

Human rights

Work in progress

(includes GRI indicator HR3)

ABB made progress in a number of areas in 2010 to ensure respect for human rights, but we acknowledge that challenges remain.

The company's proactive approach to human rights dates back several years. In 2007, ABB adopted a Human Rights Policy, followed by further moves to embed core issues and criteria into business decision-making processes such as the risk review for major projects, supply chain procedures and mergers and acquisitions checklists.

Success has been partial, and work is ongoing to ensure the implications of embedding human rights into business processes are fully understood and followed.

To this end, members of the Group sustainability management team started meeting key divisions on a quarterly basis in 2010 to identify projects at an early stage of pursuit to determine if there might be human rights, social, environmental or security risks or impacts. The aim is to carry out due diligence on potential risks at a very early stage – well before a project pursuit becomes a formal tender subject to risk review procedures.

We also launched a global human rights training program in 2010, designed to raise awareness of the risks and opportunities in the company's operations and activities. The first courses were held in Italy, a major European exporting country for ABB, followed by Egypt and Dubai in the United Arab Emirates where ABB's India, Middle East and Africa (IMA) regional headquarters is based.

Those attending included business and country management representatives, and members of functions such as Supply Chain Management, Legal and Compliance, Communications and Sustainability. The course, designed and delivered by internal experts, looks at stakeholders' human rights expectations, ABB's journey on human rights so far, how the company's business can impact human rights with case studies, supply chain issues and the company's community engagement programs. The course is scheduled to be held in other parts of the world in 2011.

In common with many other companies, ABB has been taking steps to strengthen the sustainability performance of its [suppliers](#). Among the measures taken in 2010: A new Supplier Code of Conduct defines the minimum standards for any company wishing to sell to ABB. The list of requirements includes human rights, labor rights and business ethics. It was distributed directly to ABB's top 1,000 external suppliers (rep-

resenting more than 50 percent of ABB's annual purchasing volume) and is being cascaded to the remaining suppliers via local ABB organizations. It will, over time, be included in all of ABB's supply contracts.

ABB has also committed to evaluating suppliers' performance through sustainability auditing. A series of pilot audits of various suppliers undertaking hazardous work in higher risk locations, was carried out by a third party company in 2010.

We have also been active externally in promoting corporate respect for human rights, attending and speaking at international meetings, taking part in podium discussions, and working with university students in Switzerland and Sweden. Our approach is relatively modest, given that the issue of fully integrating human rights into business operations is still work in progress.

ABB has followed, contributed to and learned from the work of the United Nations Special Representative for Business and Human Rights, Professor John Ruggie, over the past five years. The company welcomes the approach he has taken, and has begun assessing where improvements can be made to ensure we are better aligned with the recommendations Professor Ruggie will make formally in 2011.

As a founder member of the Global Business Initiative on Human Rights, ABB experts have been closely involved in strengthening its work, and in exchanges on the topic of corporate responsibility to respect human rights with business leaders in different parts of the world. We will take part in further meetings with regional business leaders in South America and Southeast Asia in 2011.

Human Rights performance: Other GRI indicators

HR1 Significant investment agreements that include Human Rights

ABB maintains and regularly reviews a list of sensitive countries where it has, or considers engaging in, business operations. Human rights, as well as legal, financial and security criteria, are included in risk assessments, and are among the factors in deciding whether ABB does business in a particular country.

Based partly or wholly on human rights considerations, ABB has not taken any business with Myanmar or North Korea for several years. ABB completed its withdrawal from Sudan in June 2009, having taken no new business in the country since January 2007.

HR4 Non-discrimination violations

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. Six cases of discrimination and 18 of harassment were reported in 2010, resulting in a range of disciplinary measures.

HR5, HR6, HR7 Operations at risk

Freedom of association and collective bargaining, child labor, forced or compulsory labor

There were no ABB operations identified during 2010 to be at significant risk concerning employee rights to freedom of association and collective bargaining, incidents of child labor, or incidents of forced or compulsory labor.

HR8 Training of security personnel in human rights

ABB sees the training of security personnel, as well as ABB country and regional managers, on the human rights dimensions of security work as important. It has been part of general security training in different parts of the world for several years. In 2010, the issue was part of a security and crisis management course for nearly 450 managers in 18 countries. In addition, a pilot course on facility security – which includes human rights guidelines for site guards – was tested in China, Germany, Singapore, South Africa and the United States and is due to be formally launched in 2011.

New Group-wide security guidelines are being drawn up, based on the Voluntary Principles for Security and Human Rights. They are due to be finalized in 2011. ABB already requires due diligence on all security companies according to ABB and international standards, and the new guidelines will establish standard operating procedures for security providers to include instructions on human rights issues.

In addition, ABB's country and regional security heads were informed at a meeting in late 2010 of growing stakeholder expectations that human rights need to be observed, and what kinds of human rights issues could arise in communities where ABB has operations or business activities. Security heads have also been made aware of the new International Code of Conduct for Private Security Providers launched in 2010.

HR9 Indigenous rights violations

All countries in ABB's sustainability management program are asked to report any incidents of indigenous rights violations. No such incidents were reported in 2010.