Suppliers are critical partners in GE’s value chain. As GE’s businesses have globalized, so has our supply chain, including in locations where environmental, health, safety, labor, human rights, and other practices can be problematic. We expect our suppliers to obey the laws that require fair treatment of workers, a safe and healthy work environment, and environmental protection. Our *Supplier Integrity Guide* (SIG) governs all facets of our relationships with suppliers, and includes specific prohibitions against forced, prison, or indentured labor, and prohibitions against subjecting workers to any form of compulsion, coercion, or human trafficking. At GE, we drive better outcomes through our collaboration and partnership with suppliers and other stakeholders. Working together with governments, business partners and effective academic and non-governmental organizations, we can achieve more than any of us can alone.

**Program Overview**

Our supply chain efforts are most effective when we prioritize based on risk and where our involvement can have the most impact. Suppliers are prioritized for detailed, on-site assessments depending upon the country in which they are located, their past performance and whether they are producing parts or components that will be incorporated into GE products. We also prioritize labor suppliers in situations where GE is working on behalf of a customer, either alone or as a consortium partner, in construction and commissioning work in parts of the world where acceptable labor standards may not align with GE’s SIG. The on-site assessments cover environmental, health, safety, labor, human rights, and security issues using a global protocol that reflects GE’s Supplier Expectations. The assessments take place prior to placing initial orders with new suppliers, and periodically thereafter, on a one- to five-year time frame, depending on our experience with the supplier.

In addition to evaluating ethical performance through our supplier assessments, these assessments include focus on environmental, health and safety compliance and conditions. GE promotes resource conservation and EHS management initiatives within our supplier community. GE also engages with a broad group of stakeholders to drive EHS performance and improvement with suppliers, including governments, business partners, academic, and non-governmental organizations. Given the size and complexity of GE’s supply chain, these programs help us prioritize our actions and enable meaningful partnerships that drive better results.
Supplier Assessments
Almost all of our on-site assessments are conducted in developing countries, and use more than 1,000 local, trained GE employees or trained and qualified partners that can both inspect conditions and coach for improvement. All GE personnel who interact with supplier facilities, regardless of their role or expertise, are expected to participate in awareness training on GE’s supplier expectations, human rights issues and on-site due diligence requirements. Sourcing personnel who visit supplier locations are required to take a hazard-recognition class, to have their “eyes always open”, and to report any potentially problematic activity to our team of assessment professionals. GE records all assessment findings from on-site inspections in an automated assessment tracking tool. Each finding is monitored until the supplier provides evidence that the defect is corrected, and then it is closed. We also supplement onsite efforts with information from regional databases such as that of the Institute of Public and Environmental Affairs’ (IPE) China pollution maps, plus periodic spot checks and anonymous desk-side reviews of GE audit records by inspectors from other business units or from our EHS experts. Typically, findings must be closed within 60 days. Purchase orders are suspended if findings remain open beyond this time frame, unless GE agrees that a closure requires more time, interim progress has been demonstrated and/or the delay has been approved by the compliance team. Certain especially serious findings, such as the presence of child labor, ordinarily result in immediate cessation of business relationships. GE puts a great deal of emphasis on confirming closure of findings, which we track in a Gensuite® software system. Closure requirements for findings are linked either to compliance with local laws or, for some issues, to higher GE expectations.

Continued Improvement
We are always looking for ways to improve our supply chain management program and more effectively use our resources to identify and correct supplier activities that do not comply with our standards. For instance, we recently participated in a worker voice pilot whereby a specialized vendor conducted worker rights surveys via smartphone technology in several communities from which GE and other suppliers recruit labor.

We learned a lot from this pilot and continue to evaluate how worker voice technology may improve our program. We also joined a collaboration called the Leadership Group for Responsible Recruitment through which we team with other large multi-national companies from across industries in an effort to learn more about, and help drive, ethical recruitment around the globe. Finally, we are evaluating new methods to assess risk in our supply chain so as to better target the use of our audit resources to the highest risk locations and suppliers.

EHS Supplier Initiatives
GE partnerships promote environmental, health and safety (EHS) standards and drive resource initiatives within our supplier community. Working with suppliers and other stakeholders enables us to identify projects with both operational and environmental benefits while building stronger relationships and reducing our supply chain costs.

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