

## HOW WE WIN WITH INTEGRITY

*A Conversation with Ann Cathcart Chaplin, Chief Compliance Officer and Deputy General Counsel*

*In early 2020, General Motors was recognized by Ethisphere, a global leader in defining and advancing the standards of ethical business practices, as one of the World's Most Ethical Companies. GM is one of only four honorees in the automotive industry and the only automotive original equipment manufacturer. The following interview appeared in the Spring 2020 issue of "Ethisphere Magazine."*



### What does being a World's Most Ethical Companies honoree mean to GM?

This honor is a testament to everyone at General Motors. Winning with Integrity is one of GM's core behaviors. In a time of incredible disruption in our industry and the world, our vision of Zero Crashes, Zero Emissions and Zero Congestion is guided by our commitment to do the right thing and put the customer at the center of everything we do. As our CEO and Chairman, Mary Barra, says: "We have a rare opportunity to transform our world and our company, but if we win without integrity, then we do not win." I am so proud of our company and our team, which lives and strengthens GM's ethical culture. The honor is a recognition of the journey we've been on at GM to transform our company and our industry. It shows that people at General Motors are doing the right thing, even when it's hard to do. And it tells our customers, shareholders, business partners and other stakeholders that GM is a company they can trust.

### Managers are on the front lines of any ethics and compliance program, and our data shows that most employee concerns end up with their direct manager first. How does GM train managers to deal with ethics issues?

We regularly survey our employees around ethics and compliance topics, and this matches GM's internal ethical culture survey data. GM employees consistently indicate that they first report issues to their direct people leader, and our policies encourage them to do so, while also making available methods for anonymous reports or reports to other functions within the company, like our ethics and compliance group.



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**ANN CATHCART CHAPLIN**, GM Chief Compliance Officer and Deputy General Counsel

Being bold is another of GM's core behaviors and it means respectfully speaking up, exchanging feedback and boldly sharing ideas without fear of retaliation. Promptly raising issues is important to quickly and appropriately addressing them. Speaking up and non-retaliation are core tenants of GM's Code of Conduct and ethics and compliance training program. It's critical that we provide the right training and messaging to our people leaders, so that they have tools to create a 'speak-up' environment and are prepared to address employee concerns.

Our Code of Conduct has a dedicated section on supervisors' responsibilities and contains examples and decision trees. In addition to the general Code of Conduct training all employees receive, GM provides a "What Would You Do" classroom course that presents leaders with various scenarios and examines how they could and should react. GM created an internal portal for people leaders that provides messaging, toolkits and other information to help them carry out their responsibilities.

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We also developed a non-retaliation toolkit for people leaders to supplement GM's Non-Retaliation Policy and provide helpful guidance regarding how to respond when an employee raises concerns or fears retaliation. GM requires many in-depth, multiday training sessions for executives and senior leaders that include ethical leadership components. Last year, GM rolled out a mandatory "People Leader Basics" program that provides leaders with training on their responsibilities, including encouraging and supporting ethical and compliant conduct.

Our efforts are making a difference. For example, in our Speak Up For Safety program, which allows for anonymous reporting, over 90 percent of reporters choose to identify themselves. This demonstrates that our employees do not fear retaliation and want to be associated with raising potential safety issues.

**These CSR commitments necessarily involve third-party suppliers in your supply chain as well. What's GM's approach to making sure that third parties can meet your high standards?**

Tone at the top is key, and our leadership team is aligned on creating a culture of integrity that extends to our suppliers. GM is a founding member of the Automotive Compliance Roundtable, a group of Chief Compliance Officers at automakers and certain Tier I suppliers who work to promote ethics and compliance in our industry and companies.

We created a Supplier Code of Conduct to promote ethics and compliance in our supply chain and make GM's expectations clear. Our employees are directed to hold suppliers accountable and monitor their activities. GM utilizes a robust due diligence process for vetting new suppliers and business partners and expects our business partners to meet our standards and behave in a manner consistent with GM's values throughout the supply chain. Our Supplier Code of Conduct details our expectations across broad areas that include human rights, health and safety, the environment and business integrity. Among other things, we maintain a supplier portal website to promote communication between GM and suppliers and expect our suppliers to promptly report integrity concerns to GM. We provide specific methods and tools for suppliers to report concerns.

We work cross-functionally to audit suppliers and seek compliance certifications. GM responds when we become aware of violations, up to and including termination of contract. For example, we worked with suppliers to examine their practices around labor issues, and found that a supplier was not meeting our expectations, so we initiated a new sourcing hold until the supplier could develop a remediation plan to bring their practices into compliance.



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**Safety is obviously of enormous importance for a major manufacturer such as GM. How does compliance integrate with and complement your safety efforts? Where can you learn from each other?**

At GM, safety is a foundational commitment — never compromised. We are committed to safety in everything we do. And safety is fundamental to our compliance program. Our Code of Conduct leads with a message from our CEO that reiterates the importance of safety, followed by a specific safety message, and it is interwoven throughout the remainder of the Code.

At GM, integrity and safety are two sides of the same coin — you cannot have one without the other. Every meeting at GM begins with a "safety moment" to ensure safety is always top of mind — whether at the office, driving one of our vehicles, working at a plant, or living safe practices at home. These safety moments create an

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opportunity to pause and reflect on our core values and behaviors. My experience is that this makes a direct impact on other areas important to our compliance program, like ethics and integrity.

Our safety and compliance teams meet regularly to share information and best practices, as well as identifying and addressing potential issues. We work cross-functionally, bringing different expertise and skills to the organization and thinking about issues from a different perspective. The importance of cross-functional coordination and breaking down silos was a key lesson that we learned from the ignition switch crisis. We took those lessons very seriously and fundamentally transformed our company. We created new, senior positions focused on safety and revamped our policies, procedures and protocols. Perhaps more important, our CEO and leadership team, and every function across our company, drove real, sustainable cultural change focused on making the customer the center of everything we do, with safety as our foundational commitment.

**GM has very transparent goals and reporting around CSR initiatives such as the sourcing, construction, and environmental impact of your products. How does GM think about its commitment to transparency versus the need to keep some information private?**

In 2018, GM was named the fourth most transparent S&P 500 company for ESG disclosure by Agenda, a corporate governance newsletter. Transparency, both internally and externally, builds trust. GM is committed to publicly reporting on ESG topics on an annual basis, discussing the opportunities and challenges that we encounter as we work to enhance performance and conduct business with integrity as a core value. The reporting process not only helps us manage and measure our progress, but also helps us to engage with both internal and external stakeholders.

GM is committed to being transparent and continually tries to share more data with the public, as well as internally. We seek to share data that helps our investors and our employees get a better understanding of what we're doing, why we're doing it and the progress that is being made. On the other hand, there are some areas where confidentiality is important, like protecting the confidentiality of those who raise concerns. But even here, we've increased our public reporting in areas like the number of reports to our whistleblower hotline.

We publish public data on the number of reports in broad issue areas, and we use anonymized examples from our investigation files in internal communications to help guide our employees in making the right decision. In fact, some of our most frequently read compliance communications come from our compliance case files series, stories that share lessons learned from GM compliance investigations or outside compliance issues in other companies or industries.