

Opening states report's purpose.

Subheads signal shifts in topic.

Background information is included.

INTRODUCTION

This report examines the nature and disposition of the 3,458 ethics cases handled companywide by CGF's ethics officers and managers during 20--. The purpose of this report is to provide the Ethics and Business Conduct Committee with the information necessary for assessing the effectiveness of the first year of CGF's Ethics Program. Recommendations are given for the Committee's consideration in planning for the second year of the Ethics Program.

Ethics and Business Conduct Policy and Procedures

Effective January 1, 20--, the Ethics and Business Conduct Committee (the Committee) implemented Policy CGF-EP-01 and Procedure CGF-EP-02 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." (CGF's "Ethical Business Conduct").

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 CGF, was given the responsibility for the following objectives:

- Communicate the values, standards, and goals of CGF's Ethics Program to employees.
- Inform employees about company ethics policies.
- Provide companywide channels for employee education and guidance in resolving ethics concerns.
- Implement companywide programs in ethics-awareness, education, and recognition.
- Ensure confidentiality in all ethics matters.

Employee accessibility to ethics information and guidance became the immediate and key goal of the Office of Ethics and Business Conduct in its first year of operation. The following channels for contact were set in motion during 20--:

Details of methodology used are included.

- Managers throughout CGF received intensive ethics training; in all ethics situations employees were encouraged to go to their managers as the first point of contact.
- Ethics officers were available directly to employees through face-to-face or telephone contact, to managers, to callers using the ethics hotline, and by email.
- The Ethics Hotline was available to all employees, 24 hours a day, 7 days a week, to anonymously report ethics concerns.

Confidentiality Issues

CGF's Ethics Policy ensures confidentiality and anonymity for employees who raise genuine ethics concerns. Procedure CGF-EP-02 guarantees appropriate discipline, up to and including dismissal, for retaliation or retribution against any employee who properly reports any genuine ethics concern.

Documentation of Ethics Cases

The following requirements were established by the director of the Office of Ethics and Business Conduct as uniform guidelines for the documentation by managers and ethics officers of all reported ethics cases:

- Name, position, and department of individual initiating contact, if available
- Date and time of contact
- Name, position, and department of contact person
- Category of ethics case
- Mode of contact
- Resolution

Managers and ethics officers entered the required information in each reported ethics case into an ACCESS database file, enabling efficient retrieval and analysis of the data.

Criteria used to differentiate major from minor infractions are included.

Major/Minor Category Definition and Examples

Major ethics cases were defined as those situations potentially involving serious violations of company policies or illegal conduct. Procedure CGF-EP-02 requires notification of the Internal Audit and the Law Departments in serious ethics cases. The staffs of the Internal Audit and the Law Departments assume primary responsibility for managing major ethics cases and for working with the employees, ethics officers, and managers involved in each case.

Examples of situations categorized as major ethics cases:

- Cover-up of defective workmanship or use of defective parts in products
- Discrimination in hiring and promotion
- Involvement in monetary or other kickbacks from customers for preferred orders
- Sexual harassment
- Disclosure of proprietary customer or company information
- Theft
- Use of corporate Internet resources for inappropriate purposes, such as conducting private 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 follows:

- Informational queries from employees
- Situations involving coworkers
- Situations involving management