

# Human rights

## Implementing the Guiding Principles

ABB took further steps in 2014 to strengthen human rights awareness and performance. Much of the ongoing work is targeted towards meeting the Group's sustainability target on human rights – namely, that by 2020, we will ensure that human rights issues are well understood and managed in all ABB operations along the value chain.

It's an ambitious target given ABB's size and geographical scope. But we recognize that there is a moral imperative for good performance on human rights, there is a strong business case, and stakeholders – both outside ABB and within the company – increasingly demand that we manage such issues well.

Our stakeholder surveys in 2013 and 2014 have confirmed that they consider human rights material to our business success. We know violations can have human, legal, financial and reputational consequences – all of which are bad for business and inconsistent with company standards.

Our efforts are spurred by growing stakeholder expectations. The United Nations Guiding Principles on Business and Human Rights in 2011 set a framework of internationally-agreed expectations, including the need to “know and show” our human rights impacts. In addition, stakeholder interest has increased through the National Action Plans being developed by individual governments, as well as legislative requirements covering issues such as conflict minerals, and increased focus by customers through their questionnaires to ABB, the rising investor interest in our performance, and the monitoring by civil society of a company's behavior.

Human rights impacts all parts of the value chain – from our relationships with customers and suppliers through to the way we behave within the company and in the communities where we operate. 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.

### Due diligence

ABB has been working on some of the substantive issues contained in the UN Guiding Principles for several years. Human rights experts in the company 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 and/or external third-party research, and 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; 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.

Among the challenges we face in this area are having the resources needed to cover the large volume of projects we seek to be involved in, and achieving a consistent approach throughout the Group. While measures have been introduced to strengthen performance, there is still further work to be done in this area.

### Training



The Guiding Principles – and what ABB needs to do to implement them – are a cornerstone of training programs. A global awareness-raising program, designed for senior managers in our main manufacturing and exporting countries started in 2010 and continued in 2014 with courses for about 100 managers in Colombia, Italy, southern Africa, Switzerland and the United States.

A total of 500 managers have so far been trained worldwide in face-to-face sessions. Our target, defined in the Sustainability Objectives, is to have 600 managers trained by 2016.

The training focuses on understanding what human rights are, the impact on business activities of key international standards, and how ABB can potentially impact human rights, positively and negatively. We also highlight challenges and dilemmas 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, continued in 2014 with training sessions in different parts of the world. The training involves study of the legal and normative frameworks relating to the corporate responsibility to respect human rights, as well as how to identify and avoid risks, based on examples from the business.

The outcome of this training was the launch – on International Human Rights Day – of ABB’s first internal network on human rights. Twelve people took part focusing mainly on ABB case studies from Asia, and North and South America. The aim is to increase the number of participants in 2015 and ensure we have a solid network in place by the end of 2016 – one of the targets contained in our Sustainability Objectives.

In addition, an online e-learning module on the corporate responsibility to respect human rights was finalized at the end of 2014 and is being rolled out to a wider ABB audience in 2015.

### Work areas

Human rights can be impacted throughout the value chain, so some of the internal work focused on areas covered by different business and functions. Some examples:

- Due diligence work was carried out for a number of proposed product sales and potential business partners in sensitive countries.
- Our work to raise the sustainability performance of our suppliers necessarily covers labor and human rights issues. Considerable efforts are under way to ensure that ABB’s requirements are fully understood and met by our suppliers under the Supplier Sustainability Development Program ([see Responsible sourcing](#)), and to ensure corrective actions are taken where standards are not met.
- The need for greater coherence underpins some of the work with other functions. For example, sustainability training sessions for high potential employees and first line managers now have brief modules on human rights. The basics of the Guiding Principles and what they mean for ABB were introduced in 2014 into modules that are used globally.
- ABB’s global security network has reviewed checklists and introduced clauses on human rights into new contracts with private security providers. The wording is drawn from the Voluntary Principles on Security and Human Rights and the International Code of Conduct for private security providers.

### Challenges

ABB is continuing to look at a number of additional issues such as the third pillar of the UN Guiding Principles covering access to remedy for people whose rights may have been violated. ABB currently 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 websites.

Among other challenges we face: How to embed human rights more effectively in certain business decision-making processes and strengthen coherence across business units. This is part of our ongoing work.

As in many large organizations, there can be violations within the company itself. There were 10 substantiated cases of harassment and one of discrimination in 2014, resulting in five terminations, and a range of other measures, including formal warnings, counseling and further training. This is an area of focus for a number of business units and different functions.

ABB also occasionally faces criticism of its business activities. For example, a non-governmental organization criticized us in 2013 for activities indirectly relating to a dam project in south-east Asia. ABB explained its position and listened to concerns expressed by the NGO and representatives of local people affected by the dam.

### Engagement

ABB has been working on human rights issues for about a decade. We adopted a human rights policy in 2007 and have been making progress since then. 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 2014, our external activities included speaking at a number of international meetings, taking part in podium discussions, and teaching at universities 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. The discussions with these organizations help to raise understanding of human rights issues of relevance to ABB.