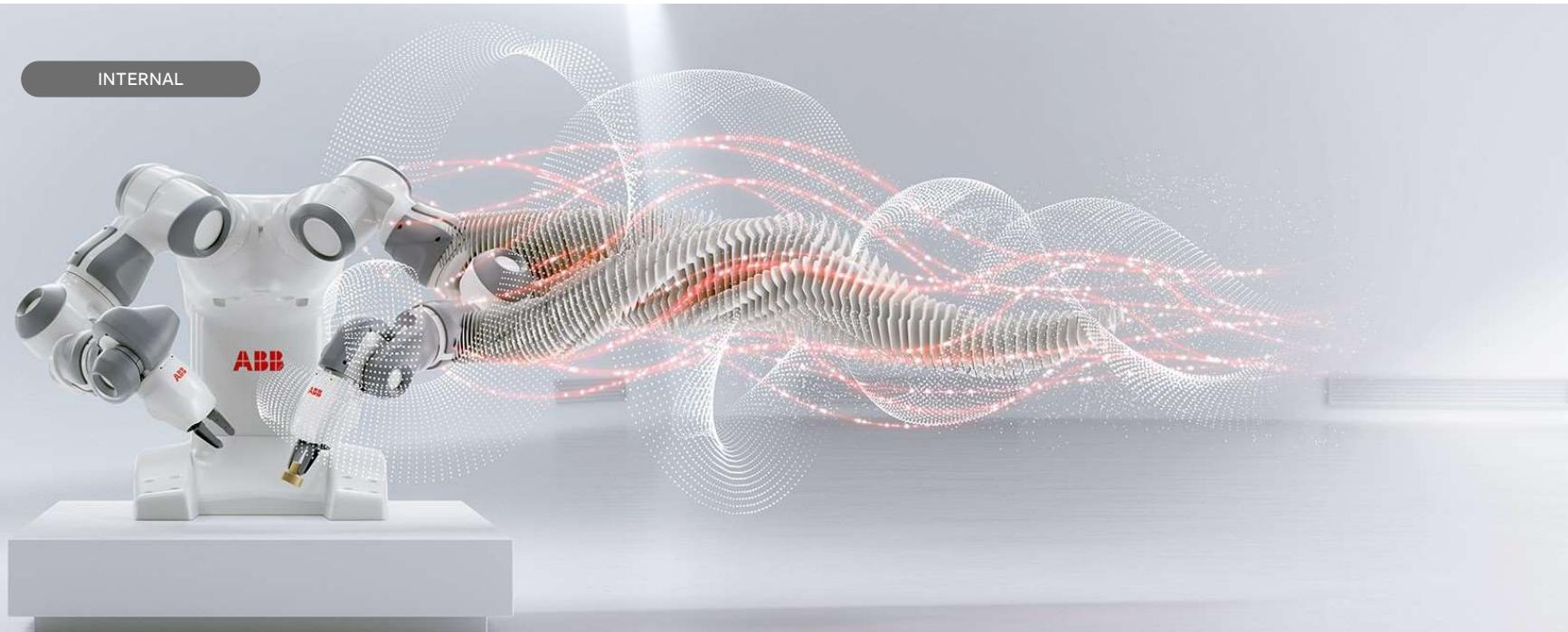


INTERNAL



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01 APRIL 2024

# Sustainable Supply Base Management

Pre-assessment training

Arunkumar G



**Safety First**

# ABB Supplier Data Privacy & Registration

## ABB Supplier Data Privacy

Welcome to the ABB Data Privacy Portal.

At ABB respecting personal data protection rights is a priority. ABB has adopted global data protection standards to ensure a standardised and high level of protection of Personal Data which is processed by ABB Group Companies worldwide.



**ABB Corporate Rules - Summary**  
ABB global data protection standards to ensure a standardised and high level of protection of Personal Data.



**Data Subject Rights - Request forms**  
Exercising of data subject rights under the relevant data protection legislation



**Privacy notices**  
ABB privacy notices explain how we process Personal Data



**Privacy in ABB at a glance**  
Find out how our People, Technology and Operations maintain a privacy-friendly environment for our internal and external stakeholders through partnership and collaboration.



**Transfers of Personal Data**  
Explore how we protect your personal data and what we require from our vendors and external parties processing personal data.

Pls. contact our Group Data Protection Officer at: [privacy@abb.com](mailto:privacy@abb.com)

Submit your complaint at [www.abb.com/privacy](http://www.abb.com/privacy)

## Registration for this session



Link: <https://forms.office.com/e/nYCKnB8qad>

All participants are requested to complete registration for this session by scanning the code on your mobile or using the link on your laptop

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## **Poll 1 to 3**

- 1. How are you feeling today?**
- 2. Have you completed the registration for yourself & colleagues joined with you?**
- 3. Which department are you in?**

# New Supplier Code of Conduct

Updated: October 2023; Effective: January 1, 2024



**Supplier Code of Conduct**  
We speak the same Code

## Table of contents

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## Introduction to the ABB Supplier Code of Conduct

### Dear valued supplier,

I am pleased and proud to present ABB's Supplier Code of Conduct, which has been updated to reflect the fast-changing world in which we are operating as well as our 2030 sustainability framework.

As a supplier to ABB, you are an important partner in realizing our company purpose to enable a sustainable and resource-efficient future with our technology leadership in electrification and automation – as well as our 2030 sustainability goals.

Our sustainability goals cover our entire value chain and are focused on enabling a low-carbon future, preserving resources and promoting social progress, including respect for human rights and fair labor standards. Underpinning these goals is our commitment to creating a culture of integrity and transparency along the extended value chain.

Our Supplier Code of Conduct is based on relevant international frameworks, standards and legislation governing ethical and sustainable business practices. It is a formal, comprehensive and binding ABB Code of Conduct, which guides our employees to do the right thing and upholds our commitments to ethical behavior and human rights. All ABB employees, partners and suppliers are expected to be accountable for their actions, to collaborate to promote an ethical culture, and report promptly any potential violations.

We require our suppliers, contractors and other representatives to follow ABB's Supplier Code of Conduct or apply a similar set of sustainability policies and procedures. For that reason, our Supplier Code of Conduct is included in our procurement terms and conditions.

Thank you for choosing to work with ABB and for your valuable contribution to our business and to serving our customers. We look forward to even closer collaboration as we work together to enable a sustainable, resource-efficient future.

Best regards,

Björn Rosengren  
ABB CEO



[Supplying to ABB — ABB Group \(global.abb\)](http://Supplying to ABB — ABB Group (global.abb))  
[ABB SSBM Program](http://ABB SSBM Program)

[ABB SCoC – English](#)  
[ABB SCoC – Hindi](#)

[ABB SCoC – Implementation guide, Eng](#)  
[ABB SCoC – Implementation guide, Hindi](#)

# SSBM requirements training

Course objective & overview

## Objectives of today

- The Why: Sustainable Supply Base Management
- ABB approach
- SSBM implementation
- Past experiences
- Q&A



# Evolving global business environment

## -The Why

### External factors

#### Legal Requirements

- UK Mod Slav Act, Cal TSC Act, US Fed Acq Register, upcoming French Law on SCM, Conflict Minerals Act, Reach, RoHS

#### Customers and Investors

- Proof of responsible sourcing, shareholder resolutions, mandatory requirements

#### Industry benchmark

- Competitors taking lead, new accounting practices

#### Media

- Increased transparency, connected world

### Internal factors

#### Pursuit of efficiency and competitiveness

- Inward review helps identify hidden inefficiencies at operational and organizational level leading to overall improvement

#### Global presence

- Adherence to local laws across world not feasible without structured monitoring

#### Emerging market sourcing

- Higher risk of irresponsible practices

#### Conventional evaluation no sufficient

- Traditional focus on cost, quality, OTD

**Sustainability is not a nice to have accessories it is a way to future proof business**

# ABB approach

## Sustainable Supply Base Management(SSBM)

### Goals

- 80% of supply spend from focus countries (including **India**) will be covered by SSBM by 2030

### Focus (risk-based approach)

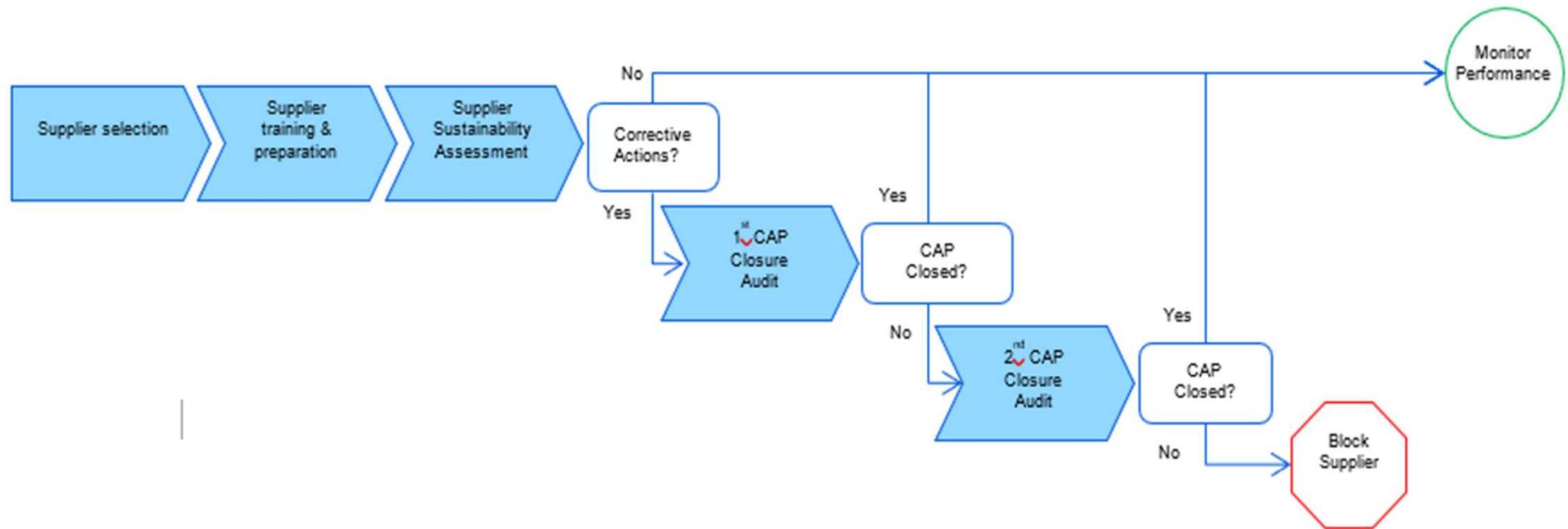
- Geography
- Commodity
- Business criticality

### Execution

- Internal trainng
- Supplier training
- Onsite assessment
- Follow up & monitoring

# SSBM implementation

## Sustainable Supply Base Management – Overview



# SSBM implementation

What does the assessment look at?

## Salient features

- To identify areas of improvement vis a vis ABB Supplier Code of Conduct and local regulatory requirements
- Establish a long-term, mutual-gain business partner relationship
- One to one interaction with management and **workers** (separately) and **take photographs** to monitor improvements
- **No certificate issued after assessment;** we focus on continuous improvement rather than any kind of certificate

## Output of risk assessment

- Instead of pass or fail as in traditional audit result, the assessment provide different risk level to suppliers:

Presence of at least one critical non-compliance

Extremely High Risk

Presence of at least one serious non-compliance and no critical non compliances

High Risk

Presence of at least one minor non-compliance and no serious and critical non compliances

Medium Risk

No critical, serious and minor non-compliances

Low Risk

# SSBM implementation

## Red flags

### What are RED FLAGS

- Red flag issues are
  - observed or alleged severe non-compliance to local laws and regulations and/or ABB requirements
  - putting the life of people, the business or reputation of ABB under serious threat
  - requiring immediate corrective actions (standard SSBM corrective action process would not allow to mitigate risk appropriately)
- Lead assessors can elevate any issue to a red flag, if the severity of the issue requires immediate corrective action and increased management focus.
- Red flags are assigned by lead assessors on a case-by-base basis.

- **Note**
  - Not all critical findings are red flags! Most critical issues can be addressed through the normal CAP process.



# SSBM implementation

## Red flags – Examples

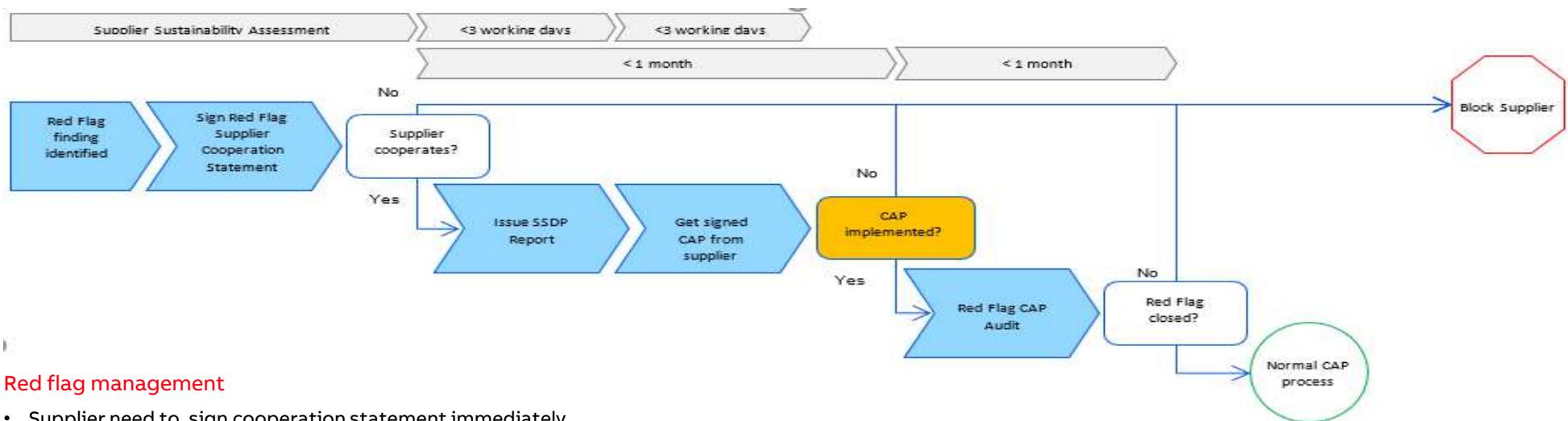
### Typical red flag examples

- Violation of rights of children, young workers and pregnant or nursing workers (definition as per local laws and regulations)
- Systematic violation of local labor laws (supplier scores 0 or 1 in all of the following assessment criteria: 2A, 2B, 3A, 3D and 4B)
- Working conditions posing an extreme and immediate threat to the health and / or safety of workers
- Disposal of waste and / or discharge causing extreme and immediate pollution to the environment
- Supplier is accused by labor union, NGO or government for severe and systematic misconduct in environmental, health and safety or labor management
- Supplier is not in a position to show reliable evidence of corrective actions 12 months after initial assessment
- Supplier falsifies records and / or manipulates the audit process



# SSBM implementation

## Red flags – Management process



### Red flag management

- Supplier need to sign cooperation statement immediately
- ABB issue report no later than after three days
- Supplier need to signed back the CAP report no later than after three more days (shorter timelines might be required depending on case)
- Implementation deadline will to be defined on a case-by-case basis, but closure no later than after two month, by third party
- ABB will weekly monitoring of progress and will be re-audit by auditor for final results

# SSBM implementation

## On the day of assessment: responsibilities & phases

### Responsibilities

#### Supplier

- Relevant team members/workers informed and available
- Ensure availability of all records/space for interactions
- Ensure transparency at all times

#### Assessment team member (ABB)

- Facilitate communication between lead assessor-supplier; conflict management
- Support lead assessors
- Understand findings and required corrective actions for effective follow up of assessment

#### ABB SSBM lead assessor/3<sup>rd</sup> Party Assessor

- Responsible for on-site evaluation, accuracy of observations, quality of report and overall assessment activity
- Explain the findings and doubt clarification

### Phases of assessment

#### Opening meeting

- Assessment team member/lead assessor will introduce SSBM & the objective
- Lead assessor will explain agenda and seek confirmation

#### During assessment

- i) Document & Processes review
- ii) Factory tour including canteen & dormitory (if any)
- iii) Worker interaction (sampling basis)

#### Closing meeting

- Assessment team member will thank for the supplier for cooperation
- Lead assessor / 3<sup>rd</sup> party auditor to explain the findings and clarify doubts if any

# Follow-up on initial assessment

## SSBM report

### Summarize

Contains 3 tabs summarizing the results of the recent sustainability assessment :

- Assessment Report
  - Contains information about the assessment, including details on auditor and assessment team, summary of scores achieved per ABB protocol section, number and criticality of non-compliance findings as well as overall achievement and risk final level.
- Corrective Action Report
  - The blue section of this report (columns A-G) lists all non-compliance findings and observations that resulted from the assessment.
  - The green section of the report (columns H-N) Supplier required to fill in the corrective action plan (CAPA).
- Photographs. Pictorial of non-compliance.

**SSBM Assessment Information**

**Assessment information**

Assessment start date \* \_\_\_\_\_  
Assessment duration (days) \* \_\_\_\_\_  
Assessment location(s) \* \_\_\_\_\_

**Lead Auditor**

Name and Surname \* \_\_\_\_\_  
Company \* \_\_\_\_\_  
Title \* \_\_\_\_\_  
Telephone number(s) \* \_\_\_\_\_  
E-mail address \* \_\_\_\_\_

For ABB internal auditors \_\_\_\_\_

SSBM certification received on (date) \_\_\_\_\_

**Supplier representative and single point of contact for SSBM process**

Name and Surname \* \_\_\_\_\_  
Title \* \_\_\_\_\_  
Telephone number(s) \* \_\_\_\_\_  
E-mail address \* \_\_\_\_\_

**Other Participants**

Name _____	Company _____
Participant 1 _____	_____
Participant 2 _____	_____
Participant 3 _____	_____

**Assessment Report** **Corrective Action Report** **Photographs** **+**



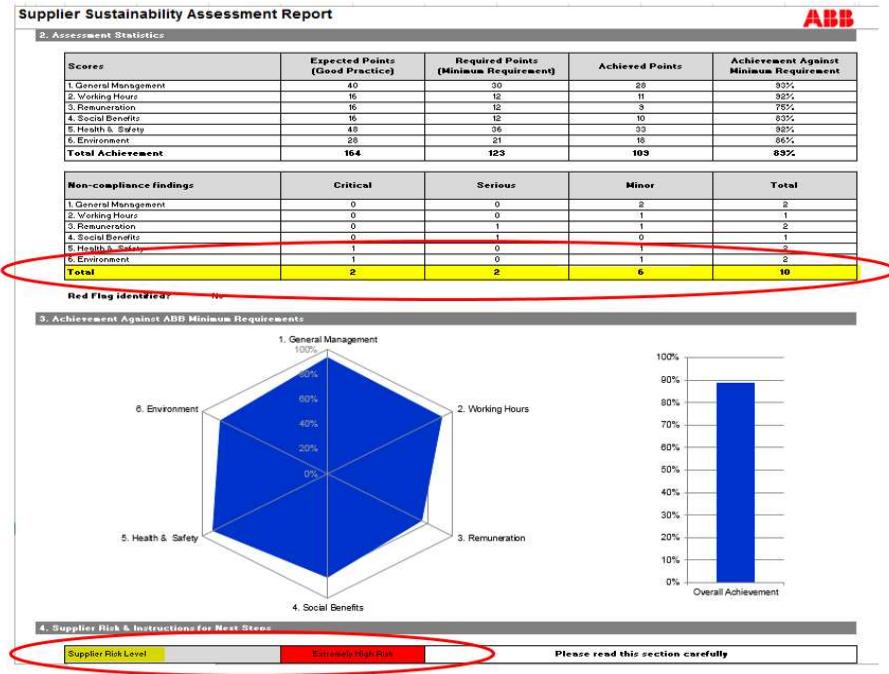
# SSBM report

## Assessment report

### Risk level rating

The supplier overall risk level rate as following:

- Extremely High Risk
  - Presence of at least one critical non-compliance
- High Risk
  - Presence of at least one serious non-compliance and no critical non compliances
- Medium Risk
  - Presence of at least one minor non-compliance and no serious and critical non compliances
- Low Risk
  - No critical, serious and minor non compliances



# SSBM report

## Corrective action report

### Sections of report

- Corrective Action Report (by ABB)
- Corrective & Preventive Action Plan (by Supplier)
- 1st Follow-Up Audit (by ABB)
- 2nd Follow-Up Audit (by ABB)



Supplier CAP (to be filled out by supplier)		1st CAP audit report (will be filled out by ABB or BV)	2nd CAP audit report (will be filled out by ABB or BV)
Corrective action report from ABB – do not edit			

# SSBM report

## Corrective action report

### Corrective Action Report (by ABB)

- The blue section of this report (columns A-G)
- This section only for reference, please **do not edit**.
- Lists all non-compliance findings and observations that resulted from the initial assessment on-site.
- Contains :
  - Criteria ID
  - Criticality
  - ABB Minimum Requirement
  - Finding and evidence of finding – column G, noncompliance
  - Assessor comments

Corrective Action Report (by ABB)						
Criteria ID	Area	Reference	Criticality	ABB Minimum Requirement	Finding and evidence of finding	Assessor comments
SA	Excellence of Concretes	ISO 14001, 4.9.3	None	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ all applicable legal requirements taken into account</li><li>▪ the relevant environmental action plan is in place</li><li>▪ the supplier has a clear understanding of their legal requirements</li></ul>	- no evidence of the environmental requirements being managed by ABB's environmental officer	no - no consideration about compliance of environmental requirements (e.g. - not all documents maintained on-site (some are not available))
SD	Chilled water	SA 00000, 01 ISO 001-26000, 4.3.2	None	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ no supplier uses more than 10 years of age (15 years if applicable)</li><li>▪ no end-of-life plan (the supplier must provide a plan for the disposal of the equipment)</li><li>▪ no energy certificate (EPC) is present or not applicable (e.g. no heating system)</li></ul>	- no evidence that no longer use or premises, confirmed built EPC	no - no policy evidence data in place to prevent from happening
SD	Raw materials and procurement	SA 00000, 09 3.1.3.2	Observation	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ no evidence of the environmental action plan is in place</li><li>▪ no environmental management system is in place</li></ul>	- no evidence that no longer use or premises, confirmed built EPC	no - no policy evidence data in place to prevent from happening
SD	Compliance & training	ISO 14001, 4.3.1 4.4.2 SA 00000, 4.3.2	None	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ OEM to advise or provide the environmental and energy management system documentation or alternative version documented in job file, high risk areas</li></ul>	- no evidence that no longer use or premises, confirmed built EPC	no - training take place when this risk assessment completed
SD	Environmental risk assessment	ISO 14001, 4.3.1	Review	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ no evidence of the environmental risk assessment data is available</li></ul>	- no environmental risk assessment data	no - no environmental data in place
SD	Environmental policy	ISO 14001, 4.3.2	None	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ no evidence of the environmental policy is established</li></ul>	- no environmental policy in place	no - no environmental policy in place
SD	Environmental responsibility for environmental management system (EMFS)	ISO 14001, 4.4.1	Review	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ a responsible person is familiar with the environmental aspects and impacts of the environmental management system</li><li>▪ responsibility of environmental management system is documented and communicated to all members, environmental data available</li></ul>	- no evidence of person nominated	no - no familiar with environmental aspects and impacts of organization
SD	Environmental issues and impacts	ISO 14001, 4.3.2 ISO 14001, 4.3.2	Review	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ a valid license or certificate on environmental protection for the operations are available under applicable local law</li></ul>	- no evidence of license or certificate when required due to local environment	no - no license or certificate when required due to local environment
SD	Environmental compliance	ISO 14001, 4.3.2	Review	The supplier can demonstrate that: <ul style="list-style-type: none"><li>▪ a series of measures to prevent implementation of quality, environment and product safety in compliance with applicable laws and regulations (e.g. ABB's list of prohibited and restricted substances, ABB's list of restricted substances and prohibited substances)</li></ul>	- no evidence in place to ensure compliance to legal requirements (not familiar with ABB's list of prohibited and restricted substances)	no - no evidence in place to ensure compliance to legal requirements (not familiar with ABB's list of prohibited and restricted substances)

# SSBM report

## Corrective action report

### Corrective & Preventive Action Plan (by Supplier)

- The green section (columns H-N) required to fill in by supplier.
- **Header** - Required to be filled in by person who responsible to create the CAPA section.
- **Body** - Required define the corrective actions, responsible person and implementation deadline for each non-compliance finding.
  - Description of Corrective Action - to immediately rectify non-compliance issue.
  - Description of Root Cause - to identify the cause that once removed, prevents the non-compliance issue from recurring.
  - Description of Preventive Action - how will root cause be eliminated to prevent the non-compliance issue from recurring?
  - Responsible Person
  - Estimated Time of Completion (ETD) - within implementation timeline
  - Actual Time of Completion (ATD)
  - Supplier Comment on finding

Diagram illustrating the structure of the Corrective & Preventive Action Plan (CAPA) form, divided into Header (H) and Body (N) sections.

Corrective & Preventive Action Plan (by Supplier)						
Name , Position	Corrective & Preventive Action Plan (by Supplier)					
CAPA prepared by: [Name, Position]	Mohammed Abdur Rahman, Engineer of Environment, Safety & Health					
CAPA approved by: [Name, Position]	Razia Shaik, Manager of Environment, Safety & Health					
CAPA submitted on [DATE]	7/12/2018					
Description of Corrective Action (to immediately rectify non-compliance issue)		(to identify the cause that once removed, prevents the non-compliance issue from recurring)	Description of (how will root cause be eliminated to prevent the non-compliance issue from recurring?)	Responsible Person	Estimated Time of Completion (ETD)	Actual Time of Completion (ATD)
Employee's consent in writing available		Not in practise at all.	Records will be maintained during the joining time itself.	Mohamed Kasim	24/05/2018	15/06/2017
Circular to all concerned was issued						
<b>Corrective &amp; Preventive Action Plan (CAPA) by Supplier</b>						
		8/201	Formal process for employees grievance redressal is established as attached.			

# SSBM implementation

## CAPA timelines

### What are the CAPA timelines?

- Timelines for follow-up activities are defined in the SSBM standard (see also below)

Risk Level	Issue SSDP Report	Submit CAPA Report	CAPA Implementation	CAPA Audit
RED FLAG	3 days	6 days	1 month	2 month by 3 <sup>rd</sup> party
Extremely High	5 days	10 days	6 months	8 months
High	5 days	10 days	6 months	8 months
Medium	5 days	10 days	8 months	10 months

- In any case, all CAPAs need to be closed (i.e. every single non-compliance finding corrected and verified) within 12 months.
- Critical and serious findings can only be closed by 3<sup>rd</sup> party or qualified lead assessors
- If needed, 3<sup>rd</sup> party or qualified lead assessors support can be requested also for closure of medium risk CAPAs (i.e. only minor findings on the CAPA)

\* Days and months are counted after closure of initial assessment (not from the date of report issued)

# Sustainability implementation

Supplier preparation – reference documents shared during supplier communication

## Sustainability implementation for India



Supplier Code of Conduct  
We speak the same Code

## ABB Supplier Code of Conduct

©ABB

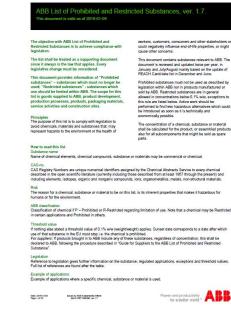
April 10, 2024

| Slide 21

[Supplying to ABB — ABB Group \(global.abb\)](#)



The purpose of this handbook is to help ABB suppliers comply with the ABB Supplier Code of Conduct (SCoC). The recommendations in this handbook are based on ABB Best Practices and do not represent the only acceptable way to conduct business. ABB reserves the right to accept or reject any supplier based on its assessment of the supplier's performance. The handbook is not a legal document, regulations, requirements, standards or contract. While best efforts have been made to accurately and completely reflect the content of the ABB SCoC, ABB specifically – but without limitation – disclaims any and all liability for any errors or omissions in this handbook. Suppliers should seek legal advice or other professional services, if legal advice or other professional assistance is necessary or appropriate. This handbook is not a substitute for local laws, regulations, requirements, standards or contracts. It is a reference guide to enable suppliers to meet ABB SCoC.



## ABB List of Prohibited and Restricted Substances



## Pre-assessment information

To be filled and returned to ABB within two wks from the date of receipt of the email

# Sustainable Supply Base Management

## Scope

### General Management

- Compliance
- Documentation of labor regulations
- Child labor
- Young workers & pregnant labor regulation
- Forced labor
- Labor unions & collective bargaining
- Management responsibility
- Sub-suppliers
- Equal opportunities and discrimination
- Security



# Sustainable Supply Base Management

## Scope

### Labor and Social

#### Working Hours

- Over time
- Days off
- Tracking systems
- Voluntary over time

#### Social Benefits

- Insurance
- Paid leave
- Dormitories
- Sanitary conditions

#### Remuneration

- Wages
- Piece-work wages
- Wage deduction
- Overtime rate
- Contracts and pay slips



# Sustainable Supply Base Management

## Scope

### Health & Safety

#### Health and Safety

- Risk assessment
- Management responsibility
- Competence & training
- Safe & healthy workplace
- Testing & inspection of equipment
- Communication of hazards
- Personal Protective Equipment (PPEs)
- Statistics/records
- Control of hazards
- Emergency preparedness & drill
- First aid/fire fighting equipment

### Environmental

#### Environmental Protection

- Risk assessment
- Policy
- Management responsibility
- License & consents
- Compliance
- Waste management
- Continual improvement



**ABB**

## **Poll 4 & 5**

- 4. How would you rate this training in the scale of 1 to 5?**
- 5. How can this training/workshop be improved in future?**