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Social Policy

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SOCIAL POLICY

ABB's social policy was adopted in February 2001. It draws on five sources: the United Nations' Universal Declaration of Human Rights, the International Labor Organization's fundamental principles on rights at work, the OECD Guidelines for Multinational Enterprises, the Global Sullivan Principles and the Social Accountability 8000 (SA 8000) standard, an auditable standard for the protection of workers' rights developed by the Council on Economic Priorities Accreditation Agency.

We engage in stakeholder review and consultations on this policy to ensure that it is continuously improved. Our policy aims:

1. ABB in society

To contribute within the scope of our capabilities to improving economic, environmental and social conditions through open dialogue with stakeholders and through active participation in common efforts.

2. Human rights

To support and respect the protection of internationally proclaimed human rights. Employees and contractors engaged as security personnel shall observe international human rights norms in their work.

3. Children and young workers

To ensure that minors are properly protected; and as a fundamental principle, not to employ children or support the use of child labor, except as part of government-approved youth training schemes (such as work-experience programs).

4. Freedom of engagement

To require that all employees enter into employment with the company of their own free will; and not to apply any coercion when engaging employees or support any form of forced or compulsory labor.

5. Health and safety

To provide a safe and healthy working environment at all sites and facilities and to take adequate steps to prevent accidents and injury to health arising out of the course of work by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

6. Employee consultation and communication

To facilitate regular consultation with all employees to address areas of concern. To respect the right of all personnel to form and join trade unions of their choice and to bargain collectively. To ensure that representatives of personnel are not the subject of discrimination and that such representatives have access to their members in the workplace. To make sure, in any case of major layoffs, that a social benefits and guidance plan is in place, and already known to employees or their official representatives.

7. Equality of opportunity

To offer equality of opportunity to all employees and not to engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement based on ethnic and national origin, caste, religion, disability, sex, age, sexual orientation, union membership, or political affiliation.

8. Harassment and disciplinary practices

To counteract the use of mental or physical coercion, verbal abuse or corporal/hard-labor punishment; and not to allow behavior, including gestures, language and physical contact, that is

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sexual, coercive, threatening, abusive or exploitative. To develop and maintain equitable procedures to deal with employee grievances and disciplinary practices.

9. Working hours

To comply with applicable laws and industry standards on working hours, including over-time.

10. Compensation

To ensure that wages paid meet or exceed the legal or industry minimum standards and are always sufficient to meet basic needs of personnel and to provide some discretionary income. To ensure that wage and benefits composition are detailed clearly and regularly for workers, and that compensation is rendered in full compliance with all applicable laws and in a manner convenient to workers. To ensure that labor-only contracting arrangements and false apprenticeship schemes are not used to avoid fulfilling ABB's obligations under applicable laws pertaining to labor and social security legislation and regulations.

11. Suppliers

To establish and maintain appropriate procedures to evaluate and select major suppliers and subcontractors on their ability to meet the requirements of ABB's social policy and principles and to maintain reasonable evidence that these requirements are continuing to be met.

12. Community involvement

To promote and participate in community engagement activities that actively foster economic, environmental, social and educational development, as part of ABB's commitment to the communities where it operates.

13. Business ethics

To uphold the highest standards in business ethics and integrity and to support efforts of national and international authorities to establish and enforce high ethical standards for all businesses.