

# ABB Ltd – Modern Slavery and Human Trafficking Statement

The information in this Statement has been approved by the Board of Directors of ABB Ltd and relates to the financial year ended December 31, 2017. The scope of markets included in this Statement covers our operations worldwide, including those of our direct and indirect subsidiaries.

## **About ABB**

ABB is a pioneering technology leader in electrification products, robotics and motion, industrial automation and power grids, serving customers in utilities, industry and transport & infrastructure globally. ABB operates in more than 100 countries with about 136,000 employees. With manufacturing operations on six continents, ABB manufactures products in over 300 product lines and has approximately 70,000 direct material and project service suppliers. We view these suppliers as an extension of our global enterprise and integral to our long-term success.

## **Company approach and principles**

We fully acknowledge our responsibility to respect human rights as set out in the International Bill of Human Rights and are committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations. Respect for the dignity of the individual and for the importance of each individual's human rights forms the basis of the behaviors we expect of every individual who works for us, either as a direct ABB employee or indirectly through our supply chain. We do not accept any form of discrimination, harassment or bullying within ABB or its supply chain. To this end we require all of our managers to implement processes designed to ensure equality of opportunity and inclusion for all ABB employees as well as for individuals employed in our supply chain. These include requiring suppliers to take measures to avoid any form of forced, bonded or compulsory labor (or any other kind of modern slavery or human trafficking). Recognizing the extremely complex nature of modern slavery, we continue to emphasize the importance of collaboration and learning from others. We engage with human rights NGOs and are long-standing members of the Global Business Initiative on Human Rights and the UN Global Compact.

## **Risk assessment**

When the UN Guiding Principles on Business and Human Rights were first published in 2011, we analyzed the approach to human rights then in place across ABB, to assess the extent to which our policies and practices were aligned to those Principles. That analysis helped to sharpen our focus on the most salient human rights risks relevant to ABB, including matters related to labor rights of our employees and in our supply chain. During 2016, our Corporate Responsibility, Supply Chain and Legal and Integrity functions worked to further strengthen ABB's policies and processes that address modern slavery risks within our operations and supplier base.

In 2017, this cross-functional team began to evaluate the effectiveness of ABB's risk review processes in identifying and mitigating potential exposure to modern slavery and human trafficking across our operating business and our global supply chain. This analysis continues and will in turn determine whether any further changes are required to the risk review process. We are confident in our management and assessment of the risk exposure to modern slavery and human trafficking, but we appreciate that regular due diligence and risk assessment processes need to be undertaken.

**Codes and policies**

During 2016, ABB amended a number of key policies and processes to extend its existing efforts to ensure there is no child or forced labor within its operations nor its value chain. These include the ABB Supplier Code of Conduct, the ABB Policy Combating Trafficking in Persons, our Human Rights policy and statement, our Social policy, our supply chain and contractor questionnaires, as well as certain internal directives and guidelines. The revised policies make clear that there is no place in ABB business or within the operations of our contractors and suppliers for modern slavery and human trafficking. These policies remained unchanged during 2017.

**Supply chain**

ABB operates a centralized supplier registration and prequalification system for new suppliers. The qualification process evaluates the performance of potential suppliers on broad sustainability parameters such as health & safety, environment and working conditions, as well as quality, compliance and financial factors. This process includes a review of supplier performance related to modern slavery and human trafficking.

For existing suppliers, we have a robust program that focuses on suppliers with a higher sustainability risk (which includes the risk modern slavery and human trafficking). This Supplier Sustainability Development Program (SSDP) prioritizes suppliers according to a risk matrix combining country risk, commodity risks based on operations characteristics, criticality of the supplier and spend volume. The program consists of three main elements: training, assessment and monitoring. Training on sustainability priorities is provided for both suppliers and ABB employees, on-site assessments evaluate performance status, and improvement plans are monitored to ensure timely completion. Risks related to modern slavery and human trafficking are specifically addressed in the training programs and assessment protocols. We focus on tier one suppliers in priority countries and each year work to expand the geographical reach of the program.

In 2017, we expanded the footprint of the SSDP to include three additional countries. We also conducted on-site assessments at 243 suppliers globally and made an additional 362 visits to ensure sustainability risks identified during the assessments had been appropriately addressed. We analyzed data collected during the assessment process to identify the most frequently observed risks and then arranged thematic workshops to help our suppliers address the root causes of these common risks. We will conduct comparable workshops in other ABB locations in 2018. For transparency, ABB publishes a list of these frequently observed risks in our annual Sustainability Report.

During 2017, neither the on-site assessments nor our other supplier due diligence processes indicated the presence or use of modern slavery or human trafficking in ABB's supply chain.

**Training**

In 2017 we continued our targeted human rights training program which, amongst other topics, addresses modern slavery and human trafficking. The main recipients of the training were country managing directors as well as specialists in supply chain, security, communications and trade compliance. We also continued to develop our internal network of human rights advisors, focusing on identification and management of supply chain risks and practical experience gained from our supplier due diligence and audit processes. In 2018, we intend to expand our training program to provide in-depth, practical workshops for employees whose roles expose them to human rights risks.



Peter Voser  
Chairman of the Board

21 March 2018