

Fred Kindle, President and CEO of ABB Group. Statement of support for UNGC (January 2008)

As a member of the Global Compact since 2000, ABB highly values its objectives and activities, and supports its work. The ten principles covering human rights, environmental and labor issues, as well as combating corruption, continue to be of relevance to us in our operations around the world, and we are striving to continuously improve our performance.

We supported the Global Compact in a variety of ways in 2007. ABB participated actively in the UNGC's Human Rights advisory group, network meetings in a number of countries including Germany, Sweden and Switzerland, and in a more modest way at the Leaders Summit in Geneva. ABB has continued its support for the formal establishment of a Global Compact network in Sudan, expected in early 2008.

The Global Compact principles are important elements in efforts to raise standards around the world, and create a more level playing field for global business.

UN Global Compact reporting

ABB has been a member of the UN Global Compact since 2000. In common with other members, ABB reports every year on progress on the Compact's ten principles.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally-proclaimed human rights.

- New Human Rights policy and public statement adopted by ABB Group in 2007
- Human rights considerations embedded in internal protocol, adopted in 2006, for deciding where ABB should have business activities
- Active participation in international organizations and workshops seeking to promote business awareness and support for human rights
- Human Rights questions expanded in risk review process for projects

Principle 2: Make sure they are not complicit in human rights abuses.

- New Human Rights policy adopted in 2007 is designed to raise performance and avoid complicity
- Training and top management meetings in several countries in 2007 were designed to raise awareness of human rights issues and the avoidance of complicity

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

- Embedded in Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 6 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2007.
- In countries where the law does not permit this right, ABB facilitates regular consultation with employees to address areas of concern.

Principle 4: The elimination of all forms of forced and compulsory labour.

- Covered by Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 4 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2007.
- The principle of "no forced or compulsory labour" has been included in ABB's protocol for supplier audits.

Principle 5: The effective abolition of child labour.

- Included in Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 3 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2007.
- The principle of "no child labour" included in ABB's protocol for supplier audits.

Principle 6: Eliminate discrimination in respect of employment and occupation.

- Contained in Code of Conduct, Principle 1 of the ABB Human Rights Policy and Principle 7 of ABB Social Policy. All countries were asked to formally report on this principle. No violations were reported in 2007.
- ABB also has country-specific procedures and programs to ensure that policies are fully observed.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges.

- Environmental considerations mandatory in the ABB GATE model for product and process development
- Standardized Life Cycle Assessment procedures used to assess new products' environmental impact throughout their life cycle
- Ongoing program to phase out use of hazardous substances in manufacturing and products
- ABB met its target to cut energy use by five percent per manufactured unit over a period of two years

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- Work with international organizations and initiatives, such as World Economic Forum's Climate Change roundtable, WBCSD, ISO, and 3C initiative
- ABB has implemented a new and strengthened protocol for auditing of suppliers' environmental performance.
- ABB's ongoing Access to Electricity rural electrification programs in India and Tanzania

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- Covered by Code of Conduct and Principle 5 of ABB Environmental Policy
- Energy-efficient products and renewable energy equipment identified as key driver for ABB's business opportunities
- Transfer of technologies and best practices between countries to ensure same level of environmental performance throughout Group
- Group-wide list of prohibited substances for products and processes strengthened in 2007

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Covered by Principle 4 of the new ABB Human Rights Policy, Code of Conduct and Principle 13 of Social Policy
- Underpinned by a zero-tolerance policy on non-compliance
- Implementation of new Code of Conduct, introduced in 2006, completed in 2007 along with training
- Compulsory e-learning courses on use of agents and intermediaries in 2007