A Tale of Two Industries in Compliance

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General Electric

Finding solutions in energy, health and home, transportation and finance
Building, powering, moving, curing
Our business units

- Energy Management
- Power & Water
- Oil & Gas
- Aviation
- Transportation
- Healthcare
- Capital
- Home & Business Solutions

~$147B Revenue in 2012


INTEGRITY: Everyday, Everywhere, Everyone

“One thing at GE remains as true today as a hundred years ago: GE’s reputation for unparalleled integrity is its most precious asset.”

~ Jeff Immelt
Compliance & Ethics at GE

GE's Compliance program is about: The Spirit . . . Doing the right thing and The Letter . . . 15 Policies:

1. Improper Payments
2. Supplier Relationships
3. International Trade Controls
4. Money Laundering Prevention
5. Privacy
6. Working with Governments
7. Complying with Competition Laws
8. Fair Employment Practices
9. Environment, Health & Safety
10. Security & Crisis Management
11. Intellectual Property
12. Controllership
13. Conflicts of Interest
15. Regulatory Excellence
Leadership engagement

**GE Strategy**

- Risk Assessment & Abatement
- Concern Reporting & Resolution
- Leadership Engagement
- Evaluation
- Communication
- Training

**UK Ministry of Justice**

Adequate Procedures

“Six Principles”:
1. Proportionate Procedures
2. Top-level commitment
3. Risk Assessment
4. Due diligence
5. Communication (including training)
6. Monitoring and review

http://www.justice.gov.uk/downloads/legisl
Energy Management

Who we are

As GE’s electrification and automation business, we help our customers safely…

- Generate
- Protect
- Transmit
- Automate
- Distribute
- Control
- Convert
- Optimize

electricity.
Where we work

Employees in >530 cities, >65 countries

What we create

Our electrical and controls products, solutions and services.

- Motors & Generators
- Power Delivery
- Electrical equipment
- Protection and control
- Software
- Variable frequency drive
- Critical power
- High performance automation
- Services
EM Compliance Program Elements

- **Prevention**
  - Culture
    - Quarterly leadership meetings
    - Staff Gs & Os
    - Annual integrity week
    - Site visits, roundtables
  - Communications
    - From business leaders
    - Compliance web page
    - Monthly messages
  - Training
    - Assess completion
    - Targeted, as needed
  - Policy Owners & Experts
  - Risk Assessment
  - Processes & controls

- **Detection**
  - Open reporting
    - Ombuds system
    - Bottoms-Up review
    - Periodic Acknowledgements
  - Audits
  - Evaluation
    - Opinion survey
    - Outside eyes reviews
  - Output of processes, ex:
    - Business courtesies
    - Competition workflows
    - Conflicts of Interest
  - Investigations
    - Process: prompt & thorough
    - Escalation
    - Discipline & other remedial actions

- **Response**
  - Process improvements
  - Lessons learned
  - Risk abatement plans
  - Full-time support as needed (ex: Channel Compliance team, topic expertise)

**Prevent misses, and when a miss occurs, detect it early and respond**

GE Capital
Who we are

Businesses we know... decades of performance

Commercial Loans & Leases
Assets: $182B
- Entered in '60's
- Secured lender
- Focus on middle market

Consumer
Assets: $139B
- Entered in '30's
- Store cards and sales finance
- Broad spread of risk

Real Estate
Assets: $46B
- Entered in '70's
- Secured loans
- Ownoperate quality assets

Aviation Services
Assets: $49B
- Entered in '60's
- GE domain
- Broad product set

Energy Fin'l. Service
Assets: $19B
- Entered in '80's
- GE domain
- Essential assets

Where we work

- Operating in 50+ countries
- 1 million commercial customers
- 60+ million consumer customers
- 50,000 employees
- 2012 Net Income: $7.4 Billion
- 2012 Assets: $538 Billion
What we create

- Diversified lender providing asset based lending & leasing
- Broad geographic distribution with 470,000 customers
- Organized by product & industry expertise… largest origination team in industry

Leader in eight U.S. Middle Markets

GECC Compliance program elements

**Governance – oversight and challenge**

- Inventory of Laws & Regulations
- Compliance Risk Assessments
- Identify regulations / Assess risks
- Annual Compliance Plan
- Policy & Procedures
- Training & Communication
- Escalation & reporting to Compliance Committee, ERMC & Board
- Ombuds & Open Reporting
- Surveillance, Monitoring & Testing
- Remediation & Root Cause Analysis

**Organization, stature and objectivity**
Governance

Compliance Committee
- Review/challenge issues
- Oversee compliance program
- All key risk and program areas

Standard Reporting
- Issues & metrics – monthly/quarterly
- Compliance Scorecard – monitored quarterly/complied annually
- “Session D” - annually

Organization & Resources
Organization & Resources

- Program/Processes & Controls
- Investigations & Open Reporting
- Businesses/Regions
- Testing
- Key Risks, examples:
  - Anti-Money Laundering
  - Channel Partners

Sample policy areas for discussion:
- Improper payments
- Anti-money laundering
- Working with governments
- Fair employment practices
Improper payments

**RULE TO REMEMBER:** Do not permit/engage in bribery/corruption of any kind

**YOUR ROLE:**
Payments and anything of value
- **Never** offer, promise, make, or authorize a payment or the giving of anything of value to anyone in order to obtain an improper business advantage
- **Remember that providing gifts, entertainment or anything else of value to government employees** is highly regulated and often prohibited. Do not provide such gifts and entertainment unless you have received prior GE counsel approval
- **Follow Corporate and business guidelines** regarding gifts and entertainment and other business courtesies

**Political contributions**
- **Never contribute** company funds or other GE assets for political purposes without obtaining prior approval from Corporate Government Affairs, a company officer or GE counsel, as applicable

**Third Party relationships**
- **Follow your business due diligence procedures** and require that any third party representing GE be carefully selected and comply with this policy
- **Treat with extreme caution** a demand from a third party to receive its commission payment prior to winning a deal/contract
- **Be wary of any suggestion** to direct GE business through a specific representative or partner due to a “special relationship”
- **Be suspicious of any request** to make a payment to a person who is not related to the transaction being discussed — or a request that payments be made in another country
- **Watch out for commissions** that seem too large in relation to the services provided

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Anti-money laundering

**RULE TO REMEMBER:** Always know your customer and be alert to possible illegal activity

- **Collect and understand documentation about prospective customers**, agents and business partners to ensure that they are involved in legitimate business activities and that their funds come from legitimate sources
- **Follow your business know your customer procedures** and rules on collecting and verifying information from our customers and related parties
- **Follow your business rules concerning acceptable forms of payment.** Learn the types of payments that have become associated with money laundering (for example, payments on behalf of a customer from an unknown person)
- **Be alert for and escalate any signs of potential money laundering or other illegal activities**

**Examples:**
- Attempts by a customer to provide false information to open an account
- Offers to pay in cash or overpayments followed by requests for refunds
- Orders, purchases or payments that are unusual or inconsistent with a customer’s trade or business
- Unusually complex deal structures
- Unusual fund transfers to or from countries unrelated to the transaction
- Transactions that might have been structured to evade recording or reporting requirements
Working with governments

RULE TO REMEMBER: Never take shortcuts when dealing with government – be transparent, always comply

Contracting with the government

• Government business is different — do not pursue government business without first engaging your legal counsel
• Before submitting a proposal to a government, review the requirements with all applicable stakeholders and only accept those terms with which GE can comply
• Do not accept internal government information about its selection process nor information about a competitor’s proposal unless the government contracting officer has specifically and lawfully authorized its release

• After award, perform all contract obligations strictly in accordance with the terms of the agreement. For example, do not make any substitutions for the goods and services to be delivered, or deviate from requirements, without the written approval of the authorized government official

Interacting with government employees

• Do not offer, promise, make or authorize the giving of anything of value to a government employee that is inconsistent with corporate and business guidelines
• Never enter into discussions with government employees or people close to them about prospective employment of non-employees while they can influence decisions affecting GE

Fair employment practices

RULE TO REMEMBER: Treat all employees fairly and with respect

• You may not refuse to work or cooperate with others because of characteristics covered by this policy such as race, religion, sex, age, or other characteristic protected by law
• Create a work environment free from harassment on the basis of any protected characteristic, and free from bullying
• Never make an unwelcome sexual advance to an employee or other person with whom you work

• Never disclose employment data to a person who does not have a business need, the authority, or, where required, the subject’s consent
• Consult with your manager and a GE legal or compliance specialist if you encounter a conflict between this policy and local laws, customs or practices
Questions?

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