

## **Ethics Talk with Brian Miller, Executive Vice President, General Counsel and Corporate Secretary, AES Corporation**

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### **A General Counsel's View of the Boardroom**

#### **Improving Board Meetings**

**Brian:** The board's agenda is how they treat our entire company, and at AES we are very lucky they have a broad agenda. Our board actually travels once a year to have a board meeting at an off-site facility; last year we were in Chile for a week. When it's on there and the people can see that the board is interested, and the board that truly committed that the company are coming to their place for a full week—that helps. When you are talking about the agenda, just the meetings, I think boards now should know they have to have compliance on it. With us, the head of our audit committee comes in before the meetings and meets with the head of compliance, meets with me and meets with a number of other people. Every meeting the compliance team presents to the audit committee and at least once a year we have an organizational training for our full board. But what is key, though, its on the agenda, what you want to avoid is just here this, here's numbers, here's percentages. What you want to do is give them their report ahead of time, like our board does; they read it. Our presentation is maybe two minutes; the remainder is all questions for them in discussion. That's what you want on the agenda: questions and discussion.

#### **Moving Ethics Assessments to the Next Level**

**Brian:** We do assessments a little bit different, every year we pick three to four regions around the globe because we are in a significant amount of countries around the world and we have either power plants there or utilities, so we have a significant number of employees. We pick three or four, so two of them we did last year, just to show you how different they can be; one was in Kazakhstan and one was in El Salvador. Those are very different environments and then we send three or four of our compliance people from Arlington, Virginia, where we are located, there. They'll bring with them internal audit and they'll meet not with just the compliance officer there; they're meeting with the head of the business, maybe the head of the region. We don't just check the box if they have the all the correct compliance files, if they have the correct procedures in place; we do that, but we then take it to the next level. We have basically town hall meetings, we do training in multiple people, we do training of multiple people, we do all sorts of interviews and when you do that and

you're in say El Salvador and you've had these compliance people there for a week and you're talking to them and you're going to dinner; you're building relationships. If you have relationships with people, it's much more efficient. You're just not sending emails, you pick up the call it causes people to be much direct, more open. When you have direct, open relationships you'll have sustainable business and a sustainable compliance program.

### **Placing a Focus on Values**

**Brian:** AES is a values-based company; it always has been a values-based company. We put safety first—always have done that—act with integrity, honor commitments, strive for excellence and have fun through work. The way that works into our compliance program is we focus on that. We're not always just focused on have you filled out the right form or have you not filled out the right form because in our view when people are focused on values they're really thinking about doing the right thing. That's really what a compliance program should be looking at: do the right thing. Not do I have world-class standards procedures, require the biggest memo backing up my partner approval? It's doing the right thing. That's why whenever we're promoting our compliance program we have values day where we promote values because we want people to act consistent with the values.

### **A Second View of Compliance**

**Brian:** We had something last year a "five-by-five" company wide initiative and it wasn't just compliance focused. It was five areas of the company we said let's take a look at and can we do it better? The compliance department was part of this to look at how we do certain aspects of compliance, but not just by the compliance people. So in other words, you had people from internal audit in a business, you may have people doing finance in a business, maybe legal, maybe sourcing. All sorts of people not in compliance that got together from around the world and they went through various steps of what we do and by doing that you're getting a second view, but you're also getting these people to better understand what we do. You're there for the company, they're saying they are willing to make it more efficient, they're willing to find out how we can improve this. It was a great program last year and I think our program is much better because of it.