



It's Time for Action

The how to... Sustainability implementation guide
for the ABB Supplier Code of Conduct

Disclaimer

Contents

The purpose of this handbook is to help ABB suppliers comply with the ABB Supplier Code of Conduct. The recommendations in this handbook are based on ABB best practices and do not relieve from following all applicable federal, state, province and/or local jurisdiction requirements, as well as contractual obligations.

This handbook does not claim to interpret any such laws, regulations, requirements, standards or contracts. While best efforts have been made in preparing this handbook, there are no representations or warranties with respect to the accuracy or completeness of the contents of this handbook, and ABB specifically – but without limitation – disclaims from any implied warranties of merchantability or fitness for a particular purpose.

The information is provided with the understanding that the contents does not render legal advice or other professional services. If legal advice or other professional assistance is required, the services of a competent professional should be sought.

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To get the latest version of this Handbook, visit:
www.abb.com/supplyingtoabb

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1

Introduction

1 Introduction

ABB products and services are helping our customers to use electrical power more efficiently, to increase industrial productivity and to lower environmental impact in a sustainable way. ABB stands for “Power and Productivity for a Better World”, because we work hard to conduct business ethically and with respect towards employees, society and the environment. We take a lot of pride in our sustainability performance and strive to become better every day.

As a supplier to ABB, you are part of our ‘Extended Enterprise’ and are therefore expected to honor the same standards with respect to fair and legal labor conditions, occupational health and safety, environmental responsibility and business ethics. These standards are defined in the [ABB Supplier Code of Conduct](#). Meeting these standards will help you better protect and value your employees, your customers and your neighbors.

This handbook contains information about how you can meet the sustainability requirements of our Supplier Code of Conduct and how we will help you develop your business sustainably.

ABB is doing business with a wide range of suppliers – from large multinational companies to sole traders; from raw material or product suppliers to contracted service providers – but they all have one thing in common: their commitment to our Supplier Code of Conduct.

The actions you have to take and the procedures and systems you need to put in place to comply with this Code depend to a large degree on the nature of your business and the type of goods or services you provide to ABB.

The information in this handbook is most relevant for our suppliers of direct materials and contracted services, with a more strategic, long term business relationship with ABB. These suppliers will find our “sustainability basics” particularly useful in helping them comply with our Supplier Code of Conduct.

2

How to use
this handbook

2 How to use this handbook

This handbook is structured in a way that allows you to divide the sustainability development process in different work packages and allocate responsibilities to the respective departments in your organization.

Chapter 3) explains in broad outline the support you can expect from ABB on your journey towards becoming a more sustainable supplier. This information is particularly important for the leaders of your company.

Chapter 4) is the core of this handbook, where it comes down to operations. The chapter starts with a brief introduction and clarification of some important concepts, and then provides a detailed description of our “sustainability basics”, together with suggestions about how they can be implemented in your day-to-day business. Some important concepts are illustrated to facilitate understanding.

The sustainability basics are grouped into different sections, making it easier for you to create work packages for your respective departments (human resources, operations, purchasing, etc.).

Finally, throughout this chapter, you will find codes such as (<5D). This is a reference to country-specific “ABB Supplier Sustainability Implementation Manuals”, which contain a numbered list (using the same codes) of the applicable laws and standards regulating our sustainability basics in selected countries. Refer to your ABB contact person for more information.



- This handbook is constantly improved based on the feedback we receive from our suppliers. Send your feedback to: scm.sustainability@ch.abb.com
- The latest version of this handbook, as well as a lot of supporting material, is available on: <http://www.abb.com/supplyingtoabb>
- Think before you print! Please consider the environment before printing this handbook.

3

How we will
support you

3 How we will support you

No matter whether the concept of sustainability is new to you, or whether your company is world class in terms of economic, social and environmental performance, only by working together can our business become more sustainable.

In ABB, we have a clear Code of Conduct, advising all our employees how sustainable business is performed under best practice principles. We put great efforts into making sure that our employees are fully aware of the importance of sustainability for us as a company, and for us as individuals. In fact, over the last couple of years, 99% of ABB employees worldwide received face-to-face integrity training and we have trained over a thousand people on the ABB Supplier Code of Conduct.

But we know that training our employees is not enough. We also have to reach out to our suppliers. After all, you have made a similar commitment to sustainability excellence when signing up to the [ABB Supplier Code of Conduct](#), which is part of our standard Terms and Conditions.

ABB regularly organizes sustainability awareness training sessions around the world to provide our suppliers with information to help them live up to their commitment. This handbook is an integral part of these training efforts, helping you to transform awareness into action and commitment into performance.

The next milestone on your journey to becoming a more sustainable supplier consists of implementing our sustainability basics (see Chapter 4). They will help you streamline your manufacturing and business processes, increase productivity, achieve compliance with relevant legislation and enable continual improvement of your sustainability performance. You will become a more attractive business partner to ABB and to other existing and potential customers.

To help our suppliers demonstrate compliance with these principles, ABB is conducting on-site sustainability assessments, particularly with our more strategic suppliers of direct materials and contracted services. The first assessment is paid by ABB and carried out by a third party, or third-party-certified auditors. In case of non-compliance findings, a corrective action report is issued with a pre-defined timeline for implementation. The closure of these corrective action plans is then audited. ABB will terminate business relationships with suppliers who repeatedly fail to implement corrective actions.

Implementing the sustainability basics will enable you to drive and monitor continual improvement. Your sustainability performance is a key indicator in our supplier qualification, development, evaluation and classification process. Best-in-class companies will become preferred ABB suppliers in our quest for "Power and Productivity for a Better World".



- Contact your ABB SCM Manager to learn about upcoming training sessions in your vicinity
- To learn more about how ABB is working to become a more sustainable supplier to our customers, visit, <http://www.abb.com/sustainability>
- We invite you to challenge our own performance and help us become more sustainable! Send your views on our sustainability performance to scm.sustainability@ch.abb.com

3 How we will support you

Before



After



Before



After



Before



After



Before



After



4

How you can implement
the sustainability basics

4 How you can implement the sustainability basics

Simply put, sustainability is about keeping your company members and your company neighbors safe and happy. The ABB sustainability basics help you achieve this goal. This chapter contains more information on these basics as well as suggestions on how they can be implemented in your day-to-day business.

Note that whenever a sustainability basic is relevant for all workers, you need to make sure that all categories of workers, including permanent, contract/lease, casual, trainee, apprentice, etc. are covered by the implementation measures.

Also, when communicating your requirements and implementation measures, you have to ensure that this communication is effective, i.e. that the target audience (e.g. managers, supervisors, workers, contractors, etc.) clearly understood the message and the implications in their area of responsibility. This may require different forms of communication (e.g. documented training sessions, posters, work instructions, worker handbook, contract clauses, etc.) in different languages.



Throughout this chapter, you will find codes such as (<5D). This is a reference to country-specific “ABB Supplier Sustainability Implementation Manuals”, which contain a numbered list (same codes) of the applicable laws and standards regulating the ABB sustainability basics in selected countries. Refer to your ABB contact person for more information.

4.1

Compliance leadership





4.1.1 General management

The ABB Supplier Code of Conduct does not set new requirements on your business, it only requires you to ensure that you comply with all relevant standards, locally applicable legislation, international conventions and your contractual obligations towards ABB in the areas of business ethics, labor, environment, health and safety.

First, you need to understand what these requirements are. This is not easy, as they may be defined by different stakeholders, might be difficult to understand or might even change over time. This section of the handbook will help you establish procedures to identify the various requirements and monitor compliance.

How you can manage compliance

- Formally appoint a manager with the responsibility of ensuring compliance in the areas of labor, environment, health and safety (>1G).
This management representative shall be a senior, trained and competent person, capable of understanding the various requirements and engaging the right people in order to ensure full implementation of your company's policies, systems and procedures relating to sustainability compliance.
The responsibilities of this role have to be clearly documented and communicated to all managers and supervisors. Key responsibilities include
 - establishing an appropriate organization for compliance management
 - establishing appropriate systems and procedures for identifying, analyzing and controlling compliance risks
 - ensuring sufficient competence of responsible managers and providing leadership and advice on compliance issues
- Establish a procedure to capture all applicable requirements and monitor if your operations and performance are in compliance with these requirements (>1A).
Part of such a procedure can consist of a formal document listing all relevant labor, environment, health and safety requirements (legal and other) that are applicable to your business. Make sure that this list is periodically updated and that all required certificates and

permits are valid, understood and maintained at site. Also, continuously check and document whether your performance meets the conditions defined by the various requirements, licenses and permits (e.g. if you have a permit to employ 500 workers, valid for the next three years, you need a monitoring procedure to ensure that you don't employ more than 500 workers and that you apply for a renewal of the permit before it expires).

- Effectively communicate legal requirements on labor, environment, health and safety to all workers (>1B)
This can be achieved by embedding the requirements in training material, employment contracts or workers handbook, and by displaying the requirements on a board at the entrance to your premises.

How we will verify compliance

During the ABB supplier sustainability assessment, we will check relevant documents (e.g. appointment letters, minutes of meeting, etc.), records, permits, licenses and consents to verify your compliance with all relevant standards, locally applicable legislation, international conventions and your contractual obligations towards ABB.

ABB will also assess the competence and interview the compliance management representative, management team members, site managers, supervisors and workers, and assess the awareness of the applicable legal requirements and their implications on their respective areas of responsibility, as well as of their own legal rights and responsibilities at their work place.

1 First, appoint a Compliance Leader. Someone who can take responsibility for legal compliance in the areas of labor, environment, health and safety. Usually a senior manager.

2 As a Compliance Leader, you will need to read and understand all relevant legal issues and responsibilities that affect your business.

3 Develop your own compliance manual – bring all relevant labor, environment, health and safety requirements for your business into a single, easy to understand document.

! Check the manual regularly to make sure it's up to date

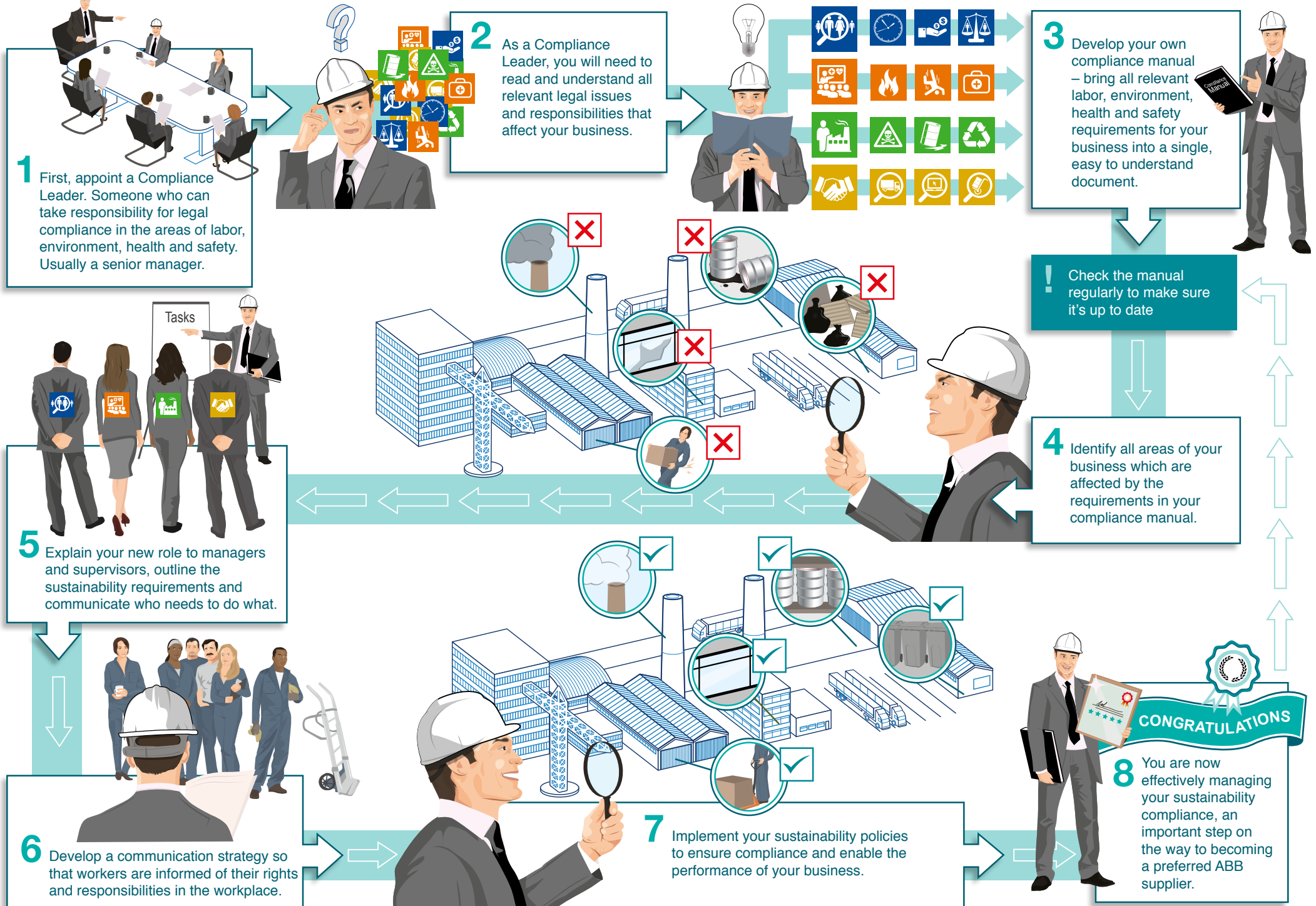
4 Identify all areas of your business which are affected by the requirements in your compliance manual.

5 Explain your new role to managers and supervisors, outline the sustainability requirements and communicate who needs to do what.

6 Develop a communication strategy so that workers are informed of their rights and responsibilities in the workplace.

7 Implement your sustainability policies to ensure compliance and enable the performance of your business.

8 You are now effectively managing your sustainability compliance, an important step on the way to becoming a preferred ABB supplier.



4.2

Social leadership





4.2.1 Labor and human rights

ABB has a zero tolerance policy with regard to child labor, forced labor and poor working conditions for young workers and pregnant or nursing female workers. Note that if in the list of requirements below, the age limits set by international standards and local legislation are different, the more stringent age limits always apply.

How you can meet labor and human rights requirements

- You must not employ children below 15 years or the legal limit set by your government (>1C).
By using a formal age verification procedure for all new workers and including the verified date of birth in their personal files, you can ensure compliance with this requirement.
- Young workers (15-18 years, or as legally defined) as well as pregnant or nursing women must not be engaged in heavy and/or dangerous work, and must be granted their respective legal benefits (e.g. with respect to maximum working hours, regular breaks, etc.) (>1D)
This requires you to maintain a list of heavy and dangerous work performed by your workers, and include records on young, pregnant and nursing workers in the personal files.
- You must not make use of forced labor (>1E).
In particular,
 - you must comply with all applicable laws that regulate the withholding of deposits or identification papers by employers or outside recruiters (all workers must be able to access and retrieve their identification papers at any point of time);
 - wage deductions, advances, and loans to workers must not exceed legal limits and must not be used as a means to bind workers to employment. Further, the terms and conditions surrounding the granting and repayment of advances and loans must be clearly communicated and understood by the concerned workers;
 - all overtime must be on a voluntary basis.

How we will verify compliance

In order to demonstrate compliance with these requirements, you shall at least

- maintain documentation of the respective legal requirements (see also Section 4.1.1);
- have formal policy statements with regard to child labor, young workers, pregnant and nursing female workers, and forced labor;
- have documented evidence of how you have communicated these policy statements to your workers (e.g. training, attachment to contracts, etc.);
- maintain records in personal files (including date of birth verification procedure and records of young, pregnant and nursing workers);
- maintain a list of heavy and dangerous work.

During the ABB supplier sustainability assessment, we will check these policies and verify that they are effectively communicated and thoroughly implemented (e.g. through observations during site visits, worker interviews, verification of contracts, loan conditions and other documents and records).



4.2.2 Fair employment

As an ABB supplier, you are required to support and respect the protection of internationally proclaimed human rights, ensure equality of opportunity and respect the rights of your workers with respect to collective bargaining.

How you can be a fair employer

- Do not make use of harassment or disciplinary practices, nor discriminate against ethnicity, caste, nationality, religion, indigenous peoples, migrants, minorities, people with disabilities, women, sexual orientation and gender identity, political affiliation, and union membership (>1I)
- Provide equal opportunities to all employees (e.g. with regard to remuneration, access to training, promotion and termination of employment) (>1I)
- Give all workers the possibility of collective bargaining with respect to working conditions, health and safety conditions, working hours, remuneration, etc. as per the locally applicable legal requirements (>1E)

How we will verify compliance

In order to demonstrate compliance with these requirements, you shall at least

- have clear and documented policy statements with regard to disciplinary practices, discrimination and equal opportunities;
- have documented evidence of how you have communicated these policy statements to your workers (e.g. training, attachment to contracts, workers handbook etc.);
- demonstrate the effective implementation of the collective bargaining agreement or model standing order.

During the ABB supplier sustainability assessment, we will check your policies and agreements and verify that they are thoroughly implemented (e.g. through an examination of performance appraisal, promotion and transfer procedures and records, composition of management team, worker representation in safety committee, grievance committee, improvement committees, etc.).



4.2.3 Working hours and days off

As an ABB supplier, you are required to conform to all applicable laws and industry standards relating to working hours, overtime working hours and leave policy. Note that these rules apply to all categories of workers (i.e. permanent, contract, lease, etc.).

How you can control working hours and days off

- Maintain verifiable records of working hours and overtime working at site for all workers (>2C).
The tracking system for working hours and overtime can be either manual or electronic, and it has to cover piece rate as well as hourly rate workers.
- Working hours and overtime shall be within the local legal limits. ABB recommends that the normal working hours for all workers including overtime should not exceed 60 hours per week. Overtime working hours shall not be on a regular basis (>2A).
Note that legal requirements often limit the total hours worked not just in one week, but also during a longer period (e.g. per month, quarter, year, etc.).
- Overtime work must be on a voluntary basis (>2D).
You must not force anyone to work overtime.
- Ensure that all workers are offered 1 day off following 6 consecutive working days (>2B)

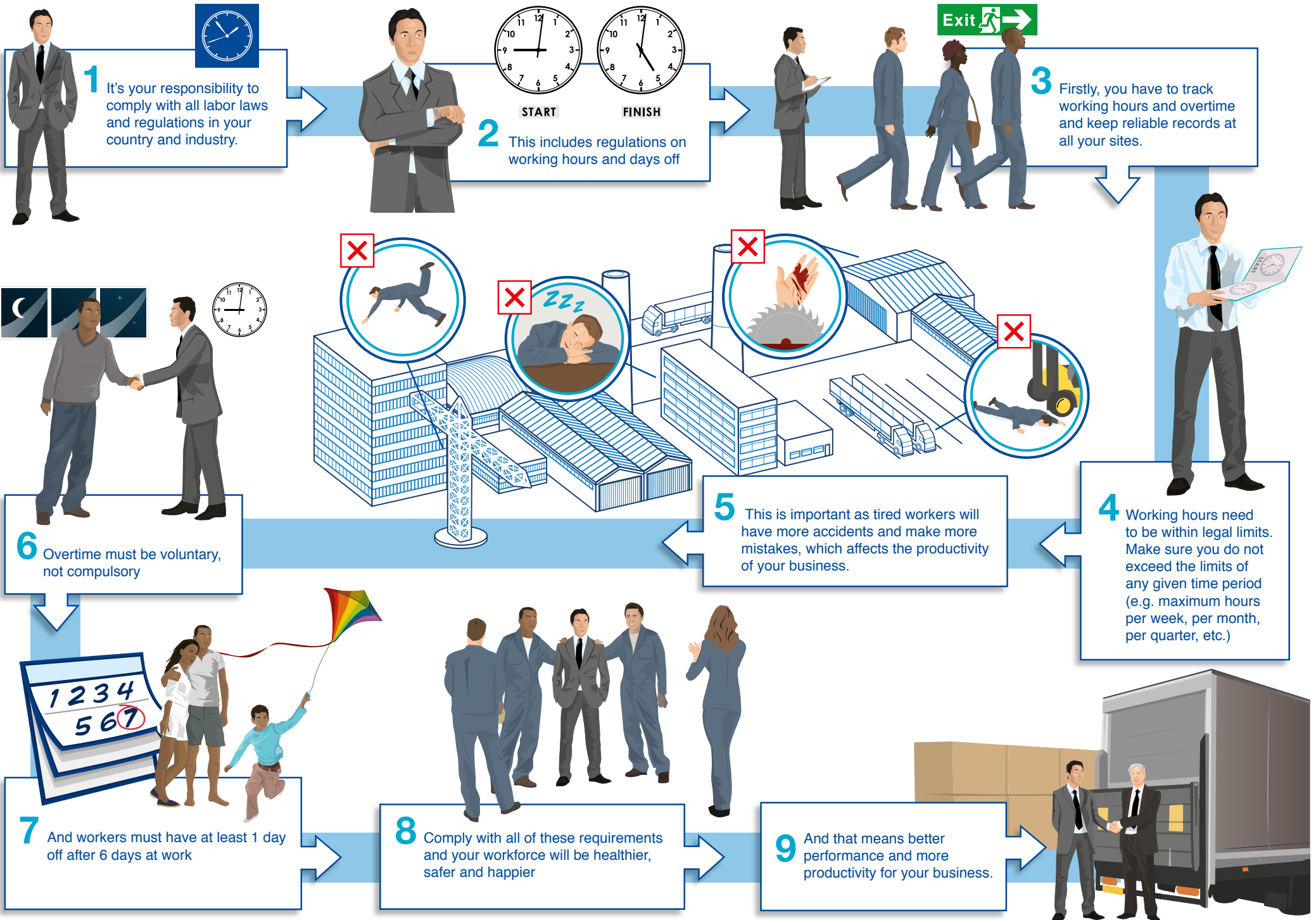
How we will verify compliance

During the ABB supplier sustainability assessment, we will check your working hours and overtime policy, attendance and in-out timing records, relevant permits from local authorities or agreements with trade unions (e.g. for temporary exceptions in peak production periods), payroll and payslips, leave procedures and records, production plans and productivity records (used for cross-checking with timing records), etc. We will also carry out interviews with workers to verify the accuracy and completeness of the evidence provided.



Labor laws are important because...

- they protect employers from fines and potential lawsuits
- they guarantee the employees' right to fair compensation
- they protect the employer's productivity, and therefore profits, as well as the ability to remain competitive in the marketplace by avoiding destructive competition
- they can eliminate time-consuming and stressful conflicts between employers and employees
- they help prevent quality and safety incidents
- they reflect the values of the society in which you operate



4.2.4 Remuneration



As an ABB supplier, you are required to comply to applicable laws and industry standards with regard to remuneration and offer adequate wages to all workers.

How you can meet remuneration requirements

- Pay on time to all workers wages, overtime payment and benefits at least according to the legal minimum standards, or, if applicable, legally binding industry standards (>3A).
Make sure that all workers are aware of their rights with regard to remuneration. You can achieve this by displaying the minimum wages regulations on a board at the factory or site entrance, and by including this information in the employment contracts or workers handbook.
- If your company employs piece-rate workers, you must ensure that
 - piece-work wage calculations are clear and transparent (>3B).
It must be possible for workers to trace how piece-work wages are calculated.
 - the piece-work rate is adequate (>3B).
It must meet the minimum wages for normal working hours
- Remunerate all overtime working for all workers at a premium rate at least to the amount defined by law (>3D)
- Refrain from making wage deductions other than the legally permitted social and tax deductions (>3C).
Make sure you use the right base salary, as legally defined, for calculating the deductions (e.g. calculate before/after including overtime, social benefits, bonus, etc.)

- Provide written employment contracts to all workers as required by law (>3E).
Make sure that the contracts comply with relevant legal requirements and that the workers understand the terms and conditions of their employment.
- Provide all workers with payslips detailing wages and deductions for every wage period (>3E).
The payslips shall be clear and transparent, detailing all deductions.

How we will verify compliance

During the ABB supplier sustainability assessment, we will review the payroll and payslips, records indicating piece rate wages, methodology of piece rate wage calculation, disciplinary and termination records, formal agreements or announcements regarding wage deductions, employment contracts and appointment letters, personnel files, etc. in order to verify compliance with regard to remuneration. We will also carry out interviews with workers to verify the accuracy and completeness of the evidence provided.



4.2.5 Social benefits

As an ABB supplier, you are required to conform to applicable laws and industry standards with regard to personal social benefits.

How you can meet requirements on social benefits

- Ensure compliance with all applicable legal requirements on social insurance for all workers (>4A). This may include pension fund contributions, health and accident insurances and any other social insurance as required by law.
- Offer paid leave to all workers at least as per the applicable legal requirements (>4B). This may include paid annual leave, sick leave, casual leave, national and festival holidays, maternity leave, etc.
- Provide appropriate dormitories, canteens and/or lunch and dining areas to all workers as legally required (>4C). These legal requirements may include provisions for kitchen, lunch and dining areas, space for food and personal storage, easy access to potable water, warm water bathing and sanitary facilities, space requirements per worker etc.
- Ensure that your sanitary facilities at least meet legal requirements, that men and women have separated facilities and that the facilities are maintained in good condition (<4D). Legal requirements may include provisions for the type, number and availability of sanitary facilities (e.g. toilets, washing and cleaning rooms, etc.).

How we will verify compliance

During the ABB supplier sustainability assessment, we will review the correct registration and documentation of paid social insurance and leave as well as the calculation methods and transparency for granting these social benefits. We will also visit the canteens, dormitories and sanitary facilities to verify their adequacy with respect to the applicable legal requirements. Further, we will carry out interviews with workers to verify the accuracy and completeness of the evidence provided.

4.3

Health and safety
leadership





4.3.1 Health and safety management responsibility

The ABB Supplier Code of Conduct requires all suppliers to “provide a safe and healthy workplace for all of its employees”. A critical first step towards meeting this Occupational Health and Safety (OHS) requirement consists of creating OHS leadership in your organization.

How you can establish OHS leadership

- Formally appoint a manager with the responsibility of coordinating OHS management in your organization (>5B).
This management representative has to be trained, competent and familiar with the OHS risks of your organization, and capable of engaging and advising the right people in order to ensure full implementation of your company’s policies, systems and procedures relating to OHS. The responsibilities of this role have to be clearly documented and communicated to all managers, supervisors and workers. Key responsibilities include
 - establishing an appropriate organization for OHS management
 - establishing appropriate systems for identifying, analyzing and controlling OHS risks
 - ensuring sufficient competence of OHS managers and key worker
 - providing leadership and advise on OHS issues

How we will verify compliance

During the ABB supplier sustainability assessment, we will verify the correct appointment of the OHS management responsibility to a trained and competent person.



The basics of health and safety leadership and management are the same, no matter the size of your organization and the goods and services you provide to ABB. The hazards, impacts, risks and controls, however, will vary greatly from supplier to supplier.

Below is a tentative list of codes of practice and guidelines to help you address your specific OHS hazards.

Codes of Practice

- The [ABB Code of Practice for Project Sites](#) gives practical direction on how to achieve ABB’s minimum standards for health and safety at site. It shall be used for training, and its requirements must be implemented at all ABB projects sites.
- The ILO has published a number of useful health and safety codes of practice for the use of machinery, for construction sites, for chemicals at work, etc. These documents are available on the [ILO website](#)

Training material by the ILO

- The ILO has also published training material on topics such as ergonomics and OHS risk assessment for SMEs and construction sites. Visit the [ILO website](#) to download these documents

At ABB, we have local OHS advisors for every manufacturing and project site. These experts can give you very specific advice on OHS management and competence building, and provide you with the ABB OHS standards relevant to your scope of supply. Your ABB Supply Chain Manager can put you in contact with our experts.



4.3.2 Health and safety management system

Your OHS leader is responsible for establishing an OHS management system and building the required organization and competence for running this system.

How you can effectively manage OHS risks

- Have a documented and updated OHS risk assessment report, identifying high risk areas and activities (see also “list of heavy and dangerous work” in Section 4.2.1) (>5A). Refer to the following pages for more information on OHS risk assessment.
- Design and implement programs for managing and controlling hazards in high risk areas (>5I). Controls shall focus, in order of priority, on eliminating, isolating or reducing the impact of significant hazards (as identified and described in your OHS risk assessment report – see above).
- Ensure that the required personal protective equipment (PPE) is made available and is properly used (<5G). The PPE must be appropriate to the risk and conform to applicable standards. Workers must be trained on the proper use of their PPE.
- Provide adequate and sufficient first aid and firefighting equipment and train all supervisors and the required number of workers on its proper use (>5J). The equipment has to be easily accessible (within reach, access not blocked, etc.) and the periodic testing and maintenance has to be properly documented.
- Ensure that dormitories and canteens have a kitchen with good safety and sanitary standards and conform to all applicable legal requirements, including requirements on food hygiene and potable water (<5L). All occupants of dormitories and canteens must be aware of safety rules and emergency response. The evacuation pathways and exits must be easily accessible and unblocked at all times.

- Establish appropriate channels between your management and workers for the communication of OHS hazards, impacts, risks and control measures (>5F). Safety meetings, tool box meetings, visual signage and standard operating procedures are examples of means through which OHS hazards, impacts, risks and the appropriate use of controls (such as PPE) can be communicated.
- Provide training to enhance the OHS awareness and competence of all workers engaged in high risk areas and activities (>5C). First, conduct a documented training need assessment (who needs to be trained on what) and then document the content and record the attendance of the actual training sessions.
- Proper emergency plans are in place and tested (<5K). Periodically conduct and document the content and attendance of emergency preparedness and response drills (e.g. for emergencies involving fire, explosion, first aid, transport to hospital, etc.).



4.3.2 Health and safety management system

How you can effectively manage OHS risks (cont.)

- Provide evidence of routine workplace inspection for the identification of unsafe acts and situations, as well as evidence of the follow-up actions (>5D).
Such evidence can consist of audit reports, workplace inspection checklists, permit / consent condition monitoring records (e.g. indoor air quality, noise level, etc.).
- Based on your risk assessment reports and legal requirements, provide evidence of routine machine inspection and follow-up actions (>5E).
Maintain records of testing, inspection and maintenance of pressure vessels, cranes, hydraulic presses, forklift trucks etc. as per the required frequency.
- Ensure that a system is in place for capturing and reporting all OHS incidents and maintain the incident data for all workers as legally required (<5H).
Maintain a complete and accurate accident and incident register, have a procedure in place to investigate the root causes of incidents and link this procedure to your OHS risk assessment and standard operating procedures.



Typical hazards include: abrasive blasting; chemicals; confined spaces; cranes, hoists and rigging; demolition; driving; dust; electrical safety; emergency services requirements; excavations; falling objects; fatigue; fire and explosion; food and sanitary hygiene; flooding; hand and power tools; heat and cold; hoses and pressure equipment; manual handling; material storage and stacking; moving vehicles on site; noise; pneumatic and hydraulic equipment; electromagnetic and UV radiation; scaffolding; sharp edges; slipping and tripping hazards; spray.



4.3.2 Health and safety management system

How we will verify compliance

During the ABB supplier sustainability assessment, we will review the procedures and results of the OHS risk assessment, evaluate management programs to address key risks, objectives, targets etc., review all relevant procedures, documents and records and carry out interviews with workers to verify OHS awareness and the proper implementation of your OHS management system.



OHS risk assessment: tips and tricks

The purpose of an OHS risk assessment is to proactively identify and control the degree of risk associated with the hazards that may arise from your activities. Below is a brief overview of this OHS risk assessment procedure.

1. Hazard identification
A "hazard" refers to any activity, circumstance, event, process or substance that is an actual or potential cause or source of illness or injury. Hazards can be physical (e.g. working at height, lifting and carrying, fire, etc.), chemical or biological (e.g. inhalation, contact or ingestion of chemicals, bacteria or viruses) or psychological (e.g. stress, harassment, etc.). You need to develop a methodology for identifying and documenting the hazards arising from your activities, and a procedure for effectively communicating these hazards in your organization.
2. Risk assessment
Risk is a combination of the likelihood of a hazardous event (resulting in harm or damage), and the severity of the consequences from this event. For each identified hazard, you need to score the impact and likelihood of a hazardous event (e.g. impact scale from 10=fatal to 1=minor, and likelihood from 10=daily to 1=once every 10 years) and develop a methodology for calculating the resulting risk (e.g. risk matrix).

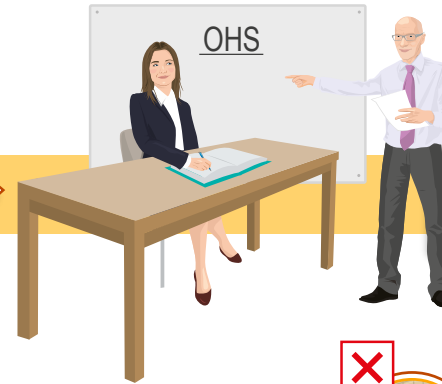
3. Definition of controls
For all risks that are not acceptable (i.e. you are not willing to accept them with respect to your legal and contractual obligations or your OHS policy and targets) you need to define controls, i.e. take all practicable steps to eliminate the hazard (engineer it out), isolate the hazard (enclose people or processes) or minimize the impact of the hazard (use personal protective equipment).
4. Implementation and monitoring of controls
Once you have defined adequate controls for your significant hazards, you need to train people on the implementation of these controls and monitor the correct implementation and performance. Incidents have to be recorded and followed up with a root cause analysis and corrective actions.

This risk assessment procedure needs to be documented and periodically updated. Every change that can affect your OHS risk (new activities, technology, processes, etc.) need to be incorporated in the risk assessment.

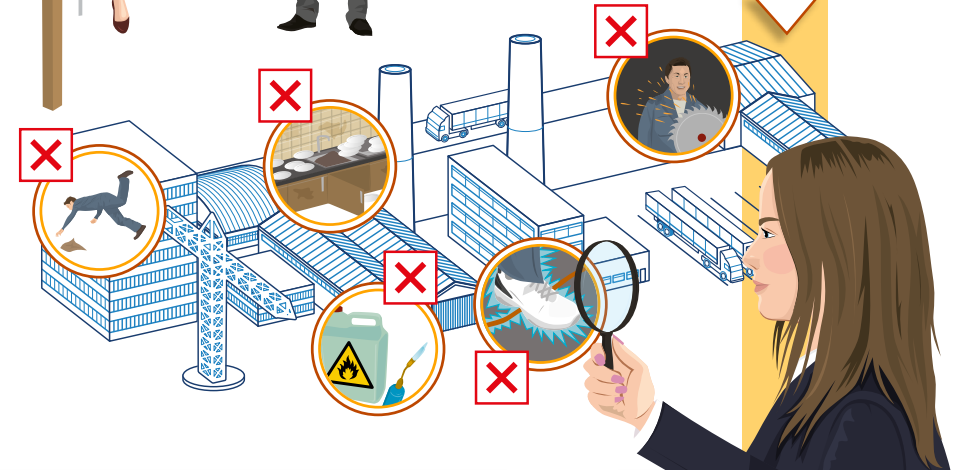
If you have never carried out an OHS risk assessment before, you should seek professional help or contact ABB for assistance.



1 It's your responsibility to provide a safe and healthy workplace for your employees. To ensure this, you have to appoint an Occupational Health & Safety (OHS) Leader. Communicate the role and responsibilities of this person to all supervisors and workers, so that they know who to approach with their health and safety concerns.

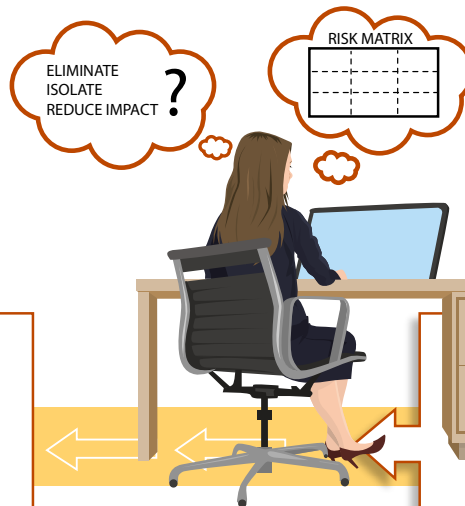


2 The OHS Leader needs to be trained and be familiar with the methodology of assessing, controlling and communicating health and safety hazards, impacts and risks in your organization.



3 Take some time to walk around the entire business looking for health and safety hazards.

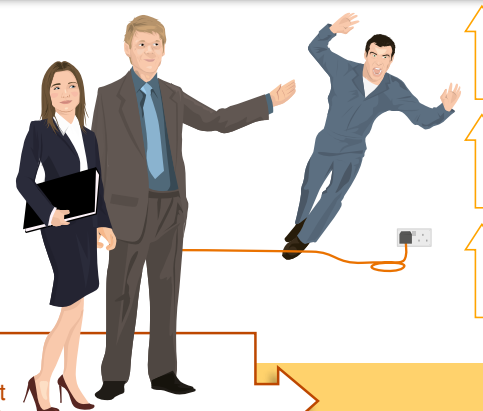
4 Write a report highlighting all hazards, evaluating the impacts and risks, and defining a process for controlling these risks. The controls will aim at either eliminating or isolating a hazard, or reducing the impact of a hazard.



5 Train supervisors and workers on the proper use of these controls, and establish a timetable and checklist for regular inspection of health and safety conditions. During these inspections, you will find that many risks have been reduced.



6 Establish regular dialogue with workers, so that they can report incidents and highlight hazards that are not yet controlled. Update your risk report to prevent further incidents and include new hazards.



7 A better working environment means happier and healthier workers. And that's good for your business.

4.4

Environmental
leadership





4.4.1 Environmental management responsibility

We want all our suppliers to be committed to environmental protection and to conduct business in an environmentally sensitive manner. Again, the first step in creating environmental leadership is the appointment of a responsible manager.

How you can establish environmental leadership

- Formally appoint a manager with the responsibility of leading and coordinating environmental management in your organization (>6C). This management representative has to be trained, competent and familiar with the environmental aspects of your organization, and capable of engaging and advising the right people in order to ensure full implementation of your company's policies, systems and procedures relating to environmental protection. The responsibilities of this role have to be clearly documented and communicated to all managers, supervisors and workers. Key responsibilities include
 - establishing an appropriate organization for environmental management
 - establishing appropriate systems for identifying, analyzing and controlling environmental aspects and impacts
 - ensuring sufficient competence of environmental managers and key worker
 - providing leadership and advise on environmental issues

How we will verify compliance

During the ABB supplier sustainability assessment, ABB will verify the correct appointment of the environmental management responsibility.



The basics of environmental leadership and management are the same no matter the size of your organization and the goods and services you provide to ABB. The aspects and impacts, however, will vary greatly from supplier to supplier.

There are many useful guidelines and training documents available on the internet to help you address your specific environmental aspects. Below is a selection of such guidelines and training material:

Training material and guidelines

- Chemical safety training modules ([ILO](#))
- Environment and the OECD Guidelines for Multinational Enterprises: Corporate Tools and Approaches ([OECD](#))
- OECD Guiding Principles for Chemical Accident Prevention, Preparedness and Response ([OECD](#))
- Good practice in emergency preparedness and response ([UNEP](#))

At ABB, we have environmental experts all over the world. These experts can give you very specific advice on environmental management and competence building, and provide you with the ABB environmental standards relevant to your scope of supply. Your ABB Supply Chain Manager can put you in contact with our experts

4.4.2 Environmental management system



Your environmental management leader is responsible for establishing an environmental management system and building the required organization and competence for running this system.

How you can effectively manage your environmental aspects

- Have a documented and updated environmental risk assessment report, identifying significant environmental aspects (>6A).
- You must have all legally required environmental licenses, consents and permits for your operations (>6D). Examples include consents on water and waste water, emissions, handling and storage of hazardous material and waste, use of chemicals etc. Make sure that your consents cover the entire scope of your activities and that they are valid and maintained at site. Include the required licenses, consents and permits in your compliance management system (see Section 4.1.1).
- Implement a formal monitoring procedure for verifying that your processes and products are in compliance with relevant legal and other environmental requirements (>6E).
This includes the identification and periodic review of all relevant requirements (including the [ABB List of Prohibited and Restricted Substances](#) and other previously identified requirements) as well as the monitoring and formal documentation of how the requirements are met (e.g. quantity of water used or waste generated, concentrations of pollutants, use of prohibited and restricted substances etc.). Document all environmental incidents and do proper follow-up (including root cause analysis and corrective actions).

- Ensure that your waste is properly stored and disposed of via a licensed waste dealer as per the applicable legal requirements (>6F).
Note that all liquid waste must be contained so that it cannot leak into the surrounding environment.
- Have a documented and updated environmental policy (>6B).
Formally document and effectively communicate your environmental policy, including statements with regard to your environmental commitments, objectives and targets.
- Define and monitor targets for continual improvement of your environmental performance (>6G)
- Establish a training program to enhance the competence of your supervisors and workers engaged in environmental management (>6G).
This training shall include all relevant procedures, emergency preparedness and awareness on your environmental policy including your objectives and targets for continual improvement of your environmental performance. Make sure to carry out a training need assessment and to document the content and attendance of the actual training sessions.



4.4.2 Environmental management system

How we will verify compliance

During the ABB supplier sustainability assessment, ABB will review the procedures and results of the environmental risk assessment, evaluate management programs to address key risks, objectives, targets etc., review all relevant procedures, documents and records and carry out interviews with workers to verify environmental awareness and the proper implementation of your environmental management system.



Environmental risk assessment

An environmental risk assessment aims at identifying the environmental aspects of your activities and proactively addressing those aspects that can potentially have a significant impact on the environment. Below is a brief overview of this risk assessment procedure.

1. Aspect and impact identification

An environmental “aspect” refers to any of your activities, products or services that can interact with the environment. You need to develop a procedure to identify and maintain a list of environmental aspects that are within the scope of your control and influence. Among the identified aspects, you need to define those that can have a significant impact on (i.e. can cause a significant change to) the environment. All aspects/impacts rated as significant shall be controlled through operational control procedures or corrected through site environmental objectives and targets and environmental management programs. Examples of environmental aspects leading to impacts are: oil spills resulting in soil and groundwater contamination; emissions of VOCs causing air pollution; fuel combustion resulting in air pollution and global warming etc.)

2. Legal and other requirements (see also Section 4.1.1)

Establish, implement and maintain a formal procedure to identify all legal and other environmental requirements and determine how these requirements relate to your environmental aspects. Examples include local and national legislation, environmental permits and consent conditions, the ABB List of Prohibited and Restricted Substances (see also Section 4.4.2), etc.

3. Implementation and monitoring of objectives and targets

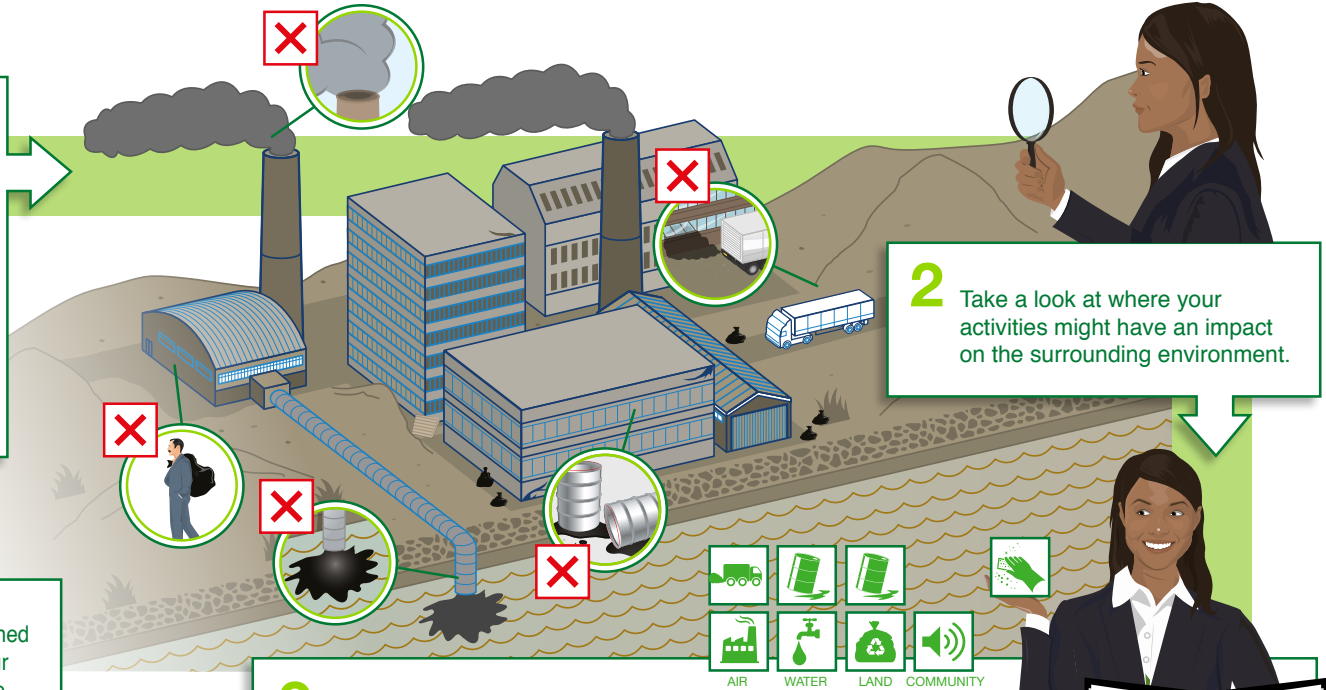
Define environmental objectives and targets for your aspects with significant impacts, according to your environmental policy, legal and other requirements. Once defined, train people on the implementation of these objectives and monitor your aspects against the predefined targets. Incidents have to be recorded and followed up with a root cause analysis and corrective actions.

This risk assessment procedure needs to be documented and periodically updated. All changes that can affect your environmental aspects and impacts (new activities, technology, procedures, etc.) need to be incorporated in the environmental risk assessment.

If you have never carried out an environmental risk assessment before, you should seek professional help or contact ABB for assistance.



1 We want all our suppliers to be committed to environmental protection. You therefore need to appoint an environmental leader for your organization, with the responsibility of managing your environmental performance. This leader needs to be trained to do this job.



2 Take a look at where your activities might have an impact on the surrounding environment.



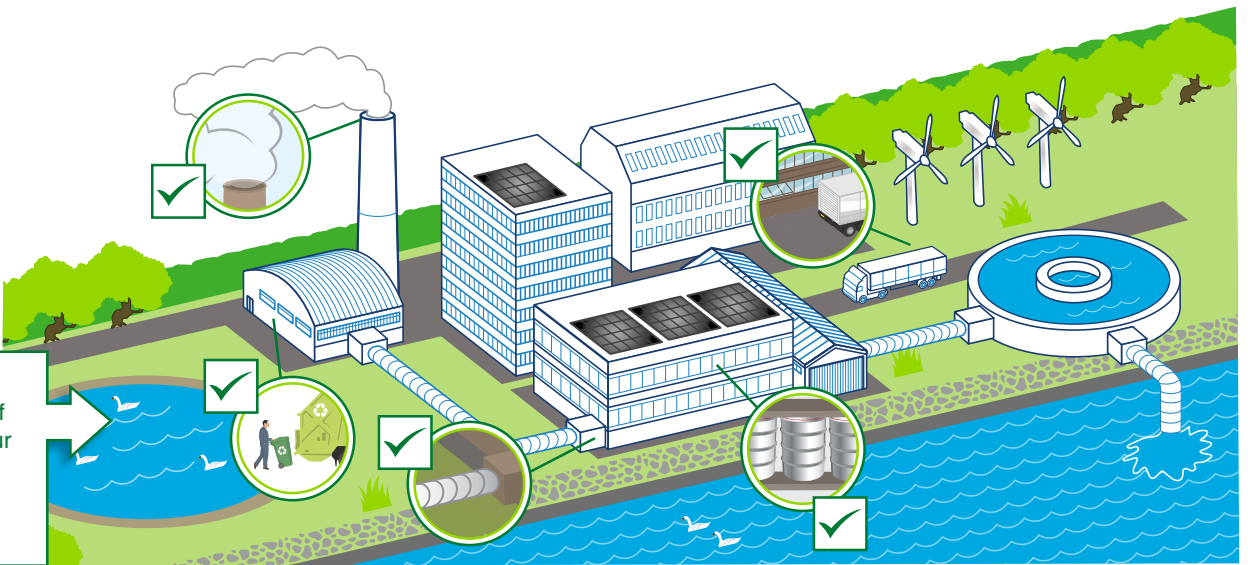
4 Once you have established this procedure, train your employees to make sure it is implemented and continuously improved!



3 Perform an environmental risk analysis to identify environmental aspects, analyze how they can impact the environment, and understand related legal requirements. Define a procedure for the management of aspects with potentially significant impacts to the environment and your business.



5 Through the effective management of your environmental performance, your business will become more resource efficient and you will gain recognition as a responsible company!



4.5

Procurement
leadership





4.5.1 Sub-suppliers and subcontractors

The ABB Supplier Code of Conduct requires you to make sure that each of your contractors and sub-suppliers providing goods or services directly or indirectly to ABB acts in compliance with the ABB Supplier Code of Conduct.

How you can be a role model for your suppliers

- Ensure effective communication of the ABB supplier sustainability minimum requirements to your suppliers and contractors providing goods or services directly or indirectly to ABB (>1H).
You can for example ask your suppliers and contractors to formally acknowledge the receipt of and compliance with the ABB Supplier Code of Conduct (e.g. return a signed copy).

How we will verify compliance

During the ABB supplier sustainability assessment, ABB will check your supplier selection procedures, your list of your contractors and suppliers providing goods or services directly or indirectly to ABB, the processes they use (in order to cross-check with the ABB List of Prohibited and Restricted Substances), audit reports and follow-up on audit findings etc.



Sustainability is about working hand in hand through the value chain. This is why it is important to engage your contractors and suppliers in the sustainability development process.

- Be a role model
Become a sustainability leader yourself before engaging your suppliers on the topic
- Communicate your expectations and requirements
Develop your own Supplier Code of Conduct, based on international standards and the principles laid out in the ABB Supplier Code of Conduct. Integrate your code in your standard terms and conditions.
- Provide assistance to your contractors and suppliers
Invite representatives of your suppliers to participate in your training sessions and to learn about your management systems.
- Challenge your contractors and suppliers on their sustainability performance
Ask your suppliers to demonstrate compliance with your requirements and the ABB Supplier Code of Conduct. Perform supplier audits and monitor continual improvement of your suppliers.

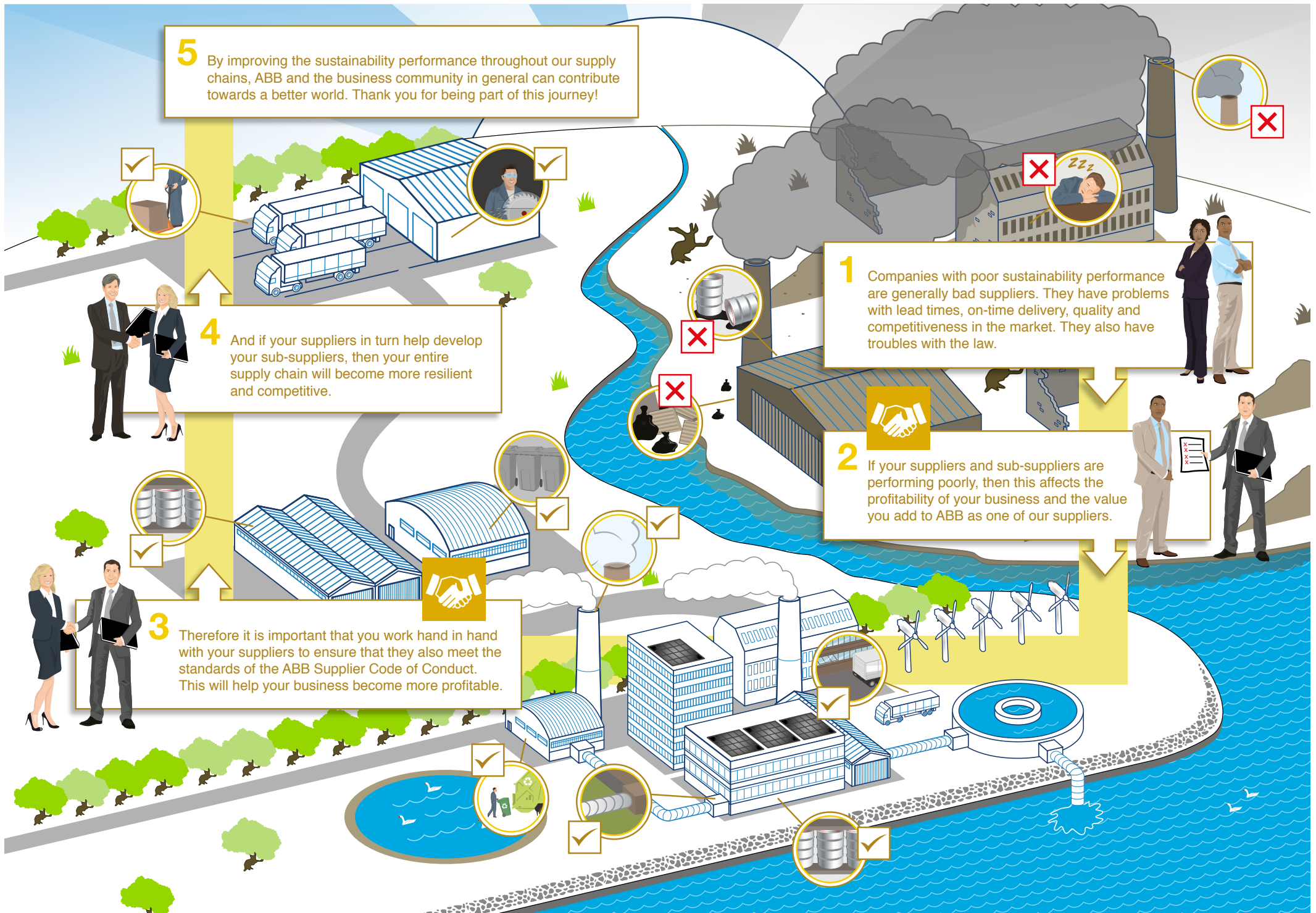
5 By improving the sustainability performance throughout our supply chains, ABB and the business community in general can contribute towards a better world. Thank you for being part of this journey!

4 And if your suppliers in turn help develop your sub-suppliers, then your entire supply chain will become more resilient and competitive.

3 Therefore it is important that you work hand in hand with your suppliers to ensure that they also meet the standards of the ABB Supplier Code of Conduct. This will help your business become more profitable.

1 Companies with poor sustainability performance are generally bad suppliers. They have problems with lead times, on-time delivery, quality and competitiveness in the market. They also have troubles with the law.

2 If your suppliers and sub-suppliers are performing poorly, then this affects the profitability of your business and the value you add to ABB as one of our suppliers.



5

How you can find
further information

5 How you can find further information

Main contact person

For questions regarding the ABB supplier sustainability minimum requirements and your sustainability development process, please refer to your ABB Supply Chain Manager. Alternatively, you can contact the Global SCM Sustainability Office at:

scm.sustainability@ch.abb.com

Overview of applicable laws and standards (selected countries only)

In order to get an overview of applicable laws and standards, you can refer to the country-specific “ABB Supplier Sustainability Implementation Manual”. This Manual contains a list (same numbers as used throughout this document) of the laws and standards regulating the ABB supplier sustainability minimum requirements in selected countries. Refer to your ABB contact person for more information.

Online resources

For more information about the ABB Supplier Sustainability Development Program and to download the latest version of this Handbook, visit:

www.abb.com/supplyingtoabb

ABB Business Integrity Hotline

Sustainability is part of our overall ABB Integrity Program. Should you come about any behavior in your dealings with ABB that raises concerns on your side, feel free to call our Integrity Hotline. For more information, visit:

www.abb.com/integrity

