

## UN Global Compact Communication on Progress for 2017

### The company

ABB (ABBN: SIX Swiss Ex) is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization and driving the Energy and Fourth Industrial Revolutions. ABB operates in more than 100 countries with about 136,000 employees.

### Statement of support

Ulrich Spiesshofer, ABB Chief Executive Officer

“ABB is a long-standing and active member of the UN Global Compact, having joined the organization in 2000 and participated in a range of initiatives as well as at local network level. We remain committed to its principles and goals, and work to embed its 10 core principles into our business practices. ABB’s Sustainability Objectives reflect these principles, covering environmental, human rights and labor issues, and integrity among other issues. In addition, ABB’s business operations and strategic goals also support a number of the UN Sustainable Development Goals, including those aimed at ensuring access to affordable, reliable and sustainable energy for all, and efforts to combat climate change. ”

### 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. Policy updated in 2016
- 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, and the mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities. Protocol reviewed and updated during 2017.
- Global human rights training continued in 2017. An awareness-raising program for senior managers has so far been delivered in 18 countries; 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 2017 with further targeted training for our network of internal specialists, focusing on supply chain risks and practical implementation of the UN Guiding Principles. An e-learning human rights module, launched in 2015, continues to provide fundamental guidance on human rights at ABB.
- Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights.

#### Principle 2: Make sure they are not complicit in human rights abuses

- Human rights policy adopted in 2007 and amended in 2016 is designed to raise performance and avoid complicity. Specifically, the issues of human trafficking and slave labor were added to a number of policies in 2016.
- ABB published its first response to the UK Modern Slavery Act in 2017.
- Global human rights training continued in ABB in 2017. The target group is 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. For the second year running, ABB was recognized for responsible sourcing of minerals by two independent benchmark studies.

- 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 2017.
- 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. Additions were made to both policies in 2016 to cover human trafficking and slave labor. All countries were asked to formally report on this principle. No violations were reported in 2017.
- 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 and no violations were reported in 2017.
- The principle of “no child labor” is included in ABB’s Supplier Code of Conduct as well as a protocol for supplier audits. A total of 243 audits of suppliers were carried out in 2017.

### 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 nine substantiated cases of harassment in 2017, resulting in three terminations and two resignations.
- 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 is committed to reducing its environmental footprint, with a target to reduce greenhouse gas emissions by 20% by 2020, from a 2013 baseline, and increase focus on resource efficiency (namely improve materials and water use, and reduce waste)
- Environmental experts in the divisions, at country and at 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, ISO and the United Nations Environment Programme.
- ABB has implemented strengthened environmental minimum standards, common to all operations.
- ABB audits suppliers' environmental performance to help reduce their environmental footprint and conducted a further 243 audits during 2017.
- ABB issued an updated statement on climate change and global warming in support of the Paris agreement and climate policies that encourage early adoption of clean technologies and energy efficiency.

#### Principle 9: Encourage the development and diffusion of environmentally friendly technologies

- Covered by Code of Conduct and Principle 5 of ABB Environment 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 processes supporting the health, safety and environment checklist for the GATE model were strengthened during 2017.

#### 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 third quarter of 2016 ABB rolled out a new global anti-bribery essentials e-learning module across ABB Group to the white collar community. The blue collar community received face-to-face training during 2016. The completion status at 2016 year-end was an average of just over 90 percent for the e-learning and face-to-face training. During H1 2017 this training was continued.
- ABB offers a number of different reporting channels, including a third party-held Business Ethics hotline available 24/7 where employees can report concerns confidentially.
- As part of the anti-corruption program, ABB continued to carry out several additional training and communication initiatives in 2017, focusing on company leadership and middle management, and including Code of Conduct and anti-bribery e-learning, integrity leadership development sessions, and case studies published on the intranet, and proactive action such as anti-bribery compliance reviews of ABB units around the world.
- In 2017 ABB was once again recognized with the Ethisphere Anti-corruption Program Verification and Compliance Leader Verification seals.
- 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.
- ABB in Brazil was recognized for the third year as a Pró-Ética (Pro-Ethics) company by Instituto Ethos and the Brazilian government, an initiative recognized by the OECD.