

UN Global Compact reporting for 2009

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 115,000 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 2009.

Statement of support from Mr Joe Hogan, ABB Chief Executive Officer.

"As a founding member of the UN Global Compact, ABB remains committed to its principles and goals. Our commitment takes two principal forms: we work with the Compact to ensure that its initiatives and 10 principles reach a wider audience, and actively supported this in 2009 through participation in the June meeting in Istanbul, the Human Rights Working Group and in local networks in different countries. And we also continue to work to embed the principles highlighted by the Compact into our business practice. In this tenth anniversary year of the Compact, we wish it and its members continued success for the next decade."

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
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities
- Active participation in international organizations and workshops seeking to promote business awareness and support for human rights. These include UN Global Compact meeting in Istanbul in 2009, the UNGC Human Rights Working Group, the Global Business Initiative on Human Rights and others.
- Human Rights questions expanded in risk review process for projects, as well as in supply chain questionnaire and mergers and acquisitions process.

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
- Following training of country management teams in several countries since 2007, attempts are being made to strengthen awareness of human rights risks and opportunities among sustainability experts and key business unit members in different parts of the world.

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 the 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 2009.
- In countries where the 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 Code of Conduct, Principle 1 of the 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 2009.
- The principle of “no forced or compulsory labour” has been included in ABB’s protocol for supplier audits.

Principle 5: The effective abolition of child labour.

- Included in 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 in 2009.
- The principle of “no child labour” is included in ABB’s protocol for supplier audits.

Principle 6: Eliminate discrimination in respect of employment and occupation.

- Contained in 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. No violations were reported in 2009.
- 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 ABB GATE model for product and process development
- Standardized Life Cycle Assessment procedures are 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 met its target to cut energy use by five percent per manufactured unit over a period of two years to 2009. This is being continued as an ongoing program to reduce energy use by two and a half percent per year in 2010 and 2011.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- Work with international organizations and initiatives, such as World Economic Forum’s Climate Change roundtable, WBCSD and ISO.
- ABB has implemented a 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 the environmental impact of logistics and business air travel, as part of new sustainability objectives launched in 2009.

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 strengthened in 2007. The phasing out of hazardous substances is part of new ABB sustainability objectives launched in 2009.

Anti-corruption

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

- Covered by Principle 4 of the new ABB Human Rights Policy, Code of Conduct and Principle 13 of Social Policy
- Underpinned by a zero-tolerance policy on non-compliance
- Ombuds program introduced in 2009 to complement other ways of ensuring compliance. Ombudspersons appointed in nearly 30 key countries
- E-learning course on export credit agency compliance program in 2009

Policies:

ABB has Group-wide policies: The Social Policy, Environmental 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 Review.

Links:

1. Social, Environmental, OHS and Human Rights:

<http://www.abb.com/cawp/abbzh258/67a6078b60372903c125736300329cca.aspx>

2. Corporate Governance, Compliance and Business Ethics

<http://www.abb.com/cawp/abbzh252/e2bb54849a66be5bc1256aee0059ce2a.aspx>

Reporting:

ABB's sustainability performance is compiled in an annual Sustainability Performance Review which measures the company's performance against the Global reporting

Initiative's indicators. The annual review identifies targets – such as reducing energy use per employee by 2.5% annually – as well as detailed measured outcomes.

Social commitment

As part of its Social Policy ABB is committed to promote and participate in community activities that foster environmental, social, economic and educational development in the communities where it operates.

During 2009, ABB companies in 43 countries supported community development projects, donating approximately \$913,000 in funding and providing over 2,200 man-days of work on the part of employee volunteers.

ABB's community work falls into two categories: Helping to raise educational standards in local schools and supporting the disadvantaged in areas where the company has operations. Schools and education are supported in such countries as Argentina, Brazil, China, Colombia, Egypt, India, Saudi Arabia, Singapore and South Africa. ABB's work with disadvantaged people varies widely. In Germany, Italy and the United Kingdom, ABB volunteers help participants in Special Olympics for people with intellectual disabilities; in Canada and the United States, employees raise funds in a variety of ways, including charitable events, and these are then distributed to a range of community projects and charities.

At a Group level, the ABB Jürgen Dormann Foundation for Engineering Education also supports students with financial needs in countries such as India, China, Mexico, Poland and Vietnam. ABB also supports a number of organizations and programs. For example, ABB continues to be a member of the corporate support group of the Swiss-based International Committee of the Red Cross, and is a sponsor of the WWF.

ABB's common effort contributions include a program of rural electrification projects in least developed countries called "Access to Electricity." ABB's first project was in a village in Tanzania, where ABB partnered with local authorities and the global conservation organization WWF. Electrification has led to economic, environmental and social gains over the last few years. Similar progress has occurred in a second project in western India where ABB has partnered with an NGO and state authorities to bring power to a desert community, where to date about 7,000 people are benefiting from access to solar power through the project. These projects are very much in line with some of the aims outlined by the Millenium Development Goals.

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,
- CSR Europe
- 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

An example of the partnerships is the one between ABB and WWF (see above under Social Commitment). Apart from the project in Tanzania, ABB and WWF agreed in 2009 to set up a series of energy-efficiency projects in China, India and South Africa covering at least the next two years.

Supply chain

ABB's sustainability management principles also apply to its suppliers. For example, ABB favors suppliers who have implemented ISO 14001 environmental management systems and OHSAS 18001 or equivalent health and safety systems. Suppliers are required to identify the environmental aspects and the health and safety risks in the scope of their supply to ABB, including the roles of sub-suppliers. Suppliers are then required to address these aspects and risks with programs to continuously improve performance.

For the screening of key suppliers, ABB has developed a generic audit protocol in which environmental, human rights and social criteria are integrated, together with other performance indicators. The protocol is used for on-site audits by ABB personnel and also by the suppliers themselves in a self-assessment process (see abb.com/supplying to ABB).

Forty-nine percent of about 1,500 key suppliers are externally certified to ISO 14001 for their environmental performance and a further 9 percent have implemented "self-declared" environmental management systems. More than 800 documented environmental audits of suppliers were performed during 2009.