

# Human rights

## Work in progress

Stakeholder expectations of a company's responsibility to respect human rights have increased rapidly in recent years, with the UN Guiding Principles on Business and Human Rights, as well as other standards, calling on business to improve performance.

ABB has been working hard to raise awareness among managers of potential human rights risks, embed human rights due diligence in business decision-making processes, and build capacity within the company. It is hard work because of the size and complexity of ABB and the challenges in ensuring coherence of approach in many activities around the world.

We have long understood the materiality of human rights, knowing that violations can have human, legal, financial and reputational consequences – all of which are bad for business and inconsistent with company standards.

ABB carried out a first analysis in the mid-2000s on whether human rights impacts had been taken into account in internal processes. One of the initial steps afterwards was the adoption of the Group Human Rights policy in 2007. We also saw the need to introduce or strengthen human rights due diligence in three key areas – the divisional risk review process which all major project tenders have to go through, supply chain procedures, and the mergers and acquisitions process.

After the UN Guiding Principles on Business and Human Rights were endorsed in 2011, we carried out a further review of the most immediate challenges, focusing mainly on the need to strengthen due diligence. In addition, ABB knows that stakeholders' expectations of business behavior and issues such as access to remedy have been developing rapidly in recent years and can have an impact on a company's social license to operate.

### Training

The Guiding Principles – and what is expected of companies – are a cornerstone of our training programs. A global awareness-raising program, designed for senior managers in our main manufacturing and exporting countries started in 2010 and continued in 2013 in several parts of East Asia and the Middle East. Special training was also provided to newly-appointed country managers. More than 400 managers have so far been trained worldwide in face-to-face sessions.



The training focuses on understanding how ABB can potentially impact human rights, positively and negatively, and highlights issues through company case studies from different countries.

A program of internal capacity building, designed to increase the number of people who are able to advise managers at a local level on business and human rights issues, was initially launched in 2012 and will continue in 2014 in different parts of the world. The training involves study of the legal and normative framework relating to the corporate responsibility to respect human rights, as well as how to identify and avoid risks, based on examples from the business.

### Due diligence

ABB has been working on some of the substantive issues contained in the UN Guiding Principles for several years. Internal human rights experts have increasingly been carrying out due diligence on projects as part of the business process. Depending on the nature of potential impacts, some projects are selected for in-depth due diligence – either in the form of desktop research or through visits to sites and stakeholder engagement.

Through due diligence we seek to identify and avoid negative impacts. We also receive regular communications from stakeholders asking about our due diligence and decision-making processes: customers who require us, as a supplier, to detail our processes including those with our own suppliers; export credit agencies, which want to be satisfied ABB has researched potential social and environmental consequences of major infrastructure projects as a condition for financing them; and some investors and ratings agencies are also increasingly asking about the processes behind ABB's social and human rights performance, as well as details of our activities in sensitive countries.

In 2013, due diligence activities covered a wide variety of areas, including projects, the resolution of individual issues, and the improvement of processes.

- Research was carried out for a number of business units on issues such as potential product sales to mining and hydropower projects.
- The ABB Supplier Code of Conduct, which includes human and labor rights requirements, was strengthened, and the Supplier Sustainability Development Program which focuses on environmental and social issues, continues to be extended in different countries.
- Supplier audits revealed two instances of our suppliers retaining identity documents of migrant workers. ABB intervened to ensure employees could get back their documents or, in future, access them when wanted.
- Labor conditions were investigated at a company that was targeted for acquisition. Following its acquisition, two cases of child labor were found at a sub-contractor. Remedial action was taken immediately and no evidence of child labor was found during subsequent un-announced visits to the sub-contractor.
- An NGO expressed concern that ABB might be complicit in the violation of indigenous people's rights by supplying equipment for some dam projects. ABB has taken seriously the concerns expressed and is looking into the issues.

### Access to remedy

ABB is continuing to look at a number of additional issues: the third pillar of the UN Guiding Principles – the issue of access to remedy for victims of human rights abuses; how to embed human rights more effectively in certain business-decision making processes and strengthen coherence, and how to strengthen adherence of security providers to human rights principles.

---

400+ managers trained on global awareness-raising program

---

As far as access to remedy is concerned, ABB has a Business Ethics Hotline, which was introduced in 2006 to provide all ABB employees and stakeholders worldwide with a means to report suspected violations of the ABB Code of Conduct or applicable laws. Contact details are published on ABB's internal and external website.

### Engagement

While we are relatively modest about speaking of our progress, our experts have been involved in international efforts to promote the corporate responsibility to respect human rights. In 2013, our external activities included speaking at a number of international meetings, taking part in podium discussions, and working with university students in Switzerland and Sweden.

ABB works with and supports a number of organizations, including the UN Global Compact and some of its local networks, the Institute for Human Rights and Business, and the Global Business Initiative on Human Rights.