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## INTEGRITY

## Emphasizing responsibility and ethics in our business

ABB does not tolerate violations of the law or the ABB Code of Conduct

Everyone who works for or with ABB must meet our integrity standards. These standards, which are made clear in our [ABB Code of Conduct](#) and our [ABB Supplier Code of Conduct](#), are backstopped by a robust set of internal policies and instructions.

These include the five value pairs that serve as the backbone of our business, established to help create long-term value for all ABB stakeholders. The “Safety & Integrity” value pair is the foundation of our organization. It affirms that ABB does not conduct business in a way that puts people at risk or involves unethical practices.

In 2019, we continued to implement “Integrity Starts with You,” a training course on the ABB Code of Conduct. Launched during Q1 2018, the course achieved a completion rate of nearly 98 percent. In addition to our integrity e-learning curriculum, during Q2 2018 we began training our employees on global data protection; at the end of 2019, this course had achieved a completion rate of nearly 96 percent. Our 2018/19 integrity training campaign covered employees with company email accounts only. Both courses were rolled out to just over 103,000 employees, and we are encouraged by their high completion rates.

Case study  
**Anti-Bribery Management  
System Verification™**

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Due to long-term absences, organizational changes and timing issues, among other reasons, it is not possible to achieve a completion rate of 100 percent.

Integrity training has always been a key metric for us, as we believe raising awareness of integrity risks is a vital preventative measure. In addition to our efforts to prevent ethical lapses, our detection and resolution mechanisms continue to be central to our integrity program.

**Integrity is the cornerstone and backbone of how ABB does business. This will continue to be the case and it will be even more essential as we transform and simplify our company's operations and governance model for the future.**

Maria Varsellona – General Counsel

ABB's integrity program continues to be recognized externally for its excellence. In 2019, we retained our Ethisphere Compliance Leader Verification seal of recognition for the seventh consecutive year, as well as the Ethisphere Anti-Bribery Management Systems Verification seal of recognition.

In 2019, we created another way for our people to report integrity concerns, adding a new web portal to the many other reporting channels we make available. The new portal, [ABB EthicsPoint](#), is available in 10 of the major languages utilized

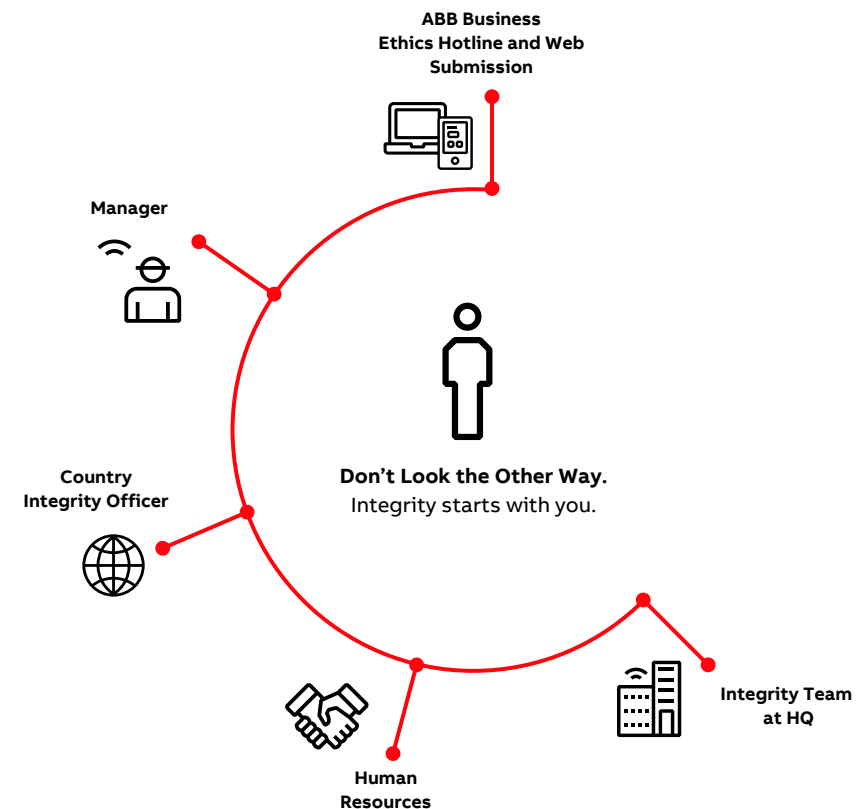
within ABB and was designed to provide an alternative for those who would rather use the internet than our business ethics telephone hotline, which is run by a third party and available at all hours in over 180 languages. All reported concerns are treated confidentially, reviewed and appropriately investigated; exposures are mitigated, and disciplinary actions are taken as applicable and appropriate, including termination of employment. ABB enforces a strict, zero-tolerance policy for violations of the law or the [ABB Code of Conduct](#).

In our requirements for a healthy workplace, harassment – be it face-to-face, written, electronic or verbal – is not tolerated. Our goal is to make all employees feel welcome and comfortable at ABB; to achieve this, we are constantly working to ensure that our employees, their coworkers and those who do business with ABB are not harassed.

In 2019, we eliminated our legacy matrix structure and provided our businesses with full ownership of their operations, subject to best practices in governance.

The simplification of ABB's business model inspired us to consider how we can further develop and adapt our existing integrity program, which is fully supported by senior management and the Board of Directors. As befits a leading technology company, ABB is committed to deploying data analytics and other advanced tools to help us more precisely target our integrity initiatives. Such measures will help ABB's integrity program to evolve in lockstep with our businesses as they grow and change.

In 2019, the company did not face any significant fines or sanctions for non-compliance with laws and regulations. For further information, please refer to the Commitments and Contingencies note in the Notes to the Consolidated Financial Statements contained in the [ABB Group Annual Report](#).





## HUMAN RIGHTS

## Respecting human rights is integral to our business

As a prerequisite for its license to operate, ABB is committed to respecting human rights along the value chain



We expect everybody who works for ABB, either directly as an employee or indirectly in our supply chain, to respect each individual's human rights.

ABB fully acknowledges its responsibility to respect human rights as expressed in the International Bill of Human Rights and is committed to implementing the United Nations Guiding Principles on Business and Human Rights (UNGP) throughout its operations. The [ABB Supplier Code of Conduct](#), the [ABB Policy Combating Trafficking in Persons](#) and the [ABB Human Rights policy and statement](#) make clear that there is no place in ABB or within the operations of our contractors and suppliers for modern slavery or human trafficking.

In maintaining our social license to operate, it is vital for us to engage with stakeholders on labor and human rights issues. ABB interacts with a wide variety of stakeholders to understand their expectations and improve our performance. Major human rights issues of interest to our external stakeholders include conflict minerals, child labor, human trafficking and modern slavery, and diversity and inclusion.

Case study  
**Human Rights  
Champions Network**

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Our goal is for human rights to be well understood and managed in all ABB operations along the value chain and integrated into ABB's daily business by the end of 2020. To achieve this goal, we have undertaken initiatives focused on capacity building, risk identification, performance improvement in our supplier base and limiting exposure to conflict minerals.

Capacity building underpins our ability to identify risks and improve performance. So we set a target to run at least two training campaigns per year, focused on employees whose roles specifically expose them to human rights risks. We met this target in 2019 with a pair of initiatives that focused on developing our human rights champions network and providing human rights awareness training for senior managers.

The human rights champions network aims to ensure we have qualified employees who can advise our businesses on how to identify, mitigate and avoid human rights risks. In 2019, a total of 83 champions representing all of ABB's global business lines completed a detailed curriculum. Additional champions will be selected and trained in 2020.

Our second training campaign of 2019 was designed to help ABB's senior managers more readily identify human rights risks at an early stage of the business process and consult with qualified advisors, when needed. During the year, the program trained the management teams of 13 out of 17 global business lines. It will train ABB's remaining management teams in early 2020.

In 2019, we also developed further training materials specific to functions with more exposure to human rights risks: procurement, sales & marketing and operations.

Human rights champions will be trained to deliver these sessions, and all business lines will be required to roll out this training in 2020.

This training complements our continuing work to map internal processes related to risk identification and risk assessment. At ABB, human rights specialists carry out due diligence to help us understand risks and avoid causing or contributing to negative human rights impacts. This due diligence – a cornerstone of the UNGPs – ranges 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.

Human rights criteria are already included in the risk review process for screening major ABB projects, in prequalification and assessment work with ABB suppliers and in our process for examining potential ABB mergers and acquisitions. However, the training sessions for our human rights champions network gave us the opportunity to better understand how effectively human rights considerations are embedded in our business decisions. When ABB's new organizational structure is fully implemented in 2020, we will use the lessons learned to guide improvements that will make our processes even more robust and responsive to increasing reporting and legislative requirements.

Our new organizational structure will not affect the multiple reporting channels we already make available to employees and external stakeholders for reporting suspected violations of the ABB Code of Conduct or applicable laws. Channels include a web portal and telephone hotlines in multiple languages. All reports of suspected violations are reviewed and appropriately investigated.

In 2019, these mechanisms were used to report 19 substantiated cases of harassment and eight of discrimination, resulting in varying levels of corrective action, including five terminations of employment.

In ABB's 2018 Sustainability Report, we reported an instance of modern slavery at an electronics supplier in Malaysia. ABB revisited this facility twice during 2019 to ensure that the appropriate corrective actions had been completed and are being maintained.

The main initiative to promote respect for human rights in our supplier base is the ABB Supplier Sustainability Development Program (SSDP). The program focuses on improving the sustainability performance of high-risk suppliers in 17 countries. During 2019, an on-site SSDP assessment at a key supplier in Malaysia identified a case of modern slavery involving retention of migrant workers' passports. ABB has obtained the supplier's commitment to performing corrective actions and will monitor the supplier to ensure compliance.

We also continue our work to understand and limit ABB's exposure to conflict minerals. For the fifth consecutive year, ABB's work on responsible sourcing of minerals was recognized by an independent benchmark study from the Responsible Sourcing Network.

## OUR PEOPLE

# ABB believes in its people and invests in them

We value our employees and support them through many initiatives

We believe that our people are our most important asset. That is why ABB invests in personal and professional development. We seek to provide the best available tools, programs and opportunities. By doing so, we empower them to build rewarding careers, enjoy their personal lives and strengthen their health, resilience and sense of well-being.

For 2020, our targets are to increase the number of women in senior management positions (Hay grades 1-7) by 30 percent from 2017 and to increase the proportion of employees covered by ABB's well-being program to 70 percent. Gender diversity and the health, well-being and resilience of our workforce are strategic priorities for ABB. They carry significant implications for our overall performance.

We made modest progress toward these targets over the past year. At present, 11.7 percent of the senior managers at ABB are women, up from 10.5 percent in 2018. We recognize that we can do more to raise this proportion going forward. Additionally, at the end of 2019, 77 percent of our employees were covered by ABB's well-being program, up from 67 percent in 2018. We achieved these results through a combination of continuing and new initiatives.

## People

To promote gender balance in our workforce, ABB relies on the gender diversity framework implemented in 2017. Actions called for by this framework include shortlisting women during

recruitment drives, increased focus on the Diversity Dashboard findings at the ABB Executive Committee meetings, creating opportunities for women to be mentored by senior leaders, conducting internal and external awareness campaigns and adopting flexible working practices.

While we made solid progress with new appointments, attrition diminished the total impact of the new hires. We also sought to identify 100 female candidates for senior leadership positions. Almost every business identified five or more women for this purpose.

Case study  
**The 2019 Global  
Summit of Women**

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Altogether, 188 nominations were submitted – exceeding our goal. Additionally, in 2019, we met our goal of 30 percent of our early talent hires being female, i.e., recent university graduates. However, many of these hires have been in the functions, so we are increasing our efforts to meet this target for business roles as well. The year also saw the establishment of a global female mentoring program, which has now been rolled out to three of our businesses.

In 2018 we signed the EmbraceDifference pledge developed by the European Roundtable for Industrialists. To follow up on the pledge, we linked our 2019 initiatives to the six focus areas identified by the pledge: Inclusive Culture, Inclusive Leadership, Aspiration & Goal Setting, Clear Responsibility, Equal Opportunities & Societal Engagement and Responsibility.

We carried out unconscious-bias training, utilizing more than 65 trained, in-house facilitators. To date, more than 900 managers have participated in workshops held under this program. This year we also rolled out global guidelines for flexible working practices, offering six different options supported by a comprehensive toolkit and online learning program for managers. Furthermore, we refined our HR dashboard and metrics to ensure greater clarity on our targets and quarterly progress.

### Health and well-being

Health initiatives and preventive occupational health are fundamental pillars of ABB's health programs, which are offered to all of our employees and their eligible dependents. Our well-being programs target stress reduction and positive working environments. These programs support our employees' efforts to

develop their skills, knowledge and self-confidence, enabling them to manage their own health and work activities productively.

In 2019, we exceeded our 2020 objective of providing at least 70 percent of all ABB employees with access to one or more ABB well-being programs. Over the past year, the top three globally reported programs were fitness and physical activities, voluntary medical checks and healthy nutrition.

In the course of ABB's organizational transformation in 2019, our resilience-building program, launched in 2017, represented an important asset to support our employees. The program helps our employees manage stress, enhance health and improve productivity. It also builds a culture of flexible thinking and positive attitudes and behaviors. By the end of 2019, more than 53,000 employees had received training in 67 countries around the globe since the start of the program.

In 2019, we placed a stronger focus on mental well-being by enabling access to employee assistance programs that support those affected by personal or professional issues. Additionally, we released a medical travel risk management standard. The new TravelReady form (TRF) has become mandatory for employees traveling to 37 countries where there is a risk of malaria or yellow fever. The tool was developed to make our travelers and their line managers aware of the medical requirements associated with these destinations.

To address the important issue of workplace ergonomics, e-learning modules were made available for use by the businesses. Furthermore,



we continued our partnership with Virgin Pulse for the third year to manage our company's Global Health Challenge, a company-wide program promoting physical activity, healthy eating, stress management and better sleep habits.

In 2020 one of our focus areas will be to assist our managers in understanding their roles in our health agenda, particularly with respect to work-life balance, sick leave management and resilience building.

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Case study  
**ABB receives 2019  
Changemaker Award**

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## COMMUNITY ENGAGEMENT

## A tradition of social engagement

As an integral part of society, ABB contributes to economic and social progress in many ways

ABB has a long history of working with communities to support education, healthcare and diversity and inclusion. Our approach is to combine strategic corporate partnerships with projects that focus on local needs in places where our businesses operate. Engaging with communities in this way improves people's lives and reinforces ABB's reputation.

ABB's major social engagement programs include the [Jürgen Dormann Foundation](#), which assists financially disadvantaged engineering students, our corporate-level agreement with the [International Committee of the Red Cross](#), which supports innovative water and habitat projects, and our [Nobel International Partnership](#), which promotes knowledge of and interest in scientific education, sustainability and other important global issues.

Supporting healthcare, diversity and inclusion can have positive social and economic impacts among key company stakeholders, including our employees, suppliers and customers, as well as the communities around our facilities. In 2019, ABB contributed to more than 580 community projects and charities worldwide. A total of 44 countries out of the 69 reporting on their social activities supported community projects. Employees and ABB's businesses donated approximately \$12.1 million to these projects and provided about 4,300 person-days of volunteer work.

Our global and local support for educational programs and institutions enhances learning, raises our company's profile and helps recruit qualified

ABB staff. ABB works with students, schools and universities in a variety of ways, improving research, especially in science, technology, engineering and mathematics (STEM), and extending educational opportunities to more people.

ABB promotes STEM education and careers for girls and women in a variety of ways, including targeted scholarships and mentoring programs in Hungary, India, Poland, Sweden and other countries. In the United States, ABB is piloting a program with the Girl Scouts in Arkansas, Oklahoma and Texas in support of a "Girls Write the STEM Future" patch. This program aims to inspire girls to embrace scientific discovery in their lives and also creates volunteer opportunities for ABB employees involving the Girl Scout STEM badge curricula.

In many of our educational collaborations, volunteers from ABB play a vital role, inspiring, sharing experiences and encouraging students to pursue careers in technology. We are actively engaged in the United States, Brazil, Italy, Estonia, India, China and Zambia, among many other countries, and are proud to provide a wide variety of support for children, graduate students, recent graduates, disadvantaged students and other young talent.

Around the world, our businesses also support local education initiatives that promote diversity and inclusion. Among such initiatives, ABB in Australia launched the [Reconciliation Action Plan](#) in 2013 to help close the gap between indigenous and non-indigenous communities. Under the plan, ABB has



partnered with the University of Technology Sydney on an outreach program called the [Galuwa Engineering and IT Experience](#); the program aims to encourage indigenous high school students to continue their education and training. In 2019, the outreach program provided indigenous students with opportunities not only to see ABB robots in action, but also to program them.

Other ABB inclusion programs are focused on the differently abled, including a significant sponsoring partnership with the [Special Olympics in Germany](#). Since the partnership was established in 2000, more than 3,300 ABB employees from sites across Germany have volunteered, dedicating their holidays to assist athletes with intellectual disabilities to participate in local and countrywide sporting competitions.

— Case study  
**Digital substation  
donated to Zambia's  
School of Engineering**

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