

Competition Compliance at GE

ICC Roundtable on Competition Enforcement and Compliance Company „Strategies to improve antitrust compliance“

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GE today

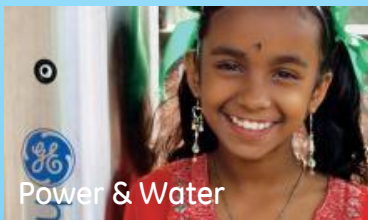
GE Energy 30% / \$43.7 B



Oil & Gas



Energy Management



Power & Water

Healthcare 12% / \$18.1 B



Aviation 13% / \$18.9 B



Transportation 3% / \$4.9 B



GE Capital 30% / \$45.7 B



Home & Business Solutions 6% / \$8.5 B



~\$147B Revenue

\$14.8B operating earnings
\$12.1B cash flow

GE around the world



2011 revenues total \$147 billion
with about 300,000 employees.



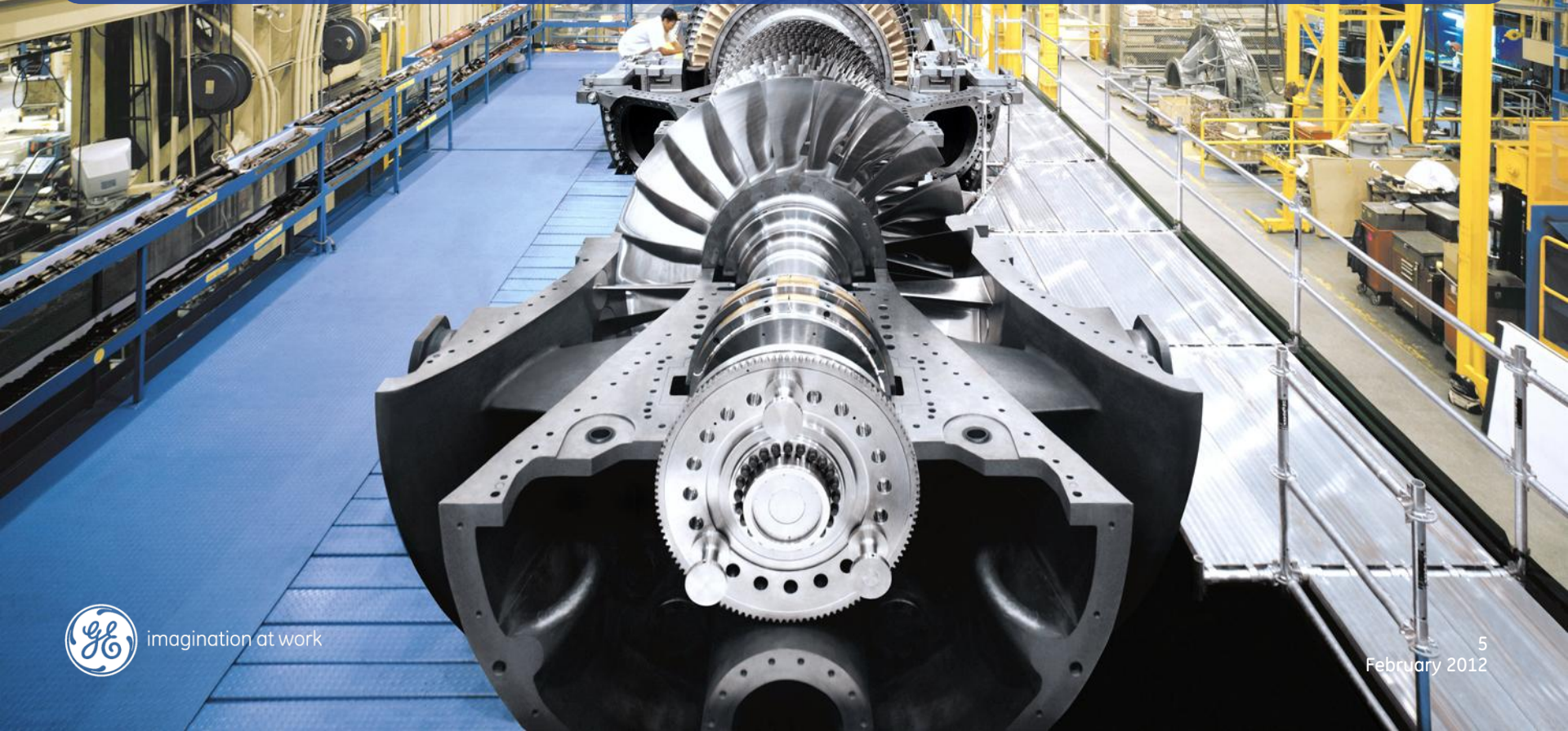
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¹ Includes U.S. exports to external customers

² Includes \$~5B from "Other Global" areas

Key statistics

- About 300,000 employees worldwide
- Operating in more than 150 global locations
- Only current DJIA company in original index
- Rated AA+ with stable outlook by S&P



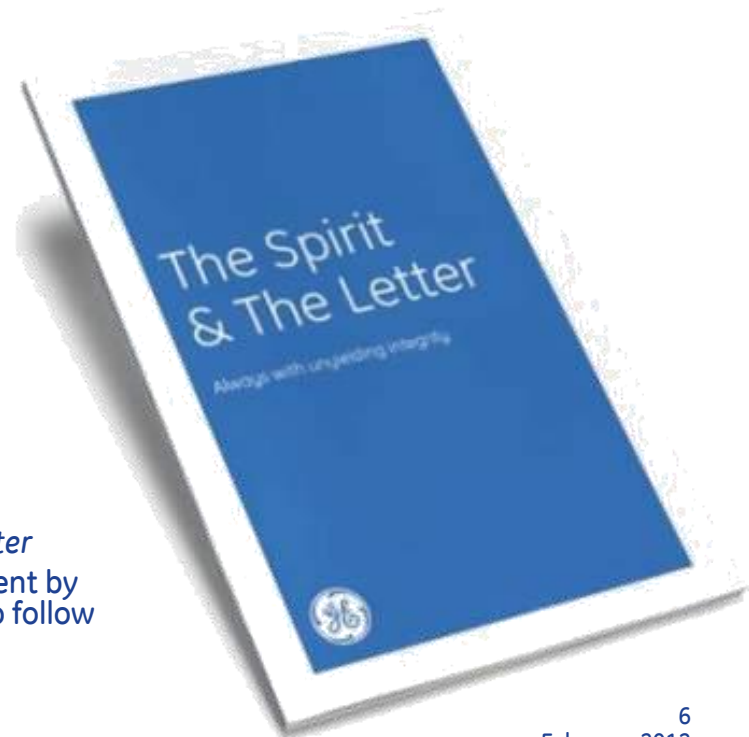
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Our integrity

GE received the highest rating from Governance Metrics International — joining 33 other global companies out of more than 3,000 rated.

GE was named one of the World's Most Ethical Companies by Ethisphere in 2007, 2008, 2009, 2010, and 2011.

The Spirit and the Letter
A personal commitment by every GE employee to follow our code of conduct.



The Spirit and the Letter

- GE's commitment to **perform with integrity** is instilled in every employee as a **non-negotiable expectation of behaviour**. This expectation is guided by our **integrity policy**, The Spirit & The Letter, and is underscored by an extensive system of **policies, processes, training and communications**.

Our integrity ... The Spirit & The Letter

GE was named one of the **World's Most Ethical Companies** by **Ethisphere** in 2011.

GE's General Counsel, Brackett Denniston, was named to the list of **Top General Counsel** by Ethisphere Magazine in 2010.

"Spirit"

- Building the Culture
- **Ethics**
- Doing the "Right Thing"
- Values
- Beliefs
- Learning
- Choices



"Letter"

- Following the Rules
- **Compliance**
- Doing "Things" Right
- Rules
- Knowledge
- Training
- Discipline

Governance

- Building a **culture** of integrity in today's complex business world demands high governance standards in **every area** of a company's operations.
- GE's commitment to full compliance is backed by an **independent and fully informed board, comprehensive processes, policies, communications and extensive training.**

GE Code of Conduct

Obey the applicable laws and regulations governing our business conduct worldwide.

Be honest, fair and trustworthy in all your GE activities and relationships.

Avoid all conflicts of interest between work and personal affairs.

Foster an atmosphere in which fair employment practices extend to every member of the diverse GE community.

Strive to create a safe workplace and to protect the environment.

Through leadership at all levels, sustain a culture where ethical conduct is recognized, valued and exemplified by all employees.

A photograph of a young child in an orange shirt and a grey cap, seen from the back, pointing their right index finger towards a large, white world map. The map is superimposed on a bright blue sky with wispy white clouds. The child is positioned in the lower right corner of the frame.

Competition Compliance

Complying with Competition Laws

WHAT TO KNOW

Competition and antitrust laws:

- Prohibit agreements or understandings between competitors that undermine competition;
- Regulate the behavior of dominant companies; and
- Require prior review and in some instances clearance for mergers, acquisitions and certain other transactions, in order to prevent transactions that would substantially reduce competition.

These laws are complex, and global in reach, and can operate differently in any particular situation. Your business provides specific guidelines on addressing contacts with competitors, obtaining and handling data about competitors, and participating in trade and professional associations and standards setting and product certification organizations. In addition, it is often essential that you involve legal counsel early in the process of developing new commercial initiatives given the many uncertainties that arise in the application of these laws.

WHAT TO DO

COMPLY with all applicable competition laws and regulations as well as competition law decrees, orders and agreements with any competition regulator about how business will be conducted.

REVIEW AND UNDERSTAND both GE and business-specific policies and procedures, and if you have questions or issues, bring them up with company legal counsel.

DO NOT propose or enter into agreements or understandings—expressed or implied, formal or informal, written or oral—with any competitor regarding any aspect of the competition between GE and the competitor. Do not discuss with a competitor or competitor representative:

- prices
- bids

- sales territories, allocation of customers or product lines
- terms or conditions of sale
- production, sales capacity or volume
- costs, profits or profit margins
- market share
- product or service offerings
- customer or supplier classification
- distribution methods

DO NOT propose or enter into agreements with anyone (including competitors, agents, brokers or customers) regarding whether to submit a bid or the terms of a bid where there is an understanding that the bid is submitted for any purpose other than winning the business.

AVOID CONTACTS of any kind with competitors that could create the appearance of improper agreements or understandings.

DO NOT propose or enter into agreements or understandings with customers that restrict the price or other terms at which the customer may resell or lease a product or service to a third party.

DO NOT propose or enter into agreements or understandings with suppliers that restrict the price or other terms at which GE may resell or lease any product or service.

CONSULT with company legal counsel to help reduce the risks of noncompliance in the evaluation of any proposed merger, acquisition, joint venture or any other business arrangement that could raise competition law issues (examples of arrangements that need to be discussed with counsel are listed in "What to Watch Out For" below).

WHAT TO WATCH OUT FOR

EXCLUSIVE ARRANGEMENTS for the purchase or sale of products or services

BUNDLING of goods and services

AGREEMENTS THAT RESTRICT A CUSTOMER'S CHOICES in using or reselling a GE product or service

TECHNOLOGY LICENSING agreements that restrict the freedom of the licensee or licensor

SELECTIVE PRICE DISCOUNTING to only certain customers

DISTRIBUTION ARRANGEMENTS with competitors

AGREEMENTS TO ADD A GE EMPLOYEE to another entity's board of directors



From the Employee's point of view

What GE employees must do

All employees can contribute to GE's culture of compliance by understanding GE's policies, embracing GE's commitment to integrity and acting to enforce compliance and avoid violations. Employee responsibilities are as follows:

UNDERSTAND GE POLICIES

- Gain an **understanding** of the policy requirements.
- Learn the **details of policies relevant** to the job.
- Go to a manager, company legal counsel or other GE resources with **any questions** about the policies.

RAISE CONCERNS

- **Promptly raise** any concerns about potential violations of any GE policy.
- **Understand the different channels for raising integrity concerns:** ombudsperson, manager, GE lawyer, GE auditor or other compliance resource.
- **Cooperate** in GE investigations related to integrity concerns.

Employees' obligations to raise integrity concerns

Raising an integrity concern protects the GE community: our company, our colleagues and our stakeholders. If an employee has a concern about compliance with GE policy, it is the employee's responsibility to raise that concern.

RAISE CONCERNS EARLY

The longer we wait to address a concern, the worse it may become.

THE EMPLOYEE MAY REMAIN ANONYMOUS

However, if the employee identifies himself, we are able to follow up and provide feedback.

CONFIDENTIALITY IS RESPECTED

The identity of the employee and the information provided will be shared only on a **"need-to-know" basis** with those responsible for resolving the concern.

RETALIATION VIOLATES GE POLICY

GE absolutely **prohibits retaliation** against anyone for raising or helping to address an integrity concern. Retaliation is grounds for discipline up to and including dismissal.

How to raise an integrity concern in GE

GE offers several channels for raising concerns:

WITHIN THE GE BUSINESS IN QUESTION

Generally, a supervisor or manager will be in the best position to resolve an integrity concern quickly. However, a direct supervisor is not the only option. Other resources include:

- A **compliance leader** or **auditor**
- Company **legal counsel**
- **Next level of management**
- A business **ombudsperson** or **integrity helpline**

GE CORPORATE OMBUDSPERSON

The GE Ombudsperson process allows employees to voice integrity questions and concerns, anonymously if desired, and the employee will receive a response.

GE BOARD OF DIRECTORS

Employees may report concerns about GE's accounting, internal accounting controls or auditing matters, as well as other concerns, to the Board of Directors or the Audit Committee.

Penalties for violations in GE

Employees and leaders who violate the spirit or letter of GE's policies are subject to disciplinary action up to and including termination of employment. Misconduct that may result in discipline includes:

- **Violating** GE policy
- **Requesting others to violate** GE policy
- **Failure to promptly raise** a known or suspected violation of GE policy
- **Failure to cooperate** in GE investigations of possible policy violations

- **Retaliation** against another employee for reporting an integrity concern
- **Failure to demonstrate leadership and diligence to ensure compliance with GE policies and law**



GE Legal Organisation

- Approximately **1,300 lawyers** throughout the world. GE's diverse industries and disparate locations are united by a **common legal culture**. Lawyers report not only to the CEO of the specific GE business, but also to the **general counsel of GE**, ensuring rigor and consistency in compliance.
- **Many GE legal professionals work full-time on compliance**. The legal compliance team includes compliance leaders at each GE business, specialists at corporate headquarters and regional experts.
- The legal compliance team works closely with the **finance team** and the **global ombudsperson network** to report on compliance matters to the **Policy Compliance Review Board (PCRB)**, consisting of senior executives (incl. CFO and general counsel). Members of the PCRB regularly update the Audit Committee of the Board of Directors.
- Although each GE business and location faces its own compliance challenges, GE legal and compliance teams work in cooperation with business leaders on a common approach comprised of three basic processes:
 - ❑ **Prevention**
 - ❑ **Detection**
 - ❑ **Response**

Prevention

- Compliance training includes **videos, in-person sessions**, digitised **e-learning** modules applying details of particular policies to real-life scenarios, and a **web site** with policies, procedures and answers to commonly asked compliance questions.
- **Compliance Review Boards** each business consists of senior operational and functional leaders. Presides over compliance practices. CRB responsible for **full implementation of all elements of the compliance programme**, for establishing business-specific compliance policies and for reviewing current compliance issues and cases.
- **Annual risk assessments** are done to identify **top compliance risks** across customers, products and geographies. An early warning system supports the risk assessment, which monitors changes in the regulatory environment. A **biannual bottom-up review** solicits feedback from employees on key compliance risks. Concerns and questions are logged, investigated if appropriate and consolidated for the purpose of identifying themes, trends or patterns. The overall results are incorporated into the business's self-assessment of potential compliance risks, which in turn are rolled up across GE in the annual compliance review process.

Detection

- GE uses measurement and monitoring to detect compliance problems at an early stage, determine root causes and take corrective action early. **All GE businesses are required to perform detailed mapping of key business processes to help detect and monitor risks and early warning signs.**
- Business leaders regularly review policy compliance with direct reports and provide results to the company-wide PCRB.
- **GE trains employees on the obligation to report compliance concerns** and provides a variety of channels to facilitate reporting, including corporate and local ombudspersons, e-mail and a phone line that allows anonymous reporting of concerns directly to the Board of Directors.
- GE's internal Corporate Audit Staff conducts **annual risk-based audits** to identify and address potential instances of non-compliance with law, regulations and GE policies.
- GE employs **rigorous acquisition due diligence and integration processes** to detect compliance issues. All business leaders take on as a priority the prompt and effective integration of new businesses and remote locations into GE's compliance culture.
- Requirement to conduct robust **screening of third parties** (e.g. suppliers, dealers and sales representatives) to ensure their compliance with various laws, including competition laws.

Response

- GE leaders **act promptly** when a concern arises to have it evaluated and investigated by counsel and other persons with the appropriate expertise.
- **The GE legal team** is responsible for finding the facts and analysing the applicable law, including an evaluation of the company's reporting obligations, if any. The GE legal team includes former prosecutors and others with substantial experience in conducting investigations. If necessary, the legal team may enlist the help of the Corporate Audit Staff or outside counsel to help gather relevant information.
- If the concern is substantiated, GE leaders must take **prompt and appropriate remedial action** to address the particular situation that gave rise to the concern and to prevent any future recurrences.
- Appropriate discipline is imposed through a fair process designed to evaluate relative degrees of responsibility. This discipline not only includes **employees who actively engaged in misconduct, but also extends to leaders who failed to take the steps necessary to create a culture of compliance in which such misconduct would not have occurred.**

Thank you



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