



UK Modern Slavery Act Statement 2018

This Statement is made by General Electric Company (“GE” or the “Company”) and pursuant to Section 54(1) of the Modern Slavery Act 2015 (the “Act”) on behalf of its affiliates conducting business in the UK and covered by the Act.

Introduction

GE continues to support efforts to prevent, address, and work to eliminate the global epidemic of forced labor. Since the passage of the UK Modern Slavery Act, we have witnessed and participated in an increasingly sophisticated dialogue among states, companies, and NGOs over how forced labor occurs, where it is most prevalent, and how we can work together to address the problem. Shining a light on this issue has revealed both the challenges that we face in addressing the problem and the opportunities that working together can bring to address current incidents and prevent future victimization. As discussed below, over the past fiscal year we continued to apply our anti-forced labor policies and practices to our own operations and those of our suppliers, while at the same time focusing on improved awareness training, continued supply chain auditing, and participating in a worker voice pilot in one of our high-risk environments.

Business & Supply Chain

GE underwent significant leadership changes in 2017, and in June 2018 the Company announced it will focus long-term on three key industries: aviation, power, and renewable energy. This new focus will result in some considerable disposition activity, especially in areas outside the three identified core businesses. But GE will remain a significant global infrastructure company, which currently employs approximately 313,000 employees globally, over half of whom work outside the US. A more detailed description of GE’s business operations can be found in the [annual report](#).

GE’s supply chain continues to be large and diverse. We source more than \$64B annually in raw materials and components that are incorporated into the products and services that GE sells. The largest categories of direct material purchases continue to be 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 \$17B annually. GE sources from more than 180 countries.

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Since 2005, GE has conducted more than 29,000 supplier assessments spanning 100 countries.

GE is committed to taking steps to prevent acts of modern slavery and human trafficking in its business operations and supply chains.

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Policies & Programs

The foundation of GE's human rights program is the [GE Human Rights Statement of Principles](#) 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 actions associated with the most common forms of modern 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.

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 applicable local laws and regulations, the Guide expressly requires adherence to GE standards in areas including Fair Employment Practices, Environment, Health & Safety,

and Human Rights. In the area of forced labor, the Guide expressly prohibits any form of compulsion, coercion or human trafficking; lists prohibited activities associated with trafficking, such as withholding passports, charging recruitment fees, and misleading recruitment; and imposes 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 by employees and third parties.

Due Diligence

GE's policy commitments, including as relate to modern slavery, are translated into processes and practices that enable assessments of and responses to modern slavery risks. 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 processes allegations of policy violations. In 2017, Ombuds received over 4,400 policy concerns (nearly 68% outside the US) leading to over 5,500 corrective actions.

The S&L 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.

As discussed below, one area of focus for the Company in 2017 was employee awareness training in this space.

GE maintains a multifaceted ethical supply chain program that has as its backbone an extensive global audit process which includes the use of ethical/compliance audits. Under this program, suppliers are prioritized for detailed pre-engagement, and periodic follow-up, onsite assessments according to country risks (including human trafficking risk), supplier past performance and other factors, such as media reports or supplier employee complaints. In 2017, GE assessed ~2,550 new or existing suppliers, generating more than 23,500 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 61% of our total assessments in 2017 were re-assessments. Since 2005, GE has conducted more than 29,000 supplier assessments spanning 100 countries.

When on-site assessments are required, they are typically 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 the charging of fees or deductions from wages, withholding of passports or work documents, and the provision of return transportations costs for migrant 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 relevant defects have been corrected. Typically, findings must be closed within 60 days¹. Purchase orders are often suspended if findings remain open beyond this time frame, unless GE agrees that a closure requires more time,

¹ As of January 30, 2018, 94% of the 2017 findings from approved suppliers were closed.

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interim progress has been demonstrated and/or the delay has been scrutinized and 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 on its website.

In 2017, we took a number of new steps to improve its forced labor due diligence. First, GE worked with a vendor to develop a new prequalification program for all GE labor service providers – requiring them to provide upfront information on worker safety and human rights policies and programs as part of a mandatory pre-qualification assessment. The human rights portion of this new process focuses significantly on forced labor indicators, such as wage practices, recruitment efforts, and passport handling. The new program was rolled out in early 2018 and will provide GE with a way to both assess potential suppliers on their human rights programs and educate them as to the nature of forced labor and what is needed to prevent it.

Second, GE participated in a worker voice pilot in conjunction with Good World Solutions (now owned by Elevate). The pilot, which took place in a community that provides labor to nearby GE suppliers, centered around a survey administered via cell phone which asked questions regarding worker recruitment and treatment tailored to expose potential forced labor risk. GE sees worker voice as having significant potential in the area of supply chain management, providing opportunities for real-time feedback into worker treatment that could not only expose forced labor problems but also help assess risk throughout the Company's vast supply chain so as to better allocate audit resources and engage suppliers with potential issues.

Third, GE took a number of steps to mitigate forced labor risk at power project sites. Those included developing a new set of standards for contractors who provide workers accommodations to help insure that in such cases the contract workers are provided safe and decent living conditions based on international and industry standards; conducting forced labor training for project managers; engaging a third party consultant with expertise in the area of project recruitment to better understand the risk in the project space and best ways to mitigate it; and rolling out a new audit system called PIVOT that will empower GE compliance professionals with the knowledge and tools to audit GE operations at high risk sites.

Finally, GE engaged with the [Responsible Business Alliance](#) (formerly the Electronic Industry Citizenship Coalition or EICC) to benchmark against the organization's robust Verified Audit Program in an effort to look for areas in which the Company's internal program could be improved and also consider how GE could possibly leverage RBA's tools, experience, and audit program in its supply chain management system. The Company is currently preparing to participate in RBA pilot audits in Latin America as part of this best-practice sharing initiative.

Training

One area that GE focused on in 2017 to improve its forced labor program was training and employee awareness. The Company created "fast training" learning modules on human rights and forced labor for all GE global employees – providing employees an easy, brief way to understand: the core principles of human rights, the Company's policies and programs, the causes and global footprint of forced labor, and most importantly how they can serve a role in identifying and reporting possible signs of modern slavery when they are at GE operations, supplier facilities, or

customer sites.

The Company also conducted a number of live WebEx forced labor training sessions across the globe that were open to all employees, but which specifically targeted certain key departments including Compliance, Sourcing, Legal, Power EPC Projects, and Human Resources. The Company created an internal human rights "Yammer" page through which employees can receive updates, and participate in conversations, concerning human rights and forced labor subjects. GE also created and distributed to all employees an internal training video discussing a real wage-withholding scenario the Company confronted with its vendors and using that example to once again educate its workforce on issues that can lead to forced labor. This video, and an accompanying training package, was part of a "Human Rights Month" that was overseen by the Company's Compliance training team and highlighted various ways that employees could learn more about human rights and the risk of forced labor.

The Company's training focus was not limited to its own workforce. GE created a new supplier compliance video that included a module explaining GE's position on human rights, with a more in-depth focus on forced labor – what it is, how extensive the problem is globally, and what suppliers must do or avoid doing to comply with GE's forced labor policy. Suppliers are required to view the video as part of their commitment to abide by GE's Integrity Guide for Suppliers, Contractors, Consortium

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Partners and Consultants.

Facing the Global Challenge

GE continues to believe that collaboration is necessary to successfully fight the global scourge of modern slavery. In line with that belief, the GE Foundation has funded work by the Institute for Human Rights and Business (“IHRB”) 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 (GE is a member of the UN Global Compact). In addition, we continue to 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 is also a recent member of 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.

Finally, last year GE joined the *Responsible Business Alliance* - one of the preeminent organizations focused on supply chain management - which recently launched its own *Responsible*

Labor Initiative, a multi-industry, multi-stakeholder initiative focused on ensuring that the rights of workers vulnerable to forced labor in global supply chains are consistently respected and promoted.

Conclusion

GE applauds the impact that the UK Modern Slavery Act has had on increasing dialogue around, and global awareness of, the epidemic of modern slavery. The UN Guiding Principles provide a constructive roadmap for the roles that States and Corporations have in working to protect and respect human rights, which includes trying to prevent vulnerable workers from becoming victims of modern slavery. GE is proud of the steps it has taken to date in this area, but knows that it must remain vigilant in its efforts to do its part in helping bring an end to this scourge.

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



Date: June 27, 2018

John Flannery
Chairman of the Board and Chief Executive Officer
General Electric Company

