

Opening states report's purpose.

Background information is provided.

Scope of report is described.

EXECUTIVE SUMMARY

This report examines the nature and disposition of the 3,458 ethics cases handled by the CGF Aircraft Corporation's ethics officers and managers during 20--. The purpose of this report is to provide CGF's Ethics and Business Conduct Committee with the information necessary for assessing the effectiveness of the first year of the company's Ethics Program.

Effective January 1, 20--, the Ethics and Business Conduct Committee (the Committee) implemented a policy and procedures for the administration of CGF's new Ethics Program. The purpose of the Ethics Program, established by the Committee, is to "promote ethical business conduct through open communication and compliance with company ethics and standards." The Office of Ethics and Business Conduct was created to administer the Ethics Program. The director of the Office of Ethics and Business Conduct, along with seven ethics officers throughout the corporation, was given the responsibility for the following objectives:

- Communicate the values and standards for CGF's Ethics Program to employees.
- Inform employees about company policies regarding ethical business conduct.
- Establish companywide channels for employees to obtain information and guidance in resolving ethics concerns.
- Implement companywide ethics-awareness and education programs.

Employee accessibility to ethics information and guidance was available through managers, ethics officers, and an ethics hotline.

Major ethics cases were defined as those situations potentially involving serious violations of company policies or illegal conduct. Examples of major ethics cases included cover-up or defective workmanship or use of defective parts in products; discrimination in hiring and promotion; involvement in monetary or other kickbacks; sexual harassment; disclosure of proprietary or company information; theft; and use of corporate Internet resources for inappropriate purposes, such as conducting personal business, gambling, or access to pornography.

Minor ethics cases were defined as including all reported concerns not classified as major ethics cases. Minor ethics cases were classified as informational queries from employees, situations involving coworkers, and situations involving management.

The effectiveness of CGF's Ethics Program during the first year of implementation is most evidenced by (1) the active participation of employees in the program and the 3,458 contacts employees made regarding ethics concerns through the various channels available to them, and (2) the action taken in the cases reported by employees, particularly the disposition of the 30 substantiated major ethics cases. Disseminating information about the disposition of ethics cases, particularly information about the severe disciplinary actions taken in major ethics violations, sends a message to employees that unethical or illegal conduct will not be tolerated.

Based on these conclusions, recommendations for planning the second year of the Ethics Program are (1) continuing the channels of communication now available in the Ethics Program, (2) increasing financial and technical support for the Ethics Hotline, the most highly utilized mode of contact in the ethics cases reported in 20--, (3) disseminating this report in some form to employees to ensure their awareness of CGF's commitment to uphold its Ethics Policy and Procedures, and (4) implementing some measure of recognition for ethical behavior, such as an "Ethics Employee of the Month" award to promote and reward ethical conduct.

Report conclusions are summarized.

Major recommendations are included.

Executive summary length is approximately 10% of report length.