



GE Sustainability

GE Sustainability: UK Modern Slavery Act Statement

This statement has been published in accordance with the UK Modern Slavery Act 2015 and sets out the steps that General Electric Company and relevant controlled group companies (GE) have taken in fiscal year ending December 31, 2016, to prevent modern slavery and human trafficking in GE's business and supply chains.

Introduction

GE recognizes that the scourge of forced labor will require the combined efforts of governments, civil society, and businesses to address successfully. The sheer extent of the problem—estimates of over 20 million victims worldwide—tells us that addressing this issue will take time and persistence.

GE has been and remains committed to taking steps to prevent acts of modern slavery and human trafficking in its business operations and supply chains. Those steps, discussed below, include policies

expressly prohibiting forced labor, employee training on the subject, supply chain and operational due diligence, and collaborative efforts with third parties.

Business & Supply Chain Overview

GE is a global digital industrial company that services customers in 180 countries with approximately 295,000 employees worldwide. GE's products and services range from aircraft engines, power generation and oil and gas production equipment to medical imaging, financing, industrial products, and operating systems for the Industrial Internet. GE's operating segments include Power, Renewable Energy, Oil & Gas, Energy Connections & Lighting, Aviation, Healthcare, Transportation, and Capital. A more detailed description of GE's business operations can be found in the [annual report](#).

GE's Supply Chain is large and diverse. GE buys more than \$41B annually in raw materials and components that are incorporated into the products and services that GE sells (direct materials). The largest categories of direct material purchases are castings, forgings, electronics, plastics and machined parts. GE also buys products and services to support its business operations, which are used to develop or create, but are not incorporated into, GE's products or services. These indirect purchases amount to nearly \$16B annually and range from logistical support, tool & supplies to IT, Telecom and Professional Services. GE sources from more than 180 countries.

Policies & Programs

The foundation of GE's human rights program is the [GE Statement of Principles on Human Rights](#) in which GE commits to advance respect for fundamental human rights and expressly prohibits forced and child labor in both Company and partner operations. GE's integrity program, called [The Spirit & The Letter](#) (S&L), applies to all Company employees globally. GE commits in the S&L to "respect human rights everywhere we work and do business with others" and again explicitly prohibits forced and child labor. The Fair Employment Practices policy in the S&L lists the types of prohibited actions that lead to modern day slavery, including the charging of recruitment fees, the withholding of immigration documents, and the use of misleading recruitment tactics. Violations of this policy can result in disciplinary action, up to and including termination.

At the Corporate level, responsibility for GE's human rights strategy rests with its Global Counsel for Labor & Human Rights, in coordination with GE's Sustainability Steering Committee. But human rights compliance is also fundamentally imbedded throughout GE businesses and is a responsibility of all employees. To that effect, GE's General Counsel began 2016 with a "call to action" notice to business CEOs and GCs emphasizing their obligation to dedicate appropriate resources within the businesses to support the Company's forced labor program.

GE demands the same level of high integrity and respect for human rights from its suppliers as it does from its own employees. As a condition of doing business with GE, suppliers and their subcontractors (including labor providers) must adhere to the [GE Integrity Guide for Suppliers, Contractors, Consortium Partners and Consultants](#). In addition to requiring compliance with all local laws and regulations, the Guide expressly requires adherence to GE standards in areas including Fair Employment Practices,

Environment, Health & Safety, and Human Rights. While GE has historically prohibited forced and child labor, in 2016 GE updated the Guide to expand on this prohibition—expressly prohibiting any form of compulsion, coercion or human trafficking; listing prohibited activities associated with trafficking, such as withholding passports, charging recruitment fees, and misleading recruitment; and imposing affirmative obligations on suppliers in certain circumstances such as reimbursement of return transportation costs and providing workers with written contracts in a language they understand. The Guide also encourages reports of violations of the policy through telephone, email and in-person channels.

Due Diligence

With respect to its internal business operations, GE's Compliance function—with over 400 employees globally—supports business leadership to create a compliance culture and implement GE's Integrity & Compliance program focused on prevention, detection and response. The 600+-employee GE Ombuds program receives and investigates allegations of policy violations. In 2016, Ombuds received over 4,400 policy concerns (nearly 70% outside the US) leading to over 4,900 corrective actions. The Spirit & The Letter expressly provides that GE employees have an obligation to promptly raise concerns when they “see a situation in which our integrity principles or policies are not being followed.” Consistent with our Statement of Principles on Human Rights and in the spirit of “Eyes Always Open,” employees are expected to report unfair employment practices and human rights concerns they observe when at GE sites or working with direct business partners.

GE maintains a multifaceted ethical supply chain program that has as its backbone an extensive global audit process. Under this program, suppliers are prioritized for detailed pre-engagement and periodic on-site assessments per country risks (including human trafficking risk), supplier past performance and other factors, such as media reports or supplier employee complaints. In 2016, GE assessed ~2,660 new or existing suppliers, generating more than 20,870 findings. GE suppliers are subject to an on-site reassessment on a one- to three-year schedule depending on their performance in prior assessments. About 65% of our total assessments in 2016 were re-assessments. Since 2005, GE has conducted more than 26,500 supplier assessments spanning 100 countries.

When on-site assessments are required, they are conducted by trained GE personnel using a global questionnaire and risk-weighted metrics. The questionnaire includes specific inquiries focused on forced labor and human trafficking, such as questions regarding charging of fees or deductions from wages, withholding of passports or work documents, and the provision of return transportation costs for workers brought in from outside the country.

GE records all assessment findings from on-site inspections in an automated assessment tracking tool and monitors each until the assessment finding is closed once a supplier provides evidence that the defect has been corrected. Typically, findings must be closed within 60 days.¹ Purchase orders are suspended if findings remain open beyond this time frame, unless GE agrees that a closure requires more time, interim

¹ As of February 20, 2017, 95% of the 2016 findings from approved suppliers were closed.

progress has been demonstrated and/or the delay has been approved by the compliance team. Serious labor-related findings can result in immediate cessation of business relationships. GE publishes an annual overview of its supply chain audit results at www.gesustainability.com.

In 2016, GE began developing a new “Know Your Supplier” onboarding system (to be rolled out starting in 2017) that, among other things, will provide additional upfront opportunities to inquire into potential forced labor activities and secure information on the use of labor brokers, which in turn can trigger additional forced labor assessments. GE also became a member of the Electronic Industry Citizenship Coalition (EICC), a nonprofit coalition of electronics, retail, auto and toy companies committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain.

Training

GE requires its salaried workforce to conduct annual certification training in the Spirit and the Letter policies, including Fair Employment Practices. GE has specially trained hundreds of GE sourcing team members to execute the assessments that support GE’s Ethical Supply Chain Program, including risk indicators for human trafficking. In 2016 that training was updated to provide greater detail on, and interactive examples of, how workers get trapped into forced labor. Thousands of GE employees who interact with suppliers have also undergone GE’s training in supplier expectations, human rights issues and on-site due-diligence requirements.

Facing the Global Challenge

While we are proud of our forced labor policies and ethical supply chain program, we recognize that any supply chain is susceptible to forced labor and that the battle against modern slavery requires constant vigilance. As such, we continue to improve on our 15-year supply chain assessment model, drive compliance with our S&L and Supplier Integrity Guide, and undertake risk-tailored approaches to identify operations, regions, and specific suppliers warranting additional modern slavery due diligence.

Collaborating with expert stakeholders locally and globally is also integral to our efforts in this area. GE and the GE Foundation have worked for many years with the Institute for Sustainable Communities to develop EHS training academies in India, China and Bangladesh to train factory managers and EHS leaders on how to comply with local laws and global expectations around the full range of ethical supply chain issues. The GE Foundation has also funded work by the Institute for Human Rights and Business on the global problem of human trafficking—specifically, funding the IHRB’s Responsible Recruitment initiative—and the UN Global Compact’s Human Rights and Business Dilemmas Forum.

In addition, we work closely with peer companies to address the systemic roots of modern slavery. GE is a founding member of the Global Business Initiative on Human Rights, whose mission is to advance human rights in a business context through cross-industry peer learning, outreach and capacity building, and informing policy. GE has also recently accepted an invitation to join the *Leadership Group for Responsible Recruitment*, a collaboration between leading companies and expert organizations

to drive positive change in the way that migrant workers are recruited, with a focus on eliminating fees being charged to workers to secure employment. The three-fold aim of this initiative is to: (1) create demand for responsible recruitment by raising awareness about the positive benefits of ethical practices and developing tools to help companies implement the Employer Pays Principle; (2) increase the supply of ethically sourced labor by creating an enabling environment and supporting the development and implementation of systems to identify and use ethical recruitment agencies; and (3) advocate for improved protection for migrant workers by brokering dialogue to promote the effective regulation and enforcement of the recruitment industry.

Although there is unfortunately no easy solution for ending modern slavery, we believe that leveraging the collective wisdom of civil society and ethical businesses is the surest path to enduring and practical solutions.

This statement was approved by the Board of General Electric Company.



Jeffrey R. Immelt

Chairman of the Board and Chief Executive Officer

General Electric Company

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