



California Transparency in Supply Chains Act

GE requires its suppliers to adhere to the GE Integrity Guide for Suppliers, Contractors, Consortium Partners and Consultants (the Guide), which governs all facets of the Company's relationships with suppliers. The Guide requires suppliers to adhere to the same level of responsible business conduct in the areas of Environment, Health and Safety (EHS), Labor, and Human Rights that it requires of its own operations. In the specific area of forced labor, the Guide prohibits any form of forced, prison or indentured labor as well as the subjection of workers to any form of compulsion, coercion or human trafficking. GE's Supplier Expectations apply to all GE-consolidated GE affiliates. Implementation for new acquisitions is phased in within three years.

GE's supply chain is large and diverse. GE buys raw materials and components that are incorporated into the products and services that GE sells (direct materials). The largest categories of direct materials purchased 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 range from logistical support, tools and supplies to IT, telecom and professional services. GE sources from approximately 150 countries.

Below we respond to the five areas listed under the California Transparency in Supply Chains Act.

Verification

GE's Supply Chain monitoring program is multifaceted and risk-based. Suppliers are prioritized for detailed pre-engagement and subsequent periodic on-site assessments based on country risks, the supplier's past performance and other factors, such as whether GE has become aware of any reason to believe that the supplier is not living up to our expectations. Almost all on-site assessments are conducted in developing countries, as part of our overall supplier-management strategy, but we maintain an "eyes always open" policy to be alert to potential violations of our standards in interactions with our suppliers.

Audits

When on-site audits are required by the GE Supplier Responsibility program, they are conducted by GE personnel using a global questionnaire and risk-weighted metrics. GE uses a combination of specially trained internal auditors, sourcing personnel, and a limited number of third-party firms specially instructed in GE standards to perform

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GE has trained more than 900 GE team members

to execute the audits that support GE's Supplier Responsibility initiative.

All suppliers must agree to comply with the GE Integrity Guide for Suppliers, Contractors, Consortium Partners and Consultants, which incorporates GE's Supplier Expectations, as part of our contracting process.

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verification and auditing procedures. Audits are repeated on a one- to three-year basis, depending on factors that include results of past audits. Audits are supplemented by periodic spot checks and anonymous desk-side reviews of GE audit records by inspectors from other business units or from our corporate EHS team. While audits are not unannounced, they are supplemented by “eyes always open” reviews when suppliers’ facilities are visited by GE sourcing personnel.

Certification

Virtually all suppliers (including labor providers) must agree to comply with the GE Integrity Guide for Suppliers, Contractors, Consortium Partners and Consultants (the Guide), which incorporates GE’s Supplier Expectations, as part of our contracting process. The Guide has specific prohibitions against forced, prison or indentured labor as well as against subjecting workers to any form of compulsion, coercion or human trafficking, and requires our suppliers to hold their own suppliers to equivalent standards.

In 2016, the Guide was amended to be much more specific about the prohibitions that are indicators of human trafficking and it specifically prohibits activities associated with trafficking, such as withholding passports, charging recruitment fees and misleading recruitment; and imposes certain affirmative obligations on suppliers such as reimbursement of return transportation costs and providing workers with written contracts in a language they understand. The Guide encourages reports of violations of the policy through telephone, email and in-person channels.

Accountability

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, that interim progress has been demonstrated, and/or that the delay has been approved by the compliance team. Serious labor-related findings, such as evidence of child labor or forced labor, can result in immediate cessation of business relationships.

Training

GE has specially trained more than 900 GE team members to execute the audits that support GE’s Supplier Responsibility initiative. More than 3,600 GE employees who interact with suppliers have undergone GE’s training in Supplier Expectations, human rights issues and on-site due-diligence requirements.



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