

# General Electric

## Supplier Responsibility Program - 2013



imagination at work

# The Challenge

## From the Newspapers

Fire engulfs Pakistani apparel plant; kills ~300  
Sept. 12, 2012

Many trapped behind locked exit doors

Fire kills 112 workers at Bangladesh garment-maker, Nov. 24, 2012

Many trapped: 8 story building w/o emergency exits

Rana Plaza collapse, Bangladesh kills 1127, injures ~2500, April 24, 2013

Owner had illegally added floors; factories disregarded government instructions to stay out

Fire kills 119 workers at China Jinlin poultry plant  
June 3, 2013:

Locked exits 'blocked escape'

## The Common Pattern

- Factories set up illegally in poorly constructed premises
- Disregard of industrial and safety standards
- Lack of law enforcement and disregard for workers safety
- Lack of local expertise/resources

**Pakistan Facility audited & awarded SA 8000 certificate by Social Accountability International (SAI) sub-contractor 2 weeks before the fire**

Source: International Herald Tribune, September 21, 2012

Source: BBC UK/Asia, other on-line news sources



# The Program

- **Spirit & Letter Supplier Relationships Policy** – sets out basic requirement to deal only with reputable suppliers
- **Implementing Guidelines** – sets out detailed minimum expectations
- **Business Programs** – individual procedures adopted by each business to comply with program requirements

- Expectations apply to all GE suppliers
- **Due diligence** to enforce the standard
- **Training and tools** to succeed
- **Responsibility assigned**
- **Measurements** to apply to ourselves and our suppliers

## **Due diligence – all suppliers**

- Contractual obligation to comply with standards
- Audit rights
- Termination rights
- “Eyes Always Open”

## **Due diligence – on-site inspection**

- Suppliers in the developing world
  - Direct and indirect materials
  - Some sub-tier suppliers
- But not . . .*
- Reputable firms based on objective criteria
  - Professional services providers
  - Some commodity items

# GE Supplier Responsibility Guidelines (SRG)

## Expectations

- Compliance with laws and regulations protecting the environment; improve resource efficiency
- Provision of a safe and healthy workplace
- No workers below the legal minimum age or 16, whichever is higher
- No forced, prison, or indentured workers or workers subject to any form of coercion
- Compliance with minimum wage, hour of service and overtime wage laws
- Freedom of association
- No discrimination
- No harassment

## Ethical Supply Chain Auditing Program

- Over 3300 developing country suppliers assessed in 2012
- ~ 23000 findings identified in 2012 alone, including environmental issues
- Strong finding closure process, tracked through Gensuite
- Key issues are basic safety, EHS, labor rights
- Asking suppliers about energy 2011-12: ~10% of developing country suppliers track energy

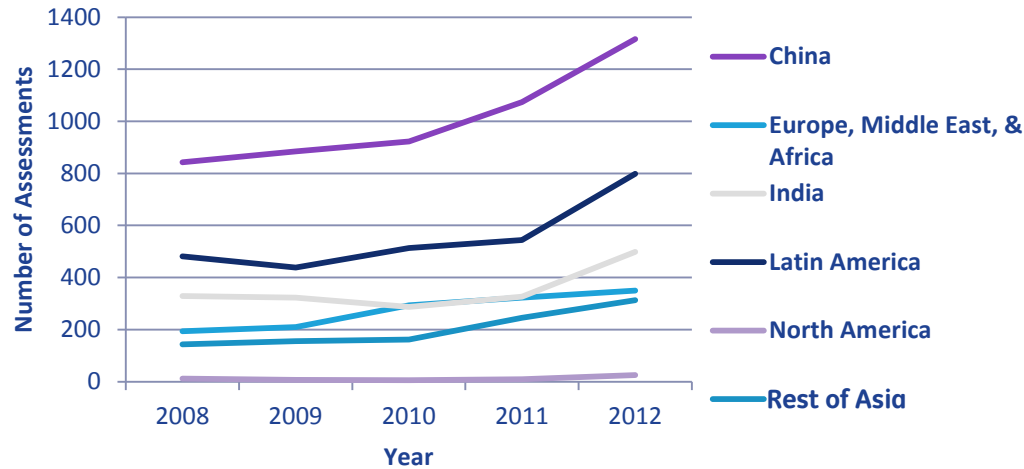
## Supplier Support Activities

- Workshops at Guangdong and Jiangsu EHS Academies
- Training on country-specific laws and regulations
- Annual supplier summits
- Best practices:
  - GE China online toolkit
  - Supplier buddy system
  - Train the trainer sessions

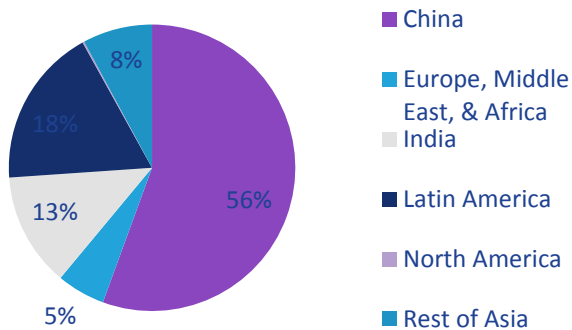


# Assessments

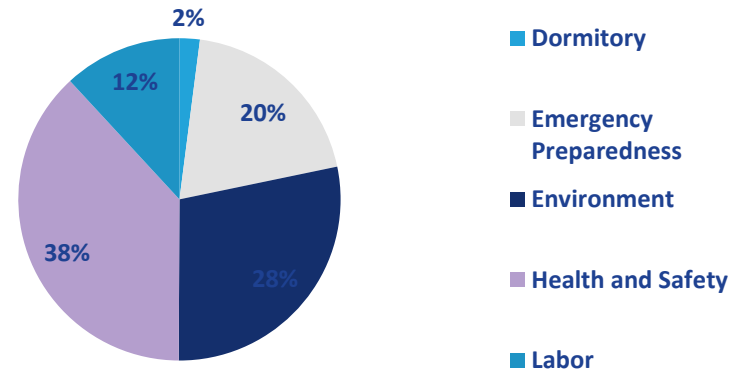
## Assessments by Region (2008-2012)



## 2012 Findings by Region



## 2012 Findings by Type



# 2013 Priorities

- Test new management systems approach
- Continue capacity building efforts and look for other opportunities to improve capacity
- “Greener” Suppliers
- Implement internal program to reduce the risk that conflict minerals from the DR Congo and adjoining territories enter GE’s supply chain



# Capacity Building

- Guangdong EHS Academy
- Multi-company initiative, launched by the Institute for Sustainable Communities (ISC)
- Recently expanded to Jiangsu, Bangladesh
- Leverages expertise of companies, government, and ISC
- Workshops include EHS, management systems, climate change, the business case for EHS
- IPE (Ma Jun) Relationship



# IPE and GE

“GE uses its deep technological expertise to create a powerful EHS auditing system for its suppliers in China.” –Ma Jun



“The training has expanded NGO capacity to manage environmental problems.”

“EHS is a complex discipline and requires practical experience. GE excels at this.”

“This should be the minimum for all companies!”





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