

Human rights

Strengthening awareness and processes

ABB made further progress in 2015 on our journey to embed human rights awareness in business activities, and towards the Group objective that by 2020, we will ensure that human rights issues are well understood and managed in all ABB operations along the value chain.

One of the two targets set for human rights - the launch of an international network of human rights advisors at ABB by 2016 - has been achieved ahead of schedule. Progress on the other objective of raising the human rights awareness of 600 managers by the end of 2016 was more modest, but we remain on track.

The aim of launching a network is to ensure there are trained employees in all parts of the world who can advise the business on ways of identifying, mitigating and avoiding human rights risks. The individuals concerned - mostly existing sustainability professionals, but also lawyers, supply chain and business people - are encouraged to share best practice and air dilemmas and challenges. The aim behind the second program - raising awareness among managers - is to ensure they can more readily identify risks at an early stage of the business process and then consult with qualified advisors.

The bottom line is understanding there is a moral imperative for ensuring the best possible performance on human rights, and that failure to do so can have legal, financial and reputation consequences for the company, as well as negatively impacting our ability to attract potential employees. Human rights impact 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.

Capacity building

As part of the preparatory work to launch a network of advisors, certain employees were invited to take part in a two-part theory and practice training course.

Four such courses were held in 2015 with participants joining via video conferencing from all parts of the world. The first part of the training focuses on the international standards, guidelines and laws covering human rights, and includes a detailed review of the United Nations Guiding Principles on Business and Human Rights (UNGPs).

The second part of the course is very practical, looking at areas where ABB comes into contact with human rights and using case studies from different business areas and regions to illustrate issues such as the importance of due diligence and robust risk management.

A preliminary meeting of the network was held at the end of 2014 with 12 participants focusing mainly on ABB case studies from Asia, and North and South America. Two subsequent meetings in 2015, with 25-30 people involved in each session, focused on a variety of issues affecting or involving ABB.

The subjects covered included the National Action Plans being introduced by governments to operationalize the UNGPs, the implications of human trafficking legislation in the United States and United Kingdom, the different types of labor issues we face in the supply chain, and two cases where ABB engaged with non-governmental organizations on human rights-related issues.

Different aspects of community engagement were also discussed in detail. They included efforts to engage with a community in the US during remediation work for an environmental spill. And in another case, as part of a contract with a customer, ABB was required to work with an NGO on stakeholder relations in a sensitive area of a North African country. These are issues from which advisors in other parts of the world can learn and this helps them to support our business.

Progress on the second objective - to train 600 managers on human rights issues by the end of 2016 - was more modest. This face-to-face training, which has been ongoing since 2011, has now reached about 510 managers. However, training was curtailed in 2015 by travel restrictions.

The Guiding Principles – and what ABB is doing to implement them – are a cornerstone of awareness raising training programs. Such training focuses on understanding what human rights are, the impact on business activities of key international laws and standards, and how ABB can potentially impact human rights, positively and negatively.

Priorities for 2016

A number of priority areas have been set for 2016. They include:

- Continue to build capacity within the company so that international human rights standards are better understood and can be applied to ABB operations. To achieve this, we will extend awareness raising training to several more of ABB's largest countries and certain business units.
- Consolidate the human rights network so that it is better able to advise the business. This will be done through further meetings, and a new human rights database for the reporting of alleged incidents and any lessons learned.

- Develop a roadmap for further progress towards the goal for 2020. This will include strengthening the framework and criteria of key business decision-making processes, further training schedules and starting to work on human rights impact assessments.

Challenges

ABB has been working hard to implement the main applicable features of the UNGPs for several years. The early adoption of a [Human Rights Policy](#) in 2007, supported by internal standards, was followed by an increased focus on due diligence, the strengthening of key policies such as the Supplier Code of Conduct, and greater reporting on the issues we face.

In recent years, human rights experts in the company have increasingly been carrying out due diligence on projects as part of the business process. The level of due diligence varies according to the nature and size of the business activity. Some projects are selected for desktop research; others may involve external third-party research, or visits to sites and stakeholder engagement.

One of the challenges we face is 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.

Human rights criteria are already contained in the risk review process for screening major projects, the pre-qualification and assessment work with suppliers, and in our process for examining potential mergers and acquisitions. We will be seeking to make the criteria and processes more robust, and be better able to respond to increasing reporting and legislative requirements.

We are also considering additional ways to address the issue of access to remedy for people whose rights may have been violated, as defined in the third pillar of the UN Guiding Principles.

ABB has a series of hotlines, such as the Business Ethics Hotline, and reporting mechanisms for internal and external stakeholders provide all ABB employees and stakeholders worldwide with a means to report suspected violations of the ABB Code of Conduct or applicable laws. They are mostly used by current employees. Contact details for all stakeholders are provided on ABB's website but few external stakeholders use this mechanism.

As in many large organizations, we also face violations within the company. There were eight substantiated cases of harassment in 2015, resulting in five terminations, and a range of other measures, including formal warnings, counseling and further training.


All countries in ABB's sustainability management program are asked to report any incidents relating to employee rights of freedom of association and collective bargaining, incidents of child or forced labor, or any indigenous peoples' rights violations. None were reported in 2015.

Our reporting also shows that security staff in several countries received training on human rights issues in 2015. Human rights clauses were introduced into new contracts with private security providers, using wording based on the Voluntary Principles on Security and Human Rights and the International Code of Conduct for private security providers.

Engagement

We engage with a wide variety of stakeholders about our human rights policy, processes and activities. Customers have increasingly been requiring ABB, as a supplier, to detail our work on human rights; export credit agencies want to be satisfied ABB has researched potential social and environmental consequences of major infrastructure projects as a condition for financing them; and an increasing number of investors and ratings agencies are asking about our social and human rights performance, as well as our activities in sensitive countries.

ABB has been involved in consultations with certain governments which are developing National Action Plans. Human rights experts also have both formal and informal contacts with non-government organizations about policy issues and individual cases, during which we exchange perspectives.

We are members of the Global Business Initiative (GBI) on Human Rights and the UN Global Compact and some of its local networks. From the GBI, we learn from peer companies, have an opportunity to discuss dilemmas and receive valuable information about business and human rights developments. 

Our external activities in 2015 also included speaking at a number of international meetings, taking part in podium discussions, and teaching at universities in Switzerland and Sweden.

ABB has been on our human rights journey for over a decade. We have many building blocks in place such as our Human Rights Policy, criteria embedded in decision-making processes and training programs, all of which are helping us to advance. We know we still have quite some way to travel.