

Performance summary

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We report our sustainability performance annually, with our reporting period encompassing a calendar year. In this report, we include for the first time sustainability performance data for Thomas & Betts, a company acquired during 2012. ABB completed a number of strategic acquisitions during 2013, the most significant of which was solar inverter maker, Power-One. Other acquisitions included Newron (building automation), ELBI Elektrik (low-voltage products), Los Gatos (measurement products) and Dynamotive (service for drives and motors). Sustainability reporting for these entities will be included in our 2014 report. There were no significant changes during 2013 in the scope, boundary or measurement methods applied in the report.

INDEPENDENT VERIFICATION OF MAIN PERFORMANCE INDICATORS 2013

Scope and method of work

DNV GL has been engaged to verify the numerical values of the environmental and social performance indicators presented in the "Summary of main performance indicators" table (the "Table"). The data boundary for the verification was ABB's employees and global operations as specified by ABB in their 2013 group sustainability report.

The verification is limited to the numerical values presented on pages 59–62 in the pdf version and in the interactive version on internet presented at [this link](#). The verification was conducted in January and February 2014.

The verification was based on a review of the reported sustainability performance data, supplemented by spot checks of the collection and aggregation process which has been carried out by the sustainability organisation of ABB.

To assess the validity of the aggregated numerical values of the environmental indicators, DNV GL carried out telephone interviews with Local Sustainability Officers (LSO). Totally, 24 out of 407 LSOs were interviewed. This included a substantial number of Thomas & Betts sites acquired in 2012.

To verify the process for collecting information for the social indicators DNV GL carried out telephone interviews with Country Sustainability Controllers (CSC) and Country Occupational Health and Safety Advisors (COHSA) from five out of the 62 countries covered by CSC reporting. DNV GL also interviewed five people in the ABB Group Function Sustainability Affairs, Legal and Integrity, and Supply Chain Management with responsibility for collecting, aggregating and/or presenting the data in the Table.

During the verification, DNV GL

- carried out interviews and reviewed the database containing the environmental and social performance data
- checked ABB's routines for aggregating data
- checked consistency and understanding of reporting from selected ABB sites
- checked the database for inconsistencies

Countries included in verification interviews:
CSC & COHSA: Australia, Chile, Germany, India, Vietnam
LSO: Brazil, Canada, China, Finland, Hungary, Indonesia, Italy, Mexico, Norway, Pakistan, Peru, Saudi Arabia, Spain, Switzerland, Thailand, Turkey, UAE, UK, USA

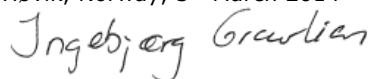
Conclusions

It is the opinion of DNV GL that ABB has a well-established web-based internal reporting system. However, DNV GL observed that at site level there appear to be some cultural differences with respect to reporting of minor OHS incidents, which in one case indicated underreporting of Lost Time Incidents.

Some minor reporting inconsistencies in the reported data were discovered and highlighted to ABB. Identified errors were corrected, and the Table that is presented in this review includes the updated numbers.

Based on the findings, DNV GL considers the numbers published in the Table to be reasonably fair and accurate.

Høvik, Norway, 3rd March 2014



Ingebjørg Gravlien
Project manager
DNV GL

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Summary of main performance indicators⁽¹⁾

GRI ref.	Indicator description	2013	2012	2011
Environmental				
EN1	Materials			
	Phthalates (tons)	21	28	47
	Brominated flame retardants (tons)	2.9	~0	~0
	Lead in submarine cables (tons)	7,236	5,633	5,725
	Organic lead in polymers (tons)	0.6	0.9	1.3
	Lead in other products (tons), e.g. backup batteries and counterweights in robots	2,601	363	227
	Cadmium in industrial batteries (tons)	4.4	5.6	1.6
	Cadmium in rechargeable batteries (tons)	67.6	6.3	10
	Cadmium in lead alloy and other uses (tons)	5.7	4.5	4.3
	Mercury in products (tons)	0.012	0.011	0.030
	SF ₆ insulation gas (inflow to ABB facilities) (tons)	1,438	1,139	1,052
	SF ₆ insulation gas (outflow to customers) (tons)	1,425	1,118	1,040
	No. of transformers with PCB oil in ABB facilities	1	1	2
	No. of capacitors with PCB oil in ABB facilities	60	32	0
	Mercury in instruments in ABB facilities (tons)	0.371	0.203	0.263
EN3	Direct energy consumption (Gigawatt-hours – GWh)			
	Oil (11.63 MWh/ton)	94	93	92
	Coal (7.56 MWh/ton)	4	0	0
	Gas	754	556	417
	Total direct energy used	852	649	509
EN4	Indirect energy consumption (Gigawatt-hours – GWh)			
	District heat consumption	251	219	195
	District heat: Losses at utilities	38	33	29
	Electricity consumption	1,705	1,599	1,447
	Electricity: Losses at utilities	2,355	2,208	1,999
	Total indirect energy used	4,349	4,058	3,670
	Megawatt-hours (MWh) per employee	19.0	18.1	16.9
EN8	Water withdrawal (kilotons)			
	Purchased from water companies	4,400	3,900	3,400
	Groundwater extracted by ABB	3,200	3,000	3,200
	Surface water extracted by ABB	2,700	2,800	2,600
	Total water withdrawal	10,300	9,700	9,200

⁽¹⁾ Note that data in this table for 2012 and earlier, except LA1 for 2012, do not include Thomas & Betts. Data for 2011 do not include Baldor.

GRI ref.	Indicator description	2013	2012	2011
EN16	Greenhouse gas emissions (kilotons CO₂ equivalent)			
	Scope 1			
	Energy	179	137	109
	SF ₆ (in CO ₂ equivalents)	280	332	263
	Scope 2			
	District heat consumption	55	48	43
	District heat: Losses at utilities	8	7	7
	Electricity consumption	357	337	309
	Electricity: Losses at utilities	493	465	427
	Scope 3			
	Air travel ⁽²⁾⁽³⁾	152	171	185
EN19	Emissions of volatile organic compounds (tons)			
	Volatile organic compounds (VOC)	1,210	1,355	810
	Chlorinated volatile organic compounds (VOC-Cl)	20	12	13
EN20	Emissions of NO_x and SO_x (tons SO₂ and NO₂)			
	SO _x from burning coal	3	0	0
	SO _x from burning oil	69	69	68
	NO _x from burning coal	2	0	0
	NO _x from burning oil	52	52	51
	NO _x from burning gas	163	120	90
EN22	Waste (kilotons)			
	Scrap metal recycled	185	150	97
	Other waste recycled	52	41	39
	General waste sent for disposal	50	43	45
	Hazardous waste	14	12	9
EN23	Significant spills			
	Total number of significant spills	20	11	9

⁽²⁾ 2013 data for air travel do not include Thomas & Betts.

⁽³⁾ 2013 data for air travel are calculated using the emission factors published by UK Department of Environment, Food and Rural Affairs (DEFRA in its "2012 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting. Data from 2012 and 2011 were calculated emissions factors provided by DEFRA in its 2009 Guidelines. Use of the 2012 factors gives a slightly lower total. For comparison, ABB's air travel emissions for 2012 calculated using the 2012 emission factors = 165 kton CO₂ equivalent.

GRI ref.	Indicator description	2013		2012		2011	
Social							
LA1	Employment						
	Total workforce by region (ABB employees)						
	Europe	65,000		64,000		60,300	
	The Americas	34,400		34,400		25,900	
	Asia	39,400		38,300		37,400	
	Middle East and Africa	8,900		9,400		10,000	
	Total	147,700		146,100		133,600	
	Total numbers of part-time employees included above						
	Europe	2,832	4%	2,835	5%	2,924	5%
	The Americas	330	1%	169	1%	108	<1%
	Asia	1,311	4%	1,391	4%	106	<1%
	Middle East and Africa	186	3%	4	<1%	1	<1%
	Total	4,659	3%	4,399	3%	3,139	3%
LA2	Employee turnover						
	Turnover of all employees, including part-time						
	Europe	5,387	9%	5,083	8%	5,712	10%
	The Americas	4,760	14%	3,689	14%	2,823	15%
	Asia	4,681	13%	4,149	12%	4,615	13%
	Middle East and Africa	853	14%	911	15%	854	14%
	Total turnover for whole Group	15,681	11%	13,832	11%	14,004	12%
	Turnover of all female employees, including part-time						
	Europe	1,217	2%	1,218	2%	1,364	2%
	The Americas	1,026	3%	676	3%	531	3%
	Asia	1,261	3%	1,023	3%	1,086	3%
	Middle East and Africa	97	2%	70	1%	184	3%
	Total turnover for whole Group	3,601	3%	2,987	2%	3,165	3%
LA7	Occupational health and safety						
	Fatalities, injuries, lost days, diseases						
	Employee work-related fatalities	0		1		0	
	Incident rate	0		0.01		0	
	Employee work-related serious injuries	40		22		22	
	Incident rate	0.27		0.16		0.18	
	Employee commuting/business travel fatalities	0		1		0	
	Incident rate	0		0.01		0	
	Employee commuting/business travel serious injuries	4		0		3	
	Incident rate	0		0		0.02	
	Contractor work-related fatalities	7		2		0	
	Contractor work-related serious injuries	29		20		16	
	Contractor business travel fatalities	0		0		0	
	Members of the public fatalities	1		0		0	
	Employee working days lost due to industrial incidents	10,591		10,345		9,478	
	Employee occupational health diseases (number of cases)	10		10		7	
	Employee total recordable incident rate	10.94		13.04		13.17	
	Employee lost time incident rate	4.70		4.80		5.70	

GRI ref.	Indicator description	2013	2012	2011
HR4	Non-discrimination			
	Total number of incidents of discrimination	1	2	5
	Total number of incidents of harassment	10	13	32
SO6	Public policy			
	Financial and in-kind political contributions	0	\$30,000	\$500
LA10	Training and education			
	Training per year per employee (average hours)			
	Brazil	25	27	25
	Canada	18	22	21
	China	27	31	34
	Finland	18	14	13
	Germany	16	16	16
	India	12	18	5
	Italy	19	16	17
	Sweden	12	12	12
	Switzerland	20	19	17
	USA	28	24	25
LA13	Diversity and equal opportunity			
	Women in senior management (percentage)			
	Brazil	15%	16%	7%
	Canada	15%	15%	17%
	China	28%	27%	25%
	Finland	17%	16%	15%
	Germany	7%	7%	7%
	India	2%	2%	2%
	Italy	8%	7%	7%
	Sweden	25%	24%	22%
	Switzerland	8%	7%	7%
	USA	15%	15%	16%

Other GRI indicators

Environment

Environmental performance data for 2013 was sourced from more than 550 ABB sites and offices, covering 88 percent of employees. The environmental performance of the remaining employees, located in non-manufacturing entities without significant impacts, is covered by estimated data for energy, water and waste parameters.

The estimation factors used for 2013 are as follows:

	Unit	Factor
Electricity consumption	MWh/employee	3.1
District heat consumption	MWh/employee	1.7
Gas consumption	MWh/employee	5.1
Water purchased from utilities	tons/employee	14.4
General waste sent for disposal	tons/employee	0.11
General waste sent for recycling	tons/employee	0.04

EN11 and EN12 – activities in areas of high biodiversity value

ABB's manufacturing and workshop facilities are not located in, or adjacent to, protected areas or areas of high biodiversity value, as defined in internationally recognized listings or national legislation or internationally recognized listings such as the International Union for Conservation of Nature Protected Areas Categories 1–4, world heritage sites or biosphere reserves. Nonetheless, ABB works to rehabilitate our own sites and some of our operations are working with partners to contribute to local biodiversity and conservation efforts.

EN16, EN17 Greenhouse gas emissions

(kilotons CO₂ equivalents)

EN29 Significant environmental impacts of transportation

(kilotons CO₂ equivalents)

	2013 ^b	2012 ^a	2011 ^a	2010
Scope 1				
CO ₂ from use of energy	179	137	144	117
SF ₆	280	332	263	247
CO ₂ from transport by own fleet ^c	350	350	350	350
Scope 2				
District heat consumption	55	48	43	49
District heat: Losses at utilities	8	7	7	8
Electricity consumption	357	337	348	293
Electricity: Losses at utilities	493	465	480	405
Scope 3				
Air travel ^{d,e}	152	171	185	160

^a Baldor facilities included; Thomas & Betts not included

^b Baldor and Thomas & Betts facilities included

^c Estimated figures, not included in the scope of DNV assurance

^d 2013 data for air travel do not include Thomas & Betts

^e 2013 data for air travel are calculated using the emission factors published by UK Department of Environment, Food and Rural Affairs (DEFRA) in its 2012 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting. Data from 2012 and 2011 were calculated according to emissions factors provided by DEFRA in its 2009 Guidelines. Use of the 2012 factors gives a slightly lower total. For comparison, ABB's air travel emissions for 2012 were calculated using the 2012 emission factors = 165 kton CO₂ equivalent

EN19 Emissions of Volatile Organic Compounds (tons)

	2013 ^c	2012 ^b	2011 ^a	2010
Volatile Organic Compounds (VOC)	1,210	1,355	810	786
Chlorinated Volatile Organic Compounds (VOC-Cl)	20	12	13	11

^a Baldor facilities not included

^b Baldor facilities included; Thomas & Betts facilities not included

^c Baldor and Thomas & Betts facilities included

The major constituents of VOCs and VOC-Cl are xylene, thinner and perchloroethylene. The significant increase in 2012 was due to the inclusion of Baldor facilities.

EN20 Emissions of NO_x and SO_x (tons SO₂ and NO₂)

	2013 ^c	2012 ^b	2011 ^a	2010
SO _x from burning coal	3	0	0	0
SO _x from burning oil	69	69	68	84
NO _x from burning coal	2	0	0	0
NO _x from burning oil	52	52	51	63
NO _x from burning gas	163	120	90	92

^a Baldor facilities not included

^b Baldor facilities included; Thomas & Betts facilities not included

^c Baldor and Thomas & Betts facilities included

These figures are for fossil fuels consumed in ABB premises for heating and process purposes. The significant increases in NO_x from burning gas are due to the inclusion of Baldor facilities in 2012 and of Thomas & Betts facilities in 2013. Many of these facilities use higher quantities of gas than the existing ABB facilities.

EN23 Numbers of significant spills

EN28 Significant fines for non-compliance

Number of incidents	2013 ^c	2012 ^b	2011 ^a	2010
Oil spills	13	6	5	4
Chemical spills	0	0	0	0
Emissions to air	3	5	4	0
Others	4	0	0	3

^a Baldor facilities not included

^b Baldor facilities included; Thomas & Betts facilities not included

^c Baldor and Thomas & Betts facilities included

The emissions to air involved the accidental release of SF₆ gas in one incident, the release of HCFC-22 from an air conditioning system and a permit exceedance on the emission of toluene. The oil spills were contained and adequate decontamination procedures were implemented to prevent any permanent contamination of soil and water. Other incidents were related to exceedances on stormwater contaminants. Root causes of the incidents were analyzed and corrective actions, such as improved control systems, upgraded secondary containment and additional training, have been taken to reduce the risk of future spills or emissions. None of the incidents re-

sulted in significant environmental impact. Combined costs of remediation and corrective actions were approximately \$260,000.

During 2013, three facilities received fines from environmental authorities – two related to hazardous waste and one related to a permit exceedance on waste water. In total the fines amounted to approximately \$8,400.

Human rights

HR1 Significant investment agreements that include Human rights

ABB maintains and regularly reviews a list of sensitive countries where it has, or considers engaging in, business operations. Human rights, as well as legal, financial and security criteria, are included in risk assessments, and are among the factors in deciding whether ABB does business in a particular country.

Based partly or wholly on human rights considerations, ABB has not taken any business in Sudan or North Korea for several years.

HR4 Non-discrimination violations

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. There were 10 substantiated cases of harassment and one of discrimination in 2013, resulting in one termination, one resignation and a range of other measures, including formal warnings, counseling and further training.

HR5, HR6, HR7 Operations at risk

Freedom of association and collective bargaining, child labor, forced or compulsory labor.

There were no ABB operations identified during 2013 to be at significant risk concerning employee rights to freedom of association and collective bargaining, incidents of child labor, or incidents of forced or compulsory labor. 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 unannounced visits to the sub-contractor.

HR8 Training of security personnel in human rights

ABB recognizes the importance of training security personnel, as well as ABB country and regional managers, on the human rights dimensions of security work. It has been part of general security training in different parts of the world for several years. As far as security personnel are concerned,

ABB recognizes it is essential that they observe human rights. We require due diligence to be carried out on security companies according to ABB and international standards.

HR9 Indigenous rights violations

All countries in ABB's sustainability management program are asked to report any incidents of indigenous rights violations. No such incidents were reported in 2013.

HR10 Percentage of total number of operations that have been subject to human rights reviews and/or impact assessments

This data is not available. ABB is involved as a supplier in thousands of projects worldwide each year. Depending on the scope and size of the project – such as larger power infrastructure projects – some will require at least an Environmental and Social Impact Assessment performed by the customer. The data is currently not consolidated by ABB.

HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism.

ABB has a number of formal grievance mechanisms, including a third-party run Business Ethics hotline available round the clock to internal and external stakeholders, and an Ombuds Program, where employees can report concerns confidentially. Figures are available for cases of discrimination and harassment (HR 4).

Labor practices

LA3 Benefits provided to employees

ABB, as a multinational organization with operations in around 100 countries, has difficulty in providing meaningful information for this indicator. ABB provides competitive salaries and benefits to employees, taking legal requirements into account and benchmarking against other companies. In view of the different legal requirements from country to country, and the adverse cost-benefit ratio in producing this information, ABB has decided not to report against this GRI indicator.

LA4 Employees covered by collective bargaining agreements

The proportion of our employees that are represented by labor unions or are the subject of collective bargaining agreements varies based on the labor practices of each country in which we operate. Collective bargaining agreements are subject to various regulatory requirements and are renegotiated on a regular basis in the normal course of business.

LA5 Minimum notice periods regarding significant operational changes

ABB is not in a position to provide Group-wide aggregated information, as the figures vary from country to country depending on local regulations. For the 27 countries of the European Union, ABB is represented on the EU's European Works Council where such matters are discussed.

LA6 Percentage of total workforce represented in health and safety committees

Health and safety consultation is an integral part of ABB's commitment to introduce into all businesses occupational health and safety management systems based on OHSAS 18001 and the International Labour Organization (ILO) guidelines. The form of health and safety consultation with employees varies according to local requirements and cultures. It includes health and safety committees and employee forums.

At Group level, ABB has a standing Occupational Health and Safety (OHS) committee chaired by an Executive Committee member whose mandate covers all employees.

LA8 Programs in place regarding serious diseases

More than 30 ABB country organizations report programs in place to address serious diseases. The majority of programs include stress management, health screening for conditions such as diabetes and hypertension, and counseling schemes to assist employees to maintain healthy lifestyles and a suitable work-life balance. Other initiatives include vaccination programs and cancer screening.

Additionally, all ABB travelers receive destination-specific security and health advice prior to travel. The health advice includes medical preparedness, medical screening where needed and advice on particular health risks at their destination.

LA9 Health and safety topics covered in formal agreements with trade unions

This information is not recorded by the Group, but local legislation requires formal agreements in some countries such as Germany and South Africa. Group health and safety performance is reported annually by the head of Group Function Sustainability Affairs at a meeting with the European Works Council.

LA12 Employees receiving performance reviews

ABB has a Group-wide policy to review at least annually the performance of every employee, providing opportunities to discuss work achievements, set future objectives and provide feedback and coaching.

LA13 Other indicators of diversity

As at December 31, 2013, ABB's Board of Directors had eight members – seven men and one woman – of seven nationalities, whereas the Group Executive Committee had 11 members, including one woman, of eight nationalities. In addition, of the 750-strong workforce based at the company's headquarters in Zurich, there are people from 54 countries.

LA14 Ratio of basic salary of men to women

In ABB, salaries are decided according to the nature of duties performed.

LA15 Return to work and retention rates after parental leave

Just over 2,600 employees took parental leave in 2013, two-thirds of whom were women. Following completion of parental leave, 84 employees – around 3 percent – did not return to work. Women accounted for 95 percent of those not returning.

Society

SO2 Business units analyzed for corruption risks

ABB's internal audit team carries out an annual risk assessment as the basis for their audit planning for the following year. They carry out anti-bribery compliance reviews of business units and countries globally. In these reviews, ABB's internal auditors review business processes, accounts and balances, and test transactions to assess robustness of controls and identify possible violations of ABB's anti-bribery procedures.

SO3 Employees trained in anti-corruption procedures

Substantially all employees have completed training on ABB's Code of Conduct. In addition, approximately 99 percent of all employees received training on anti-corruption procedures.

SO4 Actions taken in response to corruption

ABB applies a strict zero tolerance policy to combat corruption payments. Every incident is sanctioned, and may include termination of employment. In 2013 ABB identified four incidents of corruption of a government official. During the year nine employees were dismissed.

SO6 Political contributions

Under ABB's Code of Conduct, contributions to political parties, politicians and related institutions are to be made only in exceptional cases and only after a rigorous approval process which includes the approval of the Chief Integrity Officer. In 2013 no contributions were made.

S07 Legal actions for anti-competitive behavior

ABB has been cooperating with various anti-trust authorities regarding their investigations into certain alleged anti-competitive practices. For further information, please refer to the Commitments and contingencies note in the Notes to the Consolidated Financial Statements contained in the ABB Group Annual Report.

S08 Significant fines and sanctions for non-compliance with laws and regulations

ABB did not face any significant fines or sanctions for non-compliance with laws and regulations in 2013. For further information, please refer to the Commitments and contingencies note in the Notes to the Consolidated Financial Statements contained in the ABB Group Annual Report.

Product responsibility

PR1 Health and safety impacts of our products

ABB products generally help improve users' health and safety. They do this, for example, by improving industrial environments (automation control products), reducing exposure to aggressive, repetitive or hazardous operations (robotics), and reducing potential explosions, fire risks and oil pollution (oil-free capacitors and cables). Products with a potentially negative impact are those that could contribute to global warming (leak of SF₆ gas from substations), require deforestation and present a visual impact (transmission lines), cause losses of energy (most electrical products), or cause electrocution if misused.

PR2 Number of non-compliance incidents relating to product health and safety

All countries in ABB's sustainability management program are asked to give details of any non-compliance incidents, including those concerning health and safety impacts of products and services. No incidents were reported for 2013.

PR3 Product and service information

ABB's goal is to produce Environmental Product Declarations (EPDs) for our core products. They describe and quantify the environmental impact and performance of ABB products through every phase of their life cycles, covering raw material extraction, component manufacture, transportation and use over their full operating lifetime. They can also contain recovery, recycling and disposal instructions for when the product has completed its useful life. The EPDs are published on ABB's website and help customers to select products that will improve their own environmental performance. ABB also engages with customers with particular reporting needs, to ensure clarity and completeness of environmental data.

PR4 Non-compliance concerning product information and labeling

During 2013, ABB received five related complaints related to product information or labeling. Three of these cases have been resolved with the payment of approximately \$1,000 in penalties. The remaining two cases are pending.

PR6 Adherence to marketing communication regulations

PR7 Non-compliance concerning marketing communications

This is not an issue for ABB, which works in the field of advanced technologies and does not supply to the consumer product market.

PR8 Complaints regarding breaches of customer privacy

No complaints regarding breaches of customer privacy were received during 2013.

PR9 Significant fines for non-compliance with laws and regulations concerning products and services

No significant fines were levied against the company during 2013 for non-compliance related to products and services.

Economic

EC3 Benefit plan obligations

EC4 Government financial assistance

EC5 Wage level ratios

EC7 Local hiring procedures

As a multinational organization with operations on approximately 550 sites in more than 100 countries, ABB has difficulty in selecting appropriate countries and providing meaningful information for these indicators. In view of the adverse cost-benefit ratio in producing this information, ABB has decided not to report against these GRI economic performance indicators for the time being.

GRI content index table

GRI reference

Economic performance indicators

EC1 (ABB key figures)	ABB Group Annual Report
EC2	pages 18, 26–29, 44–45
EC3–5, EC7	pages 63–66
EC6	pages 48–49
EC8–9	pages 38–39

Environmental performance indicators

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EN2	pages 52–53
EN3–7, EN16–18, EN29	pages 44–45, 63–66
EN8–10, EN21–22, EN27	pages 52–53
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EN20, EN23, EN28	pages 63–66
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Social performance indicators

SO1	pages 38–39
SO2–4, SO7–8	pages 63–66
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HR1, HR4–11	pages 63–66
HR2	pages 40–41, 48–49
HR3	pages 40–41

UN Global Compact reporting for 2013

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 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.