

Communist China Audit

RESOLVED:

Shareholders request that, beginning in 2023, General Motors Company (“GM”) report annually to shareholders on the nature and extent to which corporate operations depend on, and are vulnerable to, Communist China, which is a serial human rights violator, a geopolitical threat, and an adversary to the United States. The report should exclude confidential business information but provide shareholders with a sense of the Company’s reliance on activities conducted within, and under control of, the Communist Chinese government.

Supporting Statement:

CNN reported¹ in 2021 that “Beijing has made it clear that multinational corporations have to follow its rules if they wish to operate in the country, and gaining favor can require...abiding by restrictive regulations...Many companies have traditionally been willing to play along, given how enticing the giant economy is as a market.”

GM manufactures most of its vehicles for the Chinese market within the communist nation, and equally owns “Shanghai GM” with Chinese state-owned SAIC Motor Corp, among other partnerships. The company relies on raw materials, supplies, finished products, labor and/or services from Chinese-controlled entities – and depends on access to its consumer market. GM’s ambitious electric vehicle production goals mean many badly-needed metals come through Chinese-owned mines globally.

China is a serial violator of human and political rights.

China is also a hostile adversary of the U.S. for many reasons, including:

- China intends to displace the U.S. as the lone global superpower by 2049;
- The U.S. has committed to defend Taiwan, which China has militaristically asserted is part of its country and may attempt to seize by force;
- U.S. - China relations are tense over a number of issues including China’s military expansion; egregious human rights violations; actions related to the COVID pandemic; elimination of freedom in Hong Kong; and environmental pollution.

China – and by extension the companies it controls – is also identified in the U.S. State Department’s 2022 *Trafficking in Persons Report* as a state sponsor of human trafficking. It is now subject to the *Uyghur Forced Labor Prevention Act*, which imposes strict verification of parts and products imported from China, that they are not generated from slave labor.

¹ Disis, Jill & Wang, Selina. “Doing business in China is difficult. A clash over human rights is making it harder,” CNN Business, April 2, 2021. See <https://cnn.it/3ef24EI>.

A July 2022 joint statement from the leaders of the British and American domestic intelligence agencies warned that the Communist Chinese Party is the greatest threat to the international order. “We consistently see that it’s the Chinese government that poses the biggest long-term threat to our economic and national security, and by ‘our,’ I mean both of our nations, along with our allies in Europe and elsewhere,” said FBI Director Christopher Wray.

Given the controversial, if not dangerous, nature of doing business in and with China, shareholders have the right to know the extent to which GM’s business operations depend on Communist China.