainable energy to 23 countries through our diverse portfolio of distribution businesses as well as thermal and renewable generation facilities. Our workforce of 25,000 people is committed to operational excellence and meeting the world’s changing power needs. Our 2012 revenues were $18 billion and we own and manage $42 billion in total assets. To learn more, please visit www.aes.com.
### AES Ethics Champions Program Overview

**Purpose of the Program**

- Create a culture where AES people talk about the Values and ethical dilemmas
- Assist employees people in grappling with the grey areas and the ethical dilemmas that are a part of doing business
- Ensure that the Values are followed and that good decisions are made in our daily work lives
- Encourage all employees to feel comfortable speaking freely and consulting with others about dilemmas they face in their day to day work

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<th>Ethics Champions Program: History</th>
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<td>AES has a long history of Values-based discussions</td>
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<td>Ethics and Compliance team set out to create a program to respond to feedback from employees that they prefer in-person training to online training</td>
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<td>Recognized the importance of “tone in the middle”</td>
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<td>Created a program that was cost-effective</td>
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<td>Developed concept of employees talking to employees about ethical dilemmas, and worked with a Professor from the Darden School of Business to develop the Program</td>
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Ethics Champions: Program Structure

- When the program was launched in 2005, approximately 600 facilitators were trained
- Each business location around the globe holds a series of sessions of ethical dilemmas led by a trained Facilitator (identified by the business and trained by Ethics and Compliance Team) twice a year
- Participation is not mandatory at each session
- Ethics and Compliance Department provides Compliance Officers and Facilitators with suggested ethical dilemmas for each session.
- Business selects appropriate case studies from the provided scenarios, or develops its own scenario

Discussion Scenarios

- Vary between broad ethical or moral dilemmas to more focused case studies that reflect everyday business dilemmas
- Ethical Dilemma may not have a “right” or “wrong” answer
- Purpose is not to find an answer (often there is no answer) nor to provide a lesson about a topic in our Code of Conduct, but to engage employees in an open discussion of our Values and the many potential viewpoints people may have about the same ethical dilemma
Ethics Champions Program: Facilitator’s Role

- Conduct bi-annual facilitated discussions on ethical case studies or dilemmas
- Work with business leaders and Compliance Officers to select discussion scenarios
- Create an open environment for the discussions where individuals feel free to discuss difficult issues and different viewpoints
- Report back to Compliance Officer or business leader with sign-in sheets and feedback forms from sessions held

Facilitation Best Practices

- Through open discussion we can understand the various viewpoints in the group and make better decisions
- Discussion groups are should be small enough to allow for interactive discussions (15-20)
- Ethical issues are seen differently by different people. These discussions help draw out all views
- Listening is undervalued; there is power in not speaking
- Learning is enhanced when employees draw on their own conclusions without being told
- Employees enjoy the opportunity to participate in open discussions
Sample Ethical Dilemma

In the south of the Country, there is a village that is very poor. Most villagers work the land to earn a living. The village is beautiful, located near a large lake which is the main source of leisure for the town. The villagers often swim and fish in the lake with their friends and families. The families in the village have lived in the same area for generations are proud of their local culture and beautiful surroundings. However, life is hard in the town and there are few jobs or ways to earn a living. There is also little prospect for growth and development.

A large multinational company wants to build a manufacturing plant in the town to capitalize on the low cost of labor. The town council learns of a medical study that indicates that the company’s factories in other towns have caused severe skin and respiratory diseases after 3-5 years of operations due to activities of the company’s factories which pollute the water.

The town is very excited at the prospect of new job opportunities and it is an important election year.

Imagine you are the town council. What would you do?

Sample Ethical Dilemma

Company X is exploring a new business development opportunity to acquire a series of renewable projects in various stages of development.

The Developer is well known in the country for his successful projects, business acumen and technical expertise. The developer recently separated after a number of years of marriage from the daughter of a senior public official in the region.

In the course of conducting due diligence, the Company learns that the developer is alleged to have masterminded a plot to have his business associate murdered ten years ago. The Developer was never convicted and the case worked its way through the courts of the country for ten years—reaching the highest court.

The case is now closed and the developer was not convicted. Two other people who allegedly were paid by the Developer to commit the murder, were convicted a number of years ago and are now deceased.
Thank you