

UN Global Compact reporting for 2010

The company

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 117,000 people.

ABB has been a member of the UN Global Compact since 2000. In common with other members, ABB reports every year on progress on the Compact's 10 principles. This is the Communication on Progress for 2010.

Statement of support from

Mr Joe Hogan, ABB Chief Executive Officer

"ABB is a founding member of the UN Global Compact and remains committed to its principles and goals. We work with the Global Compact to ensure that its initiatives and 10 principles reach a wider audience, and seek to embed the principles into our own business practice. As part of our ongoing commitment, ABB took part in the Leaders' Summit in mid-2010 and continues to be a member of the Human Rights Working Group."

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

- Human rights policy and public statement adopted by ABB Group in 2007
- Further work to embed human rights into business decision-making processes, including risk review for projects. Human rights considerations integrated in supply chain questionnaire, new Supplier Code of Conduct, mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities.
- Global human rights training workshops started in ABB in 2010 with training in three countries. Training is aimed at business managers, and key functions such as Supply Chain Management, Human Resources, Legal and Compliance, Communications and Sustainability. Further sessions planned for 2011.
- Active participation in international organizations and workshops seeking to promote business awareness and support for human rights. These include UN Global Compact Leaders Summit in 2010, UNGC Human Rights Working Group, input into work of UN Special Representative for Business and Human Rights, Global Business Initiative on Human Rights and others.

Principle 2: Make sure they are not complicit in human rights abuses.

- Human rights policy adopted in 2007 is designed to raise performance and avoid complicity.
- Global human rights training workshops started in ABB in 2010 with internal training in three countries. Training includes issue of complicity. Target group as above in Principle 1).
- Internal risk review process in ABB divisions extended in 2010 to monitor projects at very early stage of pursuit to check for possible complicity issues.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

- Embedded in Code of Conduct, Principle 1 of ABB Human Rights Policy and Principle 6 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2010.
- In countries where law does not permit this right, ABB facilitates regular consultation with employees to address areas of concern.

Principle 4: The elimination of all forms of forced and compulsory labour.

- Covered by ABB Group Code of Conduct, Principle 1 of ABB Human Rights Policy and Principle 4 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2010.
- The principle of "no forced or compulsory labor" has been included in ABB's new Supplier Code of Conduct, adopted in 2010, and protocol for supplier audits.

Principle 5: The effective abolition of child labour.

- Included in ABB Group Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 3 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2010.
- The principle of "no child labor" is included in ABB's new Supplier Code of Conduct as well as protocol for supplier audits.

Principle 6: Eliminate discrimination in respect of employment and occupation.

- Contained in ABB Group Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 7 of ABB Social Policy. All countries were asked to formally report on this principle. Six substantiated cases of discrimination and 18 of harassment were reported in 2010, resulting in a range of disciplinary measures.
- ABB also has country-specific procedures and programs to ensure that policies are fully observed.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges

- Environmental considerations mandatory in the GATE model for product and process development. During 2010, interviews and training undertaken to further improve application of checklist.
- Standardized Life Cycle Assessment procedures used to assess new products' environmental impact throughout their life cycle.
- Ongoing program to phase out use of hazardous substances in manufacturing and products.
- ABB continuing its internal energy efficiency program, with target to reduce energy use by two and a half percent per year in 2010 and 2011. To further support this program, ABB has set target for improving energy efficiency in its buildings by two and a half percent from 2009 to 2010.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- Work with international organizations and initiatives, such as World Business Council for Sustainable Development, German Climate Service Center and ISO.
- ABB has implemented new and strengthened protocol for auditing of suppliers' environmental performance.
- ABB's ongoing Access to Electricity rural electrification programs in India and Tanzania.
- ABB is investigating environmental impact of logistics and business air travel, as part of new sustainability objectives launched in 2009.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- Covered by Code of Conduct and Principle 5 of ABB Environmental Policy
- Energy-efficient products and renewable energy equipment identified as key driver for ABB's business opportunities. More than 50 percent of research efforts are aimed at increasing energy efficiency.
- Transfer of technologies and best practices between countries to ensure same level of environmental performance throughout Group.
- Group-wide list of prohibited substances for products and processes strengthened in 2007. The phasing out of hazardous substances is part of new ABB sustainability objectives launched in 2009
- ABB GATE model for product and process development contains defined steps for considering improvements in environmental and safety performance.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Covered by Principle 4 of ABB Human Rights Policy, ABB Group Code of Conduct and Principle 13 of Social Policy.
- Underpinned by zero tolerance policy on non-compliance.
- Ombuds program introduced mid-2009 to complement existing ways of raising compliance issues. Program extended in 2010, now numbers more than 40 ombudspersons in 26 countries; training sessions run in 2010 and further extension of geographical spread expected in 2011.
- In mid-2010, ABB rolled out advanced Code of Conduct e-learning module to more than 80,000 employees throughout ABB Group.

Additional information:

Policies:

ABB has Group-wide policies: The Social Policy, Environment Policy, Human Rights Policy, Health and Safety Policy, as well as a Code of Conduct and Ethics Policy. These can be found online, and are also contained in ABB Group's annual Sustainability Performance Report.

Links:

1. Social, Environmental, OHS and Human Rights:

<http://www.abb.com/cawp/abbzh258/67a6078b60372903c125736300329cca.aspx>

2. Corporate Governance, Compliance and Business Ethics

<http://www.abb.com/cawp/abbzh252/e2bb54849a66be5b-c1256aee0059ce2a.aspx>

Reporting:

ABB's sustainability performance is compiled in an annual Sustainability Performance Report which measures the company's performance against the Global Reporting Initiative's indicators. The 2010 Sustainability Performance Report is published in March 2011. Further detail on ABB's environmental, social, human rights and health and safety performance can be found on www.abb.com/sustainability.

Main partnerships:

ABB is a member of many international groups and organizations, apart from the Global Compact. Listed below are some of the principal associations and initiatives with which ABB is involved in the area of sustainability:

- Global Business Initiative on Human Rights
- Global Reporting Initiative
- Hunger Project, Switzerland
- Institute for Human Rights and Business
- International Committee of the Red Cross
- Transparency International
- World Business Council for Sustainable Development
- World Childhood Foundation, Sweden
- WWF