

# UN Global Compact reporting for 2013

## 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 150,000 people.

## Statement of support

### Ulrich Spiesshofer, ABB Chief Executive Officer

“ABB is a founding member of the UN Global Compact, joining the organization in 2000, and we remain committed to its principles and goals. We work to ensure that its initiatives and ten principles reach a wider audience, both within the company and externally, and seek to embed the principles into our own business practice. As part of our ongoing commitment, we are involved in a number of focused initiatives and local networks.”

## 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. Statement updated in 2013.
- Further work to embed human rights into business decision-making processes, including risk review for projects. Human rights considerations integrated in supply chain questionnaire, the Supplier Code of Conduct which was updated in 2013, and the mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities.
- Global human rights training program for senior managers continued in 2013 with several courses delivered in Asia and the Middle East, as well as a training briefing for newly-appointed country managers. The awareness-raising program has now been delivered in 12 countries; in some countries such as India and China it has been carried out in several locations. The training is aimed at business managers, and key functions such as Supply Chain Management, Human Resources, Legal and Integrity, Communications and Sustainability.
- A capacity building program to raise human rights capability will continue in 2014 with the focus on country sustainability specialists. The training combines face-to-face sessions and e-learning.
- Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights. In 2013, ABB was an active participant or attended a series of events in Europe, the Middle East, Asia and North America.

### 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 2013 with internal training in Asia and the Middle East as well training for country managers. Target group as above in Principle 1. Central to all such trainings is the issue of potential complicity.
- Mapping work under way to understand and limit ABB exposure to Conflict Minerals, as defined by section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- In-depth due diligence carried out on several proposed projects and business partners to avoid potential complicity.
- An NGO expressed concern that ABB might be complicit in the violation of indigenous people’s rights by supplying equipment for dam projects in a country. ABB has taken seriously the concerns expressed and is looking into the issues.

## Labor

### 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 2013.
- 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 labor

- 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 2013.
- The principle of “no forced or compulsory labor” is included in ABB’s Supplier Code of Conduct, which was updated in 2013, and a protocol for supplier audits.

#### **Principle 5: The effective abolition of child labor**

- 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. A total of 150 audits of suppliers were carried out in 2013. Two cases of child labor were found at a sub-contractor of a newly-acquired company. Remedial action was taken immediately and no evidence of child labor was found during subsequent un-announced visits to the sub-contractor.
- 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. There were 10 substantiated cases of harassment and one of discrimination in 2013, resulting in two terminations, one resignation, and a range of other measures, including formal warnings, counseling and further training.
- ABB also has country-specific procedures and programs to ensure that policies are fully observed and comply with national legislation.

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

- Environmental considerations mandatory in the ABB GATE model for product and process development. Supporting tools and training materials have been developed 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 and increase focus on resource efficiency (namely improve materials and water use, and reduce waste)
- Environmental experts at country and Group level provide environmental expertise, guidelines and tools to business units to ensure they meet upcoming environmental requirements and challenges, and customer demand for compliance and other environmental information.

#### **Principle 8: Undertake initiatives to promote greater environmental responsibility**

- Work with international organizations and initiatives, such as the 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, auditing 150 suppliers and training 650 suppliers during 2013.
- ABB’s ongoing Access to Electricity rural electrification programs in India and Tanzania.

#### **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, and continually reviewed and updated since then. 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 environment and safety performance.

**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.
- In 2013, ABB completed a global face-to-face Integrity training program for all employees, covering both anti-corruption and anti-trust risk areas. The program began in 2012 and covered nearly 147,000 employees.
- 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. The Ombuds program was introduced mid-2009 to complement existing ways of raising compliance issues. The program now numbers about 70 Ombudspersons in 50 countries.
- As part of the anti-corruption program, ABB continued to carry out several additional training and communication initiatives in 2013, focusing on company leadership and middle management, and including new Code of Conduct and anti-bribery e-Learning, integrity films and case studies published on the intranet, and proactive action such as a global Integrity survey and anti-bribery compliance reviews of ABB units around the world.
- In 2013, ABB was named one of the World's Most Ethical Companies 2013 by Ethisphere and also received the Ethisphere Anti-Corruption Program and Compliance Leader seals.