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

**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

**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
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 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!”