

The Ethics Program at Eaton Corporation

INTRODUCTION

Eaton Corporation is a power management company based in Cleveland, OH. Founded by Joseph Eaton in 1911, Eaton originally manufactured truck axels; today, the company produces over 900,000 different industrial components, employs 95,000 people globally, and generates over \$19.7 billion in annual sales. Even though Eaton has continued to grow into the large company they are today, Eaton still remains to have a reputation based on business ethics. It has been recognized as one of Ethisphere magazine's World's Most Ethical Companies for eight consecutive years. Eaton Corporation has also been one of the most profitable companies, with its stock price surpassing the average of S&P 500 for the past decade. Eaton prides itself on its values-based culture and believes that high performance is only achieved by "doing business right."

CODE OF ETHICS

At the heart of Eaton Corporation's values-based culture is a detailed code of ethics. Eaton's code of ethics covers behaviors that are both regulated and voluntary. Not only must every Eaton employee (including suppliers, contractors, and consultants) comply with the code of ethics, they have a responsibility to report any suspected violation of the code, also known as whistleblowing. Eaton's code of ethics covers 12 areas including obeying the law, integrity of recording and reporting financial results, respecting human rights, delivering quality, competing ethically, respecting diversity and fair employment practices, avoiding conflicts of interest, protecting assets and information, acting with integrity, selling to governments, political contributions, and environment, safety, and health.

To ensure that employees follow and value the code of ethics, Eaton supports its ethical culture at all levels of the company. Eaton's Global Ethics Office is charged with the daily administration of the company's code of ethics. The purpose of the Global Ethics office is "to demonstrate that Eaton's ethical standards are both current and at the highest level and that our Code of Ethics is fully known and followed wherever we do business." The Global Ethics Office provides employees with the information, tools, guidance, training, and support they need to comply with the code of ethics.

All new employees, including those from acquired businesses, go through ethics training immediately after they join Eaton. In addition to the standard ethics training, Eaton developed an anti-corruption program for employees who are likely to encounter bribery. The company also has tools to help employees to monitor their own behavior before an ethical issue develops. For example, Eaton employees can record entertainment and gifts online, which fosters transparency.

At Eaton, employees are encouraged to report "any ethical concern or any potential or actual legal or financial violation." Employees can get information or report misconduct to the Global Ethics Office via regular mail, email, or Eaton's 24-hour Ethics and Financial Integrity Help line. Because

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Eaton is an international company, it strives to make sure that all employees can report suspected violations. Non-English-speaking employees can write emails and letters to the Global Ethics office in their native language, and Eaton will translate them. The company wants to ensure that violations do not go unchecked, domestically or internationally.

Eaton emphasizes anonymity and non-retaliation in its reporting policies. Employees can choose to report their concerns either anonymously or openly; in the case of open reports, Eaton promises to maintain as much confidentiality as possible during an appropriate investigation. Eaton says that they will not permit retaliation or take disciplinary action against employees who report their concerns.

Although having a strong ethical culture is crucial, the true success of Eaton's ethical culture lies in its ethical behavior. "Nothing is more important to Eaton's overall success as an enterprise than our ethical values. Our shared regard for the highest standards of honesty and integrity is our biggest strength," said Sandy Cutler, a 41-year veteran of Eaton and its CEO from 2009-2016. The company puts ethics into action every day through its business practices and products. Eaton has adopted six core values: customer orientation, people, trust, respect, dignity, and integrity.

SUSTAINABILITY

Sustainability is one of Eaton's main ethical emphases, both in its own business practices and in the products and services it provides to others. In 2016 Eaton modified a vision statement to focus on sustainability: "To improve the quality of life and the environment through the use of power management technologies and services." The company believes that sustainability is not only an ethical issue but also a way to make its business thrive. Eaton is undertaking three initiatives to increase its environmental impact: selling sustainable products, decreasing its environmental footprint, and reporting its progress toward its environmental goals.

Eaton supplies products and services that help customers to reduce their energy consumption, including monitoring software, power management systems, high-efficiency transformers, hydraulic systems, and truck transmissions. These products help customers to increase the energy efficiency of buildings, vehicles, and machinery; conserve natural resources; shrink their carbon footprints; and reduce their environmental impact.

CONCLUSION

Overall, Eaton Corporation has a company-wide commitment to ethical business. Eaton's code of ethics provides a stable foundation for the company's business decisions. Both the firm and its employees know what is expected from them and how to make difficult ethical decisions. The Global Ethics Office acts as a valuable guide when following the code of ethics, making legal and ethical behavior accessible to everyone connected with Eaton. In addition to having strong ethical standards, Eaton backs up its business philosophy with ethical actions. It develops and sells products that help customers to reduce their environmental impact, and it strives to become a more sustainable business itself. Eaton treats its employees, customers, and shareholders responsibly. The company also gives back to local and global communities through several charitable giving programs. Eaton's ethical culture is the key to its reputation and global success.

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