

UN Global Compact reporting for 2012

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 145,000 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 2012.

Statement of support

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 involved in different initiatives and local networks, 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, 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: It continued in 2011 in four other countries with training in two more countries in 2012. In all, training was carried out in nine countries, three less than foreseen in a group sustainability objective for the period. A further training objective has been set for 2013. 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 began in 2012 with a first round of training for more than 40 sustainability specialists.
- Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights. In 2012, ABB was an active participant at an EU conference in Denmark, a UNGC event at the Rio summit in Brazil, a business and human rights conference in the United Arab Emirates, and the UN Working Group meeting in Switzerland. ABB continues to be an active member of the Global Business Initiative on Human Rights, UN Global Compact Human Rights Working Group, and the Global Agenda Council of the World Economic Forum.

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 2012 with internal training in Brazil and India. Training includes issue of complicity. Target group as above in Principle 1.
- A capacity building program to raise human rights capability began in 2012 with a first round of training for more than 40 sustainability specialists.
- Further work with ABB's two systems divisions in 2012 to monitor projects at very early stage of pursuit to check for possible complicity issues.
- Due diligence carried out on several potential projects to avoid potential complicity.
- Due diligence carried out on a potential target for acquisition.
- Due diligence work done in advance of entry into two new markets in Asia and Africa.

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 2012.
- 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 2011.
- The principle of "no forced or compulsory labor" is included in ABB's Supplier Code of Conduct, and 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 121 audits of suppliers were carried out in 2012. No cases of child labor 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 13 substantiated cases of harassment and two of discrimination in 2012, resulting in one termination, 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.

Environment

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

- Environmental considerations mandatory in the 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.
- A support unit in ABB's Corporate Research organization provides 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 121 suppliers and training more than 1,000 suppliers during 2012.
- 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, 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.

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.
- During 2012 ABB conducted face-to-face Integrity training, covering both anti-corruption as well as anti-trust risk areas, to over 130,000 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 70 Ombudspersons in 48 countries.
- As part of the anti-corruption program, ABB also carried out several additional training and communication initiatives in 2012, focusing on company leadership and middle management, and including integrity films, biweekly case studies published on the intranet, and proactive action such as anti-bribery compliance reviews of ABB units around the 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 2012 Sustainability Performance Report is published in March 2013. 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
- 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