

Statement of continued support for the UNGC by ABB president and CEO, Joe Hogan.

Statement

"ABB has been a member of the Global Compact since 2000, and we continue to be committed to the organization's values and objectives. We strive to implement fully the ten principles covering human rights, environmental and labor issues, as well as combating corruption.

In 2008, ABB supported a number of Global Compact projects, ranging from the Caring for Climate initiative to active membership of the Human Rights Working Group. ABB was an active participant and supported the formal launch of the Global Compact's local network in Sudan, following several years of hard work.

We recognize the importance of the Global Compact's work in efforts to raise standards around the world and will continue to support these efforts."

10.1.2009

UN Global Compact reporting for 2008

Human Rights

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

- Core elements of Human Rights policy, adopted by ABB Group in 2007, embedded in key business decision-making processes in 2008. These include the project risk review process, supply chain criteria and mergers and acquisitions checklists.
- Active participation in international organizations and several workshops seeking to promote business awareness and support for human rights. These included active participation in the 60th anniversary celebrations of the Universal Declaration of Human Rights and the formal launch of UN Global Compact network in Sudan in December 2008.

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

- Human Rights policy adopted in 2007 is designed to raise performance and avoid complicity. A projected deal in early 2008 was halted in Asia because of the possibility of complicity.
- Training and top management meetings in several countries in 2008 were designed to raise awareness of human rights issues and 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 2008.
- 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 2008.
- The principle of “no forced or compulsory labour” is 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 2008.
- The principle of “no child labour” is included in ABB’s protocol for supplier audits. During an ABB audit of a supplier in India an incident of potential use of child labour was discovered. Counter measures were immediately put in place.

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 2008.
- 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 are mandatory in the ABB GATE model for product and process development.
- Standardized Life Cycle Assessment procedures are used to assess new products’ environmental impact throughout their life cycle.
- Ongoing program to phase out use of hazardous substances in manufacturing and products shows progress in 2008. PCB in a fixed installation in an ABB factory in Brazil has been eliminated.
- In 2008, ABB initiated a program of energy audits of all its major sites to identify potential energy savings in order to set a new Group energy reduction target

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- ABB worked with international organizations and initiatives, such as WBCSD, ISO, and 3C initiative.
- The new and strengthened protocol for auditing of suppliers’ environmental performance, established in 2007, is now used for monitoring of ongoing performance and selection of new suppliers.
- ABB’s ongoing Access to Electricity rural electrification programs in India and Tanzania yield economic, social and environmental benefits for local communities

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

- Covered by Code of Conduct and Principle 5 of ABB Environmental Policy

- As part of ABB's focus on developing environmentally-friendly technologies, ABB brought into operation the world's longest underwater power link, which helps the Netherlands to import clean, renewable power from Norway.
- ABB gives priority to the transfer of technologies and best practices between countries to raise levels of environmental performance throughout the Group. For example, water-based paint systems, developed at one site and cascaded to other sites, reduce emissions of organic solvents.
- ABB established a Group-wide taskforce to ensure full compliance with the EU REACH regulation on chemicals and their safe use.

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.
- Introduced a new yearly survey, among randomly selected employees, to verify the penetration of the compliance message.
- Established new stakeholder hotline that enables business partners – customers, suppliers, contractors and peer companies – to report suspected non-compliant behaviour.
- Extended the yearly personal re-commitment to the Code of Conduct to 1,200 top and middle managers.

The ABB Sustainability Review for 2008 will be placed on the UNGC site in March 2009. For the time being, the 2007 version is on the site.