

# UN Global Compact reporting for 2011

## The company

ABB ([www.abb.com](http://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 135,000 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 ten principles. This is the Communication on Progress for 2011.

## Statement of support from

### 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 ten principles reach a wider audience, and seek to embed the principles into our own business practice. As part of our ongoing commitment, ABB is taking part in the Access to Energy initiative in advance of the Rio+20 summit in mid-2011, 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 sessions in three countries, and continued in 2011 in four other countries. A formal sustainability objective has been set to conduct training in ABB's top 12 manufacturing and exporting countries by end of 2012. Training is aimed at business managers, and key functions such as Supply Chain Management, Human Resources, Legal and Integrity, Communications and Sustainability.
- Active participation in international organizations and workshops seeking to promote business awareness and support for human rights. These include UN Global Compact and the Global Business Initiative on Human Rights.

### 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 continued in ABB in 2011 with internal training in four countries. Training includes issue of complicity. Target group as above in Principle 1.
- Further work with ABB's two systems divisions in 2011 to monitor projects at very early stage of pursuit to check for possible complicity issues.
- In-depth due diligence carried out on several potential projects to avoid contributing to abuses.

## 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 2011.
- 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 2011.
- The principle of "no forced or compulsory labor" is included in ABB's new Supplier Code of Conduct, 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. Eleven cases of child labor at two suppliers were reported in 2011. Immediate and appropriate corrective action was taken.
- The principle of "no child labor" is included in ABB's 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.
- Five substantiated cases of discrimination and 32 of harassment were reported in 2011, resulting in six terminations, three resignations and a range of other measures, including warnings, counseling and further training.
- 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. Based on interviews conducted during 2010, supporting tools and training materials developed and released 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 2.5 percent per year.

#### **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, ISO and Chalmers University's Swedish Life Cycle Center.
- 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 sustainability objectives.

#### **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 ABB sustainability objectives.
- 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, and Supplier Code of Conduct.
- Underpinned by zero tolerance policy on non-compliance.
- ABB offers a number of different reporting channels, including a third party held Business Ethics hotline available 24/7 and an Ombuds program, where employees can report concerns confidentially. Ombuds program was introduced mid-2009 to complement existing ways of raising compliance issues. Program now numbers more than 40 Ombudspersons in 29 countries; further training and extension of geographical spread expected in 2012.
- ABB rolled out new e-learning module on "FCPA and Anti Bribery" to nearly 90,000 employees; the e-learning is available in 32 different languages.
- As part of ABB's anti-corruption program, in 2011 ABB also conducted several other trainings, as well as additional proactive initiatives such as anti-bribery compliance reviews of ABB units around world.

#### **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.

**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 2011 Sustainability Performance Report is published in March 2012. Further detail on ABB's environmental, social, human rights, and health and safety performance can be found on

[www.abb.com/sustainability](http://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