



**Asia-Pacific
Economic Cooperation**

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Creating and Overseeing a Dynamic Corporate Compliance Program - GE

Submitted by: GE



**Workshop for Law Enforcement Agencies on
Effectively Using Corporate Compliance Programs
to Combat Domestic and Foreign Bribery
Puerto Varas, Chile
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Creating and Overseeing a Dynamic Corporate Compliance Program

Reyna Torrecillas
General Electric
Chief Compliance Officer Latin America

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Agenda

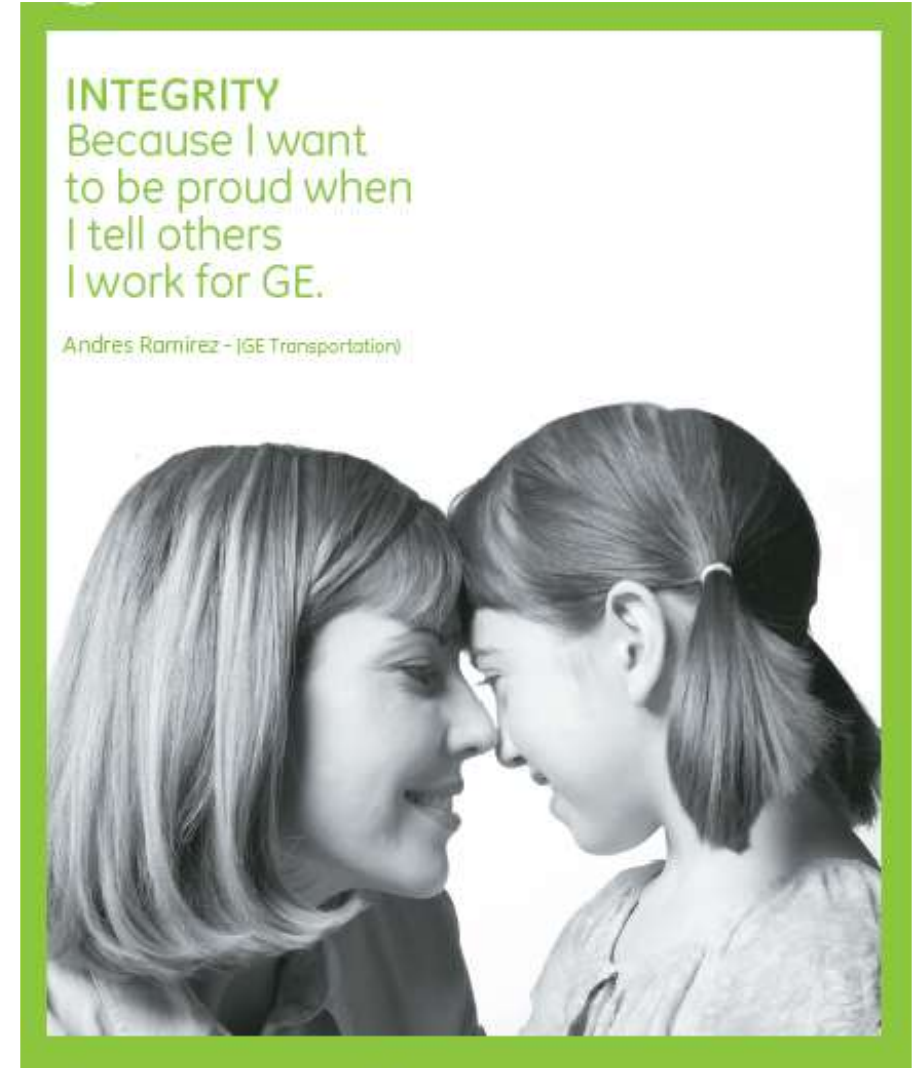
An in-depth look into how international corporations have established and managed a compliance program, including successes and challenges of enforcing an effective program

- Program overview
 - Prevention
 - Detection
 - Response
- Open reporting at GE
- Example: Anti-Corruption
- Lessons learned



GE's case for integrity

- It is the right thing to do
- It is the foundation of our business
- Our reputation depends on it
- It is the basis of all our relationships and activities
- It involves everyone of us ... everyday



Our Compliance objectives are simple

1. A Common Vision:

To create a world-class compliance **culture**



2. Common Objectives:

To Prevent...to Detect...and to Respond



Prevent ethics, compliance and regulatory problems.

When prevention fails >>



Detect the problems that occur at the earliest possible stage.

Once detected >>



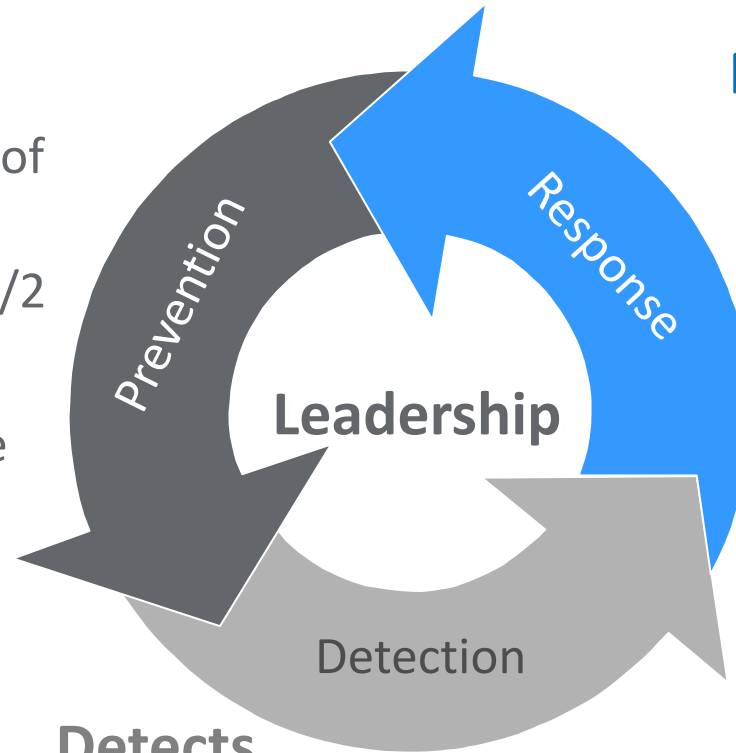
Respond quickly and thoroughly.



... with leadership at the core

Prevents

- Policies & procedures: Code of Conduct & Integrity guides
- Training & education: level 1/2
- Senior management: PCRB
- Risk assessment: compliance operating model



Responds

- Investigations
 - Employee discipline – all levels
 - Process improvements
 - Case studies & lessons learned
- Hold managers accountable for hits & misses ... explicitly include compliance in the skills that you evaluate & reward***

Detects

- Compliance reviews & audits
- Monitoring: metrics, KPIs, EWS
- Ombudsperson network
- Audit & inspections



And our strategy has two essential parts

The Spirit (Ethics)

Helps us to do the right thing

GE code of conduct

- 01** Be honest, fair and trustworthy.
- 02** Obey applicable laws and regulations.
- 03** Be the Voice of Integrity and promptly report any concerns you have about compliance with law, GE policy or this Code.
- 04** Simple compliance is more effective compliance. Effective compliance is a competitive advantage. Work to run the company in as competitive a way as possible – with speed, accountability and compliance.

The Letter (Compliance)

Our guide to doing it right

GE integrity policies

IMPROPER PAYMENTS

Don't bribe; don't permit bribes; watch third parties.

INTELLECTUAL PROPERTY

Identify and protect GE innovations; don't take or use IP without authorization.

INTERNATIONAL TRADE COMPLIANCE

Never let GE goods, technology or services go to prohibited persons or places; know the risks and follow the rules for cross-border transfers.

WORKING WITH GOVERNMENTS

Never take shortcuts when dealing with government; never deviate from the contract.

COMPETITION LAW

Never agree with competitors to fix prices, rig bids, or allocate customers, projects or territories.

FAIR EMPLOYMENT PRACTICES

Treat all employees fairly; respect the right to associate; base decisions on merit; don't harass or discriminate.

CONTROLLERSHIP

Documents, communications and accounting must be 100% accurate and honest.

CYBER SECURITY & PRIVACY

Respect privacy rights and protect against cyber risks to GE information, networks and products.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Follow EHS procedures and be alert to EHS hazards in your workplace.



Six processes that leaders must do



Highlights

- Conduct proactive risk assessments (bottom-up) to identify and abate risks ... inclusive of a mitigation plan
- Foster an open reporting culture with a non-retaliation policy and comprehensive investigation process
- Training plans to address key risks and it is actionable, engaging and focused on the right thing to do
- Communicate compliance expectations frequently, embed into your operating rhythms and led by example
- Leverage data analytics and audits to evaluate and continue improving your controls and processes



Compliance: a shared responsibility

Employees

- Be knowledgeable ... know & understand the rules
- Be aware ... stay attuned to developments that might impact GE's reputation
- Be committed ... raise your hand if you're not sure; always do the right thing

Leaders

- Create a culture of compliance in your team
- Create open environment where employees feel they can raise concerns
- Personally set the example for integrity

Compliance

- Develop policies, procedures & training
- Provide managers with the tools to lead with integrity
- Partner with the business to help drive commercial success



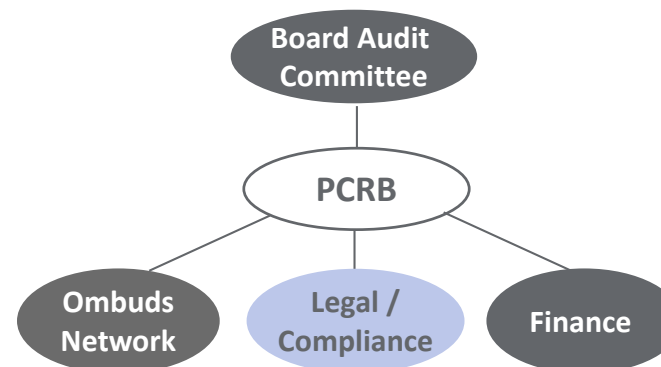
GE expects leaders to create a culture of compliance in which employees understand their responsibilities and feel comfortable raising concerns without fear of retaliation



Example: monitoring program effectiveness

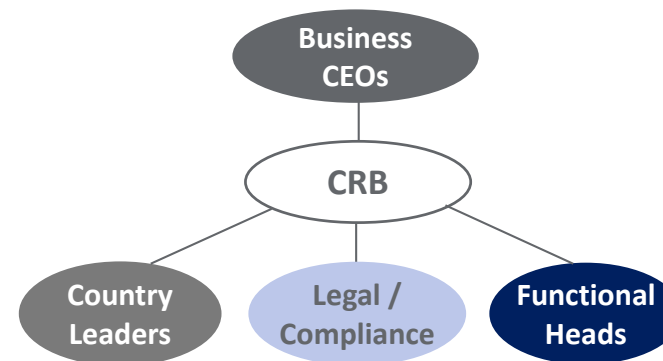
Policy Compliance Review Boards

- ✓ Highest GE compliance body
- ✓ Conducts risk reviews ... by business /region
- ✓ Sets policies ... deals with hard cases
- ✓ Sets company wide compliance priorities



Compliance Review Boards

- ✓ CEO and functional leaders ... monthly or qtlly.
- ✓ Across every level ... P&L, country, sites
- ✓ Reviews risks, plans program, oversees culture



Leaders personally lead, manage & oversee compliance through frequent meetings & regular monitoring



Open reporting at GE

- At GE we believe every employee is responsible for integrity and we work hard to create an open reporting environment where employees are empowered and expected to raise integrity concerns without fear of retaliation
- An employee's willingness to voice concerns about potential policy violations is critical to foster a **culture of integrity**
- Concerns will be investigated **objectively** by a person or team of people with the right expertise
- Appropriate remedial action will be taken when warranted, and feedback will be provided to the concern raiser*

Why this matters

Open and early reporting is more important now than ever because ...

- Global regulators demand it
- Find small problems and fix them early
- Whistleblowing statutes

*GE offers several channels for raising concerns ... **retaliation is strictly prohibited***

- | | |
|---------------------------|--|
| • Managers | • Next level of management |
| • Human Resources leaders | • Business or region GE ombudsperson or integrity helpline |
| • Compliance leaders | • GE Corporate ombudsperson |
| • Auditors | • The GE Board of Directors |
| • Company legal counsel | |



* Unless anonymous

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Example: Anti-corruption implementing guidelines

Improper Payments

Implementing Procedures

Improper Payments

Implementing Procedures

Section I. Internal Controls

GE's Improper Payments Policy must be supported by designed to prevent and detect violations of the Policy. Companies devise and maintain a system of internal controls that provide reasonable assurances that:

1) transactions are executed in accordance with specific authorization;

2) transactions are recorded as necessary (a) to statements in conformity with generally accepted accounting principles and (b) any other criteria applicable to such statements;

3) access to assets is permitted only in accordance with specific authorization; and

4) the recorded accountability for assets is compared with the actual assets at reasonable intervals and appropriate action is taken in the event of differences.²

In the context of our Improper Payments Policy, GE maintains internal controls that are reasonably designed to prevent and detect improper payments.

The FCPA, itself, does not specify any particular set of controls, but it is incumbent on us to devise and customize controls for our businesses.

A. General Controls in an Effective Compliance Program

The following general controls - cited with approval in the guidance issued by the US Department of Justice and the SEC Commission - are important components of an effective compliance program in GE's Improper Payments Policy in the Spirit & Letter of the Policy. They remain important elements of an effective compliance program.

A corporate policy and guidelines that prohibit bribery and other applicable bribery laws and that establish procedures for reporting violations or raising concerns.

Periodic training of, and communications to, employees, agents, third party representatives, and partners.

² The FCPA also requires issuers to make and keep books and records that accurately and fairly reflect the transactions and dispositions of the assets of the company. See 17 CFR 201.26(a)(1). This requirement is addressed separately at Section VII of these implementing procedures.

Company Proprietary Information

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Improper Payments

Implementing Procedures

B. The Approval Process

Need For a Representative

Each business shall establish a process by which it determines the commercial value of a Representative. When appropriate, the business should seek the advice of counsel of the National Executive. Generally, a Representative should not be appointed unless one or more of the following criteria is met:

Improved access or service to customers

Guidance to the Company

Value to the customer relationship from insight, experience, or connections

Improved communication and coverage of the territory in a more effective manner

Local representation required by law

Compliance With Local Law, Customer and Financing Agency Directive

Before proceeding to appoint a Representative, the business must become familiar with all laws and regulations that apply to the proposed third party relationship. The business must consult with business legal counsel and the National Executive to understand the legal requirements. For instance, the laws or directives of local foreign government agencies or those of funding agencies involved in a transaction may compel disclosure of the use of a Representative and the amount of fee or commission paid, prohibit contingent compensation to a representative, or require local representation.

Qualifications

The business must determine whether the proposed Representative is qualified to provide the needed service for the particular market in question. In considering a candidate for appointment, the business should consider the following:

1. Resources and Expertise -- Does the Candidate have adequate:

Financial resources

Personnel

Professional and commercial qualifications

Experience with customers in the industry

Knowledge of the industry

Experience (number of years in operation; successful representation of other U.S. and multi-national companies)

Existing anti-bribery policies & procedures

2. Reputation -- Does the Candidate have a reputation for integrity in business practices, as demonstrated by

Company Proprietary Information

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Internal Controls

Managing 3rd Parties

Customer T&L

Gifts, Entertainment and Donations

Foreign Political Contributions

Facilitating Payments

Dealings with US Govt EEs

Books and Records

Obligations of Sr. Managers

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Winning with Integrity

Working with GE



Our mutual commitment to integrity is the cornerstone of our partnership and our reputation

We are often held to a higher standard... and so are **You**
You
You!

Visit www.ge.com and select "**Integrity at GE**" to download a copy of The Spirit & The Letter



Visit integrity.ge.com

Lessons learned ... creating a culture of compliance

1

Personal behavior ... S&L: stay far away from the gray, leaders must **walk the talk** ... ensure employees understand that business results are never more important than ethical conduct and compliance with the law

2

Open reporting ... best measure of the health of your culture ... can never assume that everyone believes the environment is safe & open

3

Build the right processes and measure ... to prevent, detect & respond to issues ... strong cultures are built on solid processes ... leverage data analytics to measure your risks

4

Anticipate ... follow trends, use early warning, look for the unexpected

5

Build relationships and respond ... too late once the crisis hits ... response is a key measure of leadership

