

UN Global Compact Communication on Progress for 2014

The company

ABB (www.abb.com) is a leader in power and automation technologies that enable utility, industry, and transport and infrastructure customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in roughly 100 countries and employs about 145,000 people.

Statement of support

Ulrich Spiesshofer, ABB Chief Executive Officer

“ABB is a long-standing and active member of the UN Global Compact, joining the organization in 2000, and we remain committed to its principles and goals. ABB’s sustainability objectives reflect the Global Compact’s ten principles, covering environmental, human rights and labor issues, and integrity among other issues. We are working to ensure the Global Compact’s initiatives and principles reach a wider audience, both within ABB and externally, and as part of our ongoing commitment, we are involved in a number of focused initiatives such as the Human Rights and Labor Working Group, as well as 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 2014 with several courses delivered in Europe and southern Africa. The awarenessraising program has now been delivered in 15 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 continued in 2014 with the focus on country sustainability specialists. A network of internal specialists was launched towards the end of 2014. An e-learning human rights module will be launched in early 2015.

- Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights. In 2014, ABB was an active participant or attended a series of events in several parts of Europe and the United States.

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 2014 with internal training in Europe and southern Africa. Target group as above in Principle 1. Central to all such trainings is the issue of potential complicity.
- Ongoing work 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.

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 2014.
- 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 2014.
- The principle of “no forced or compulsory labor” is included in ABB’s Supplier Code of Conduct 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 175 audits of suppliers were carried out in 2014, and no violations were reported.
- 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 2014, resulting in five terminations, 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.

Environment

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.
- Group-wide list of prohibited substances for products and processes is continually reviewed and updated. The phasing out of hazardous substances is part of ABB sustainability objectives.
- ABB continuing its internal energy efficiency program, with target to reduce energy use by 20 percent by 2020, 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 a strengthened protocol for auditing of suppliers’ environmental performance, auditing a further 175 suppliers during 2014.
- 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.
- 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 is continually reviewed and updated. 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. The health, safety and environment checklist for the GATE model was strengthened during 2014.

Anti-corruption

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

- Covered by ABB Group Code of Conduct, the ABB Supplier Code of Conduct, Principle 4 of ABB Human Rights Policy, and Principle 13 of Social Policy.
- Underpinned by zero tolerance policy on non-compliance.
- During the second quarter of 2014, ABB rolled out a new global anti-bribery elearning module to over 100,000 employees across ABB Group. The completion status at year-end was over 92 percent.
- 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 80 Ombudspersons in over 50 countries.
- As part of the anti-corruption program, ABB continued to carry out several additional training and communication initiatives in 2014, 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.
- ABB was recognized as one of The World's Most Ethical Companies by the Ethisphere Institute in 2014. The NYSE Governance Services reviewed ABB's integrity program in 2014 and, as a result, ABB will once again be recognized with the Ethisphere Anti-corruption Program Verification and Compliance Leader Verification seals in 2015 and 2016.
- ABB is one of the founding members of Ethics and Compliance Switzerland (ECS; May 2014). ECS promotes the development of a compliance community across all sectors and organizations in Switzerland and the establishment and sharing of compliance best practices. It is the first NGO in Switzerland connecting private and public sector organizations and their officers and employees who share an interest in best practice on integrity and compliance management.