
ABB Norway Transparency Act - Information of ABBs supplier qualification process

How ABB is developing a sustainable, high-quality supply chain

ABB values quality, customer focus and integrity. This means we strive to produce the highest possible quality of goods and services, deliver them to our customers on time and as promised, while following a robust compliance and integrity program. We always want to meet or exceed our customers' expectations.

Our ability to do this depends on our suppliers' collaboration with us. What this means in practice is that our suppliers must comply with our standards, while being committed to making continuous and sustainable improvement in a transparent way. The entire process related to Supplying to ABB is described [here](#).

ABB Supplier Qualification Process

ABB Strategic Sourcing Suite – SAP Ariba

In order to digitalize our business interactions together with our suppliers, ABB is using the Strategic Sourcing Suite (SSS) by SAP Ariba to handle the sourcing, supplier management and contracting process.

Each potential ABB supplier must undergo a two-step verification process, including registration and qualification. Participation in tenders as well as registration and qualification with ABB are free of charge for all suppliers.

The SAP Ariba Strategic Sourcing Suite (SSS) is implemented in all locations across ABB. Therefore, all ABB buyers have a full picture of every supplier's capability, even in countries, where they are not collaborating with ABB yet.

Supplier Registration

The Supplier Registration process involves SAP Ariba account creation and ABB Registration Questionnaire completion. In order to complete the registration, the supplier will receive a system generated invitation email on behalf of the ABB buyer and will be requested to follow through the process.

Following questions related to Sustainability are mandatory for Manufacturers with spend above 20KUSD, and any non-compliance will be a clear showstopper for future business with ABB:

- Does your company have a valid business license/permit to run its operation as required by local government?
- Does your company prevent the use of child labour?
- Does your company prevent the use of forced bonded or prison labour?
- Do you have a valid environmental permit as required by law?
- Does your company have an Environment Management System in place?
- Does your company have a Health & Safety Management System in place?

Supplier Qualification

Once the supplier is successfully registered with ABB, they are eligible to be invited for qualification. The ABB contact will initiate a system generated invitation email with link to the qualification questionnaire which must be completed by the supplier in the supplier's SAP Ariba account. The questionnaire requests the performance of potential suppliers on broad sustainability parameters such as health & safety, environment and working conditions, as well as quality, compliance, and financial factors.

After the supplier submits the completed qualification form to ABB, ABB will review, evaluate, and validate the answers. Additional clarification and risk mitigation actions might follow, such as audit or financial review. Upon completion of ABB Supplier Qualification Process, the supplier is either qualified or not qualified.

Supplier Performance Evaluation

ABB Supplier Performance Evaluation (SPE) is a harmonized and standardized process across ABB, to measure the performance of our supply base in a consistent and transparent way. As the process is fully integrated within SAP Ariba, we are able to compare and communicate the results across organizations and businesses. Improvement measures will be implemented against low-scoring suppliers.

Sustainable Supply Base Management

ABB has also implemented the Sustainable Supply Base Management (SSBM) process, to improve the sustainability performance of our suppliers, especially those exposed to sustainability risks.

Human rights criteria are included in the risk review process in prequalification and assessment work with ABB suppliers. Our due diligence processes – a cornerstone of the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises – range from desktop research to site visits and the commissioning of third-party reports, as needed. In conducting this work, we emphasize internal risk assessment processes and research into potentially high-risk projects or operations in high-risk countries. Per today we focus on tier one suppliers in 16 priority sustainability high-risk countries.

The Sustainable Supply Base Management (SSBM) approach integrate sustainability principles into ABB's supplier selection and qualification processes. We cover issues in six main categories: General Management, Labor Rights, Social Benefits, Health, Safety, and the Environment. Risks related to modern slavery and human trafficking are specifically addressed in the training programs and assessment protocols.

ABB uses a sustainability risk matrix for screening the supply base for sustainability risk. This matrix is composed of three risk dimensions:

Country risk - high risk countries with higher risk exposure for corruption and law enforcement, labour and human rights

Category risk - high risk categories with higher risk exposure for hazardous manufacturing processes with regards to health, safety, and environment

Economic risk - high risk to ABB due to significant spend or strategic dependence on the supplier.

ABB-wide supply base risk screening is performed on an annual basis (Q4) by Procurement & Logistics practice, to inform the SSBM supplier selection process for the following year. The supplier nominations are being finalized by end of December for following year.

As part of the program, ABB conducts on-site evaluations, training, and special projects to support suppliers, monitoring performance to make sure we are aligned on our commitments and obligations.

Supplier Code of Conduct

One of our suppliers' contractual obligations, as part of ABB's general terms and conditions, is to comply to **ABB Suppliers Code of Conduct** (SCoC).

SCoC clearly outlines ABB's expectations of our suppliers, based on the 10 principles of the UN Global Compact and is updated periodically to address new developments.

At ABB, we work hard to conduct business that respects our employees, society, and the environment. In fact, we treat our partners as part of our "extended enterprise", sourcing our goods and services from suppliers who are aligned with these standards.