

---

# ABB Ltd

## Modern Slavery Statement

This statement is issued pursuant to the U.K. Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 for the financial year ending December 31, 2020. The information in this Statement has been approved by the Board of Directors of ABB Ltd. The scope of markets included in this Statement covers our operations worldwide, including those of our direct and indirect subsidiaries.

### **About ABB**

ABB (ABBN: SIX Swiss Ex) is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB's success is driven by about 106,000 talented employees.

We operate in over 100 countries across three regions: Europe, the Americas, and Asia, Middle East and Africa. We are headquartered in Zurich, Switzerland.

ABB has four customer-focused, globally leading businesses: Electrification, Industrial Automation, Motion, and Robotics & Discrete Automation. On July 1, 2020, ABB completed the divestment of 80.1 percent of its Power Grids business to Hitachi. We retain a 19.9 percent ownership interest through our investment in Hitachi ABB Power Grids Ltd (Hitachi ABB Power Grids).

ABB serves three main customer segments: Industry, Transport & Infrastructure and Utilities, with about half of our customers in the industrial segment. We serve production facilities and factories all around the world from process industries such as oil and gas, pulp and paper as well as mining, to discrete industries including automotive,

food and beverage and consumer electronics. Automation, software and digital services that help customers achieve improved safety, uptime, energy efficiency and productivity are key to the success of our offerings in this market.

Approximately one-third of our customers operate in the transport & infrastructure market. Our expertise provides efficient, reliable and sustainable solutions for these customers, with a focus on energy efficiency and reduced operating costs.

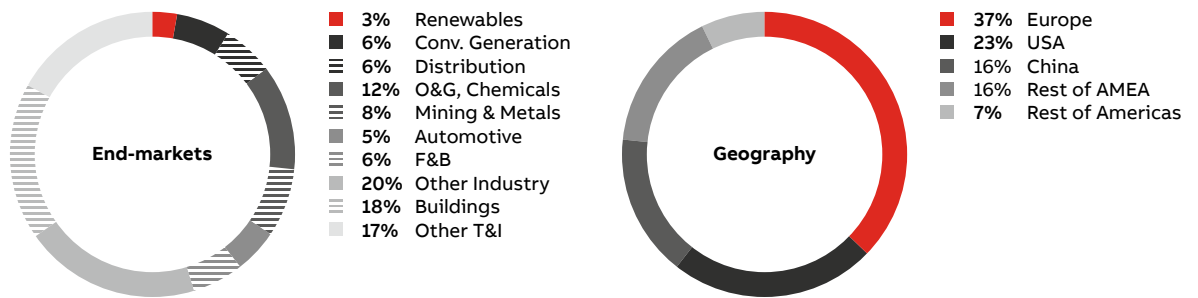
ABB delivers solutions mainly for distribution utilities and renewables customers, while continuing to service conventional power generation customers with our control and automation solutions. Following the divestment of our Power Grids business to Hitachi on July 1, 2020, our exposure to the utilities market has decreased significantly.

### **About ABB in the United Kingdom and Australia**

ABB in the U.K. is headquartered in Warrington, Cheshire and employs 1,800 people operating from around 15 locations nationwide. We supply around £0.5bn of innovative solutions, products and services annually in the U.K. to clients in a wide range of market sectors.

In Australia, ABB has operations in Sydney, Brisbane, Perth and Melbourne. With 1,100 employees located at our 10 sites, customers are served through an extensive country-wide presence.

## ABB Group Revenues in 2020 by End-market and Geography



% of FY 2020 third party revenues

### ABB 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 and active members of the Global Business Initiative on Human Rights and the UN Global Compact.

### Codes and policies

ABB has in place a range of key policies and processes that help to prevent child or forced labor within our operations and our value chain. These include the ABB Code of Conduct, ABB Supplier Code of Conduct, ABB Policy Combating Trafficking in Persons, ABB Policy on Conflict Minerals, Human Rights policy, Social policy, our supply chain and contractor questionnaires, as well as internal policies.

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with applicable laws, the ABB Code of Conduct and all company policies.

We inclusively make multiple reporting channels available for raising integrity-related concerns. Employees always may raise concerns directly to any representative of management, Human Resources or Legal & Integrity. ABB has zero tolerance for any form of retaliation, retribution, or dismissal. In addition, the ABB Business Ethics Helpline provides both employees and stakeholders web portal and telephone access to report suspected violations of the ABB Code of Conduct, the Supplier Code of Conduct, or applicable laws. In 2020, another reporting avenue was made available to employees and stakeholders – one-click access to the Helpline web portal from ABB's publicly available Code of Conduct mobile app.

### Risk identification and assessment

Human rights criteria are included in the risk review process for screening major ABB projects, in pre-qualification and assessment work with ABB suppliers, and in our process for examining potential ABB mergers and acquisitions. Our due diligence processes – a cornerstone of the UN Guiding Principles on Business and Human Rights (UNGPs) – range 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.

Our human rights risk assessment processes have evolved with time and experience. When the UNGPs 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.

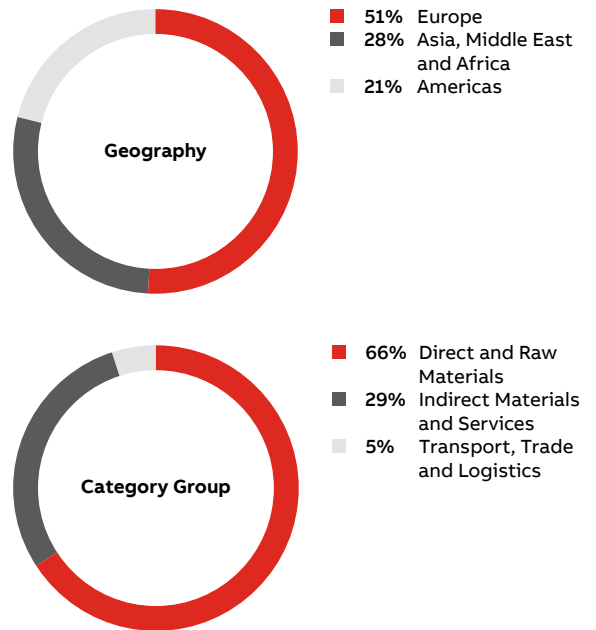
In 2020, we released a new human rights control standard as a component of our Health, Safety, Environment and Sustainability (HSE/SA) management system and designed a new human rights internal audit process, for deployment in 2021. The aim of the audit process is to assess aspects of human rights performance at ABB facilities covering both ABB employees and contractors. The internal audit program will consist of a self-assessment that will be mandatory for all the sites as part of our HSE/SA management system and a periodic audit to be conducted by an internal ABB auditor. This program will help ensure proper assessment, management awareness and implementation of improvement plans where needed.

### Supply Chain

With manufacturing operations on six continents, ABB has more than 60,000 direct material and service suppliers. We view these suppliers as an extension of our global enterprise and integral to our long-term success.

ABB purchases a variety of supplies and products which contain raw materials for use in our production and project execution processes. The primary materials used in our products, by weight, are copper, aluminum, steel, mineral oil and various plastics. We also purchase a wide variety of fabricated products, electronic components and systems. We operate a worldwide supply chain management network with employees dedicated to this function in our businesses and key countries. Our supply chain management network consists of a number of teams, each focusing on different product categories. The global spend on materials and services in 2020 was approximately USD 12 billion.

#### Materials and Services Spend by:



2020 Materials and Services spend: ~\$12 BN

Building relationships with best-in-class suppliers is essential for our success. Consistent with ABB's purpose and values, we require our suppliers to work in a way that is ethically, socially, environmentally and economically responsible. What this means in practice is outlined in our Supplier Code of Conduct.

This Supplier Code of Conduct, published in multiple languages, communicates our expectations and performance standards to existing and potential business partners. Adhering to it is one of our suppliers' contractual obligations, as part of ABB's general terms and conditions.

ABB operates a 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 commitments related to modern slavery and human trafficking.

For existing suppliers, we have a robust development program that focuses on suppliers with a higher sustainability risk, which includes the risk of 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 supplier 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 16 priority countries, which include Argentina, Brazil, Bulgaria, China, Colombia, India, Indonesia, Malaysia, Mexico, Peru, Poland, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

In 2020, the COVID-19 pandemic made it extremely difficult for us to conduct onsite visits as travel and physical meetings were prohibited, restricted or limited. In addition, some of our suppliers' factories remained closed in line with local pandemic management guidelines. Even though many factories

started opening up with limited manpower during the second half of the year, visitors were not allowed onsite. While we were able to perform some onsite assessments in certain countries during the second half of the year, we mainly conducted virtual trainings and assessments.

In 2020, we assessed 112 suppliers, compared with 168 in 2019. From the inception of the SSDP until the end of 2020, we have conducted site assessments with approximately 1,200 high risk suppliers. On-site assessments are conducted by accredited third parties or by ABB personnel trained and externally certified as lead assessors.

Neither the site assessments nor our other supplier due diligence processes in 2020 indicated the presence or use of modern slavery or human trafficking in ABB's supply chain.

In other activities to support responsible sourcing, we trained a total of 128 ABB employees and 285 suppliers during the year. In addition to the pre-assessment training for suppliers which are new to our program, we also developed customized training courses to address emerging issues and root causes of non-compliance that we had observed in the previous year. These courses, which we delivered to 117 suppliers in China, Indonesia, Malaysia, Thailand and Vietnam, covered topics such as recognizing forced labor and modern slavery, best practices for workplace safety and environment, and updates on safety and environmental regulations.

While the focus of our supplier development process is on working with suppliers to improve their performance, there are also consequences for suppliers who are unwilling to align their performance standards with our requirements. During 2020, ABB terminated business with 18 suppliers due to unsatisfactory progress on their respective corrective action plans.

During 2020, we also designed an expanded approach to supplier sustainability and an updated governance approach that conforms with the ABB Way, our company's new, decentralized operating model. As a result, in 2021 the Supplier Sustainability Development Program (SSDP) will become the Sustainable Supply Base Management (SSBM) approach. With the SSBM, we are significantly expanding the scope of our supplier assessments to cover more supplier categories and, over time, more countries.

### Reinforcing human rights due diligence processes

Due diligence to prevent forced labor and discrimination against vulnerable groups in ABB's supply chain has been a key aspect of our Supplier Sustainability Development Program (SSDP). In 2020, we further enhanced these due diligence processes.

As part of the enhancement, we upgraded the pre-assessment supplier training materials, pre-assessment questionnaire, onsite assessment checklist and the training materials for our SSDP lead assessors in China. Suppliers were also trained on our SSDP requirements related to forced labor and discrimination as well as on other SSDP parameters. In addition, ABB SSDP lead assessors were calibrated to make sure they were properly equipped with the enhanced techniques required to identify forced labor and discrimination issues during assessments.

In China, while reviewing the pre-assessment questionnaires (which are always filled out by our suppliers), we noticed that roughly 17 percent of one supplier's employees were ethnic minorities; apparently, this was a relatively high percentage compared to peer companies in the same city. This raised some concerns about the potential for the exploitation of vulnerable groups on their worksites.

Consequently, a special assessor team comprised of an ABB lead assessor and a senior supply chain sustainability expert was formed for this assessment.

During their comprehensive, two-day onsite assessment, the assessors followed all SSDP protocols with a special focus on forced labor and discrimination. All the required documents were reviewed, site tours were made to all areas where employees were present, including the shop floor, security room and canteen. The lead assessor team also interacted with randomly selected shop floor employees. These interactions were always made without the presence of supplier management or their representatives to ensure that participants could speak freely.

Our team observed that the supplier was treating ethnic minority employees on par with other employees. Working places were in acceptable conditions and employees were able to leave the campus freely when off duty and enjoy their personal life. Employees were fairly compensated and were able to resign at will with a reasonable notice period.

In summary, the assessors found no evidence of forced labor during their onsite assessment of the supplier. They also established a credible explanation for the high proportion of ethnic minorities in the workforce. We were satisfied that our upgraded pre-assessment questionnaire was detailed enough to highlight issues that were of potential concern and provided a good basis for focused onsite due diligence.

### **Conflict Minerals**

ABB also continues work to understand and limit our exposure to Conflict Minerals, as defined by section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Our commitment is outlined in the ABB Policy on Conflict Minerals.

In 2020, ABB filed its annual Conflict Minerals Report with the US Securities and Exchange Commission and, for the fifth consecutive year, ABB was recognized for the responsible sourcing of minerals by an [independent benchmark study](#) from the Responsible Sourcing Network.

ABB continues to work with the Responsible Minerals Initiative (RMI) to encourage smelters and refiners to undergo Organization for Economic Cooperation and Development (OECD) aligned audits. ABB continues to engage with suppliers to ensure our products do not contain Conflict Minerals that have been sourced from mines that support or fund conflict within the Democratic Republic of Congo or adjoining countries and Conflict Affected High-Risk Areas (CAHRAs). Further information on ABB's Conflict Minerals policy and supplier requirements can be found under "Material Compliance" at [Supplying to ABB — ABB Group \(global.abb\)](#).

In 2021, we plan to perform due diligence on our cobalt supply chain. Similar to our approach for products and components likely to contain tin, tantalum, tungsten and gold (also known as "3TG"), ABB will work with our suppliers to responsibly source smelters and refiners of cobalt.

While we are establishing internal processes that comply with the OECD five-step framework requirements, ABB will also cooperate with various RMI working groups that directly engage smelters and refiners. Currently ABB leads the RMI Asia Smelter Engagement Team and also the gold outreach in India. We continue to work with gold refiners in India to educate and encourage them to undergo OECD-aligned responsible sourcing audits.

Together with our industry peers, ABB will participate in the RMI Cobalt working group to encourage our cobalt smelters and refiners to undergo OECD-aligned responsible sourcing audits. We also plan to visit these smelters and refiners where necessary to educate, train and guide them to undertake the Responsible Minerals Assurance Program by RMI.

Moreover, ABB will work with its industry peers to raise awareness of the [EU's new conflict minerals regulation](#), which came into force in January 2021.

### **Training**

To more deeply integrate human rights principles into all of ABB's business processes, we continued with the advanced awareness and competence building program that we launched in 2019. The program consists of different trainings targeting management and functional roles. These trainings are geared to build understanding of human rights and raise awareness of the human rights risks connected to respective businesses and areas of responsibility.

This was reinforced by the continued expansion of our human rights champions network in 2020, as we trained a further 32 candidates from different functions, including HSE, Integrity, Marketing & Sales, Human Resources and Procurement. These internal business experts are charged with supporting ABB's human rights strategy. We continue to develop an internal network of these experts with the aim to ensure there are human rights champions in all parts of our businesses who can advise on the best ways to identify, mitigate and avoid human rights risks.

Over the past year, our champions defined human rights plans for their businesses and carried out training and communication initiatives to promote and raise awareness of human rights within their business area. These champions also supported our most important training initiative of 2020: the launch of customized programs for three specific job roles exposed to human rights risks – marketing & sales, procurement and operations. We trained our champions to deliver these customized courses and then disseminated the training according to their business needs. As a result, 530 managers received general human rights awareness training and 185 marketing & sales managers, 120 operations managers and 142 procurement managers received targeted human rights training. Despite the COVID-19 pandemic, 15 of our 20 business divisions received at least three of these customized training sessions from our champions. An additional three divisions have committed to doing the same in 2021.

### **Engaging stakeholders**

Staying in close contact with our stakeholders on labor and human rights issues is critical to performing at a high level, and maintaining our social license to operate.

ABB speaks to and works with a wide variety of stakeholders, including customers, investors, suppliers, civil society representatives and international organizations to understand their expectations and improve performance. During the development of ABB's sustainability strategy 2030 we undertook an extensive engagement process, conducting direct interviews with around 300 stakeholders. We used this opportunity to discuss ABB's future positioning on human rights, and consider new ways to more deeply integrate human rights into ABB's corporate strategy and objectives.

Our Group also engages with and learns from human rights specialists. These activities include peer learning reviews in the Global Business Initiative on Human Rights, lessons drawn from the annual United Nations stakeholder forum in Geneva, the World Business Council for Sustainable Development (WBCSD) and participation in local network meetings of the UN Global Compact. Our Conflict Minerals team works with the Responsible Minerals Initiative and is involved in outreach to smelters and refiners.

### **Assessing effectiveness**

Our human rights capacity building effort is yielding results. Procurement specialists have used their experience to raise awareness of human rights in their own teams and to expand the scope of manufacturing process audits for new and existing suppliers to also include human rights criteria. Health, safety and environment specialists incorporated attention to risks of modern slavery in their contractor reviews.

The training sessions for our human rights champions network also gave us the opportunity to understand how effectively human rights considerations are embedded in a range of decision-making processes and to identify potential areas for improve-

ment. Similarly, the awareness training sessions with senior business leaders resulted in broad-ranging discussions that provided some practical recommendations to help leaders and their teams ensure human rights are embedded in their business processes. We are now using these learnings to guide improvements that will make our processes even more robust and responsive to increasing legislative requirements and stakeholder expectations.

In our Supplier Sustainability Development Program, we use the reduction of risk and closure of non-compliances as key indicators of effectiveness and report on these annually in our Sustainability Report. Additionally, to better focus our supplier development activities on the relevant supplier needs, ABB periodically reviews the gaps identified during supplier assessments and identifies the most common non-compliances. We also review the results of repeat assessments at suppliers to understand the frequency of recurring non-compliances. The results of these analyses are then used to reinforce our supplier and employee training programs.

ABB has been on its human rights journey for over a decade. We have many building blocks in place to address the risks of modern slavery and forced labor, such as our Human Rights policy, criteria embedded in decision-making processes and training programs, all of which are helping us to deliver on our commitment to human rights. Recognizing the extremely complex nature of human rights, we will continue to emphasize the importance of collaboration and learning from others, including peer learning reviews in the Global Business Initiative on Human Rights and lessons drawn from the annual United Nations stakeholder forum in Geneva.



**Peter Voser**  
Chairman of the Board  
25 February 2021