

## Doing the right thing for the right reasons

**November 19 - Under what circumstances should ABB do business - and where should we not? In his weekly letter, Jürgen Dormann looks at two examples - one current and one past - and says that such dilemmas have to be carefully managed.**

Dear Colleagues

Managing dilemmas is a hard job. What is right in one situation may be wrong in another, depending on a mixture of facts, views, circumstances and assumptions. But doing the right thing for the right reasons must always be our goal.

Our business principles provide a compass for our behavior in our own teams, with our customers and business partners, and in our interactions with society around us.

Add the long-term perspective. ABB helps improve electricity infrastructures, and we help customers increase productivity, while saving energy and minimizing the impact on the environment.

Yet at times our actions are contested, and our role perceived differently. Then we must face the debate and state our case.

To do so, our integrity must always be unassailable. We must abide by international rules. We must demonstrate that we carefully weigh alternatives, regardless of where we do business.

Let me explain, with one case from history and one from a current controversy.

ABB, and earlier Asea and BBC, have for decades helped provide electricity infrastructure in Latin America, also in periods of military rule in some countries.

Would the people in these countries have been better off without electricity, if we had followed calls for boycotts and refused to deliver? All told, I don't think so.

Access to electricity is a key prerequisite for economic development. Countries that develop economically will over time also progress socially and environmentally – and the other way around.

With our long-term perspective, we can't go in and out as political winds shift, just as we can't be naive about our role and the impact of our business.

At the same time, it is obvious that when international sanctions are decided, we act accordingly. We don't do business in Burma, where democratic rights are violated.

Moreover, a moral compass is not enough to manage dilemmas. We are guided by an array of external and internal rules. Our export control specialists and legal counsels make sure these rules are known in ABB, and help our local management comply.

Moreover, our risk reviews will increasingly include human rights aspects, because this is the right thing to do.

Even when we are guided by the right intentions and strict rules, there will be dilemmas to manage.

At present, public debate is growing over whether companies doing business in Sudan, a country ravaged by a horrible civil war, aggravate the plight of the people.

Let us examine the facts.

We have two projects in Sudan – one for power transmission from a dam to the capital Khartoum, to Port Sudan on the Red Sea and to a city on the Nile.

We also delivered a process control system to an oil field in the south of Sudan.

The United Nations Security Council is currently meeting in Nairobi to deliberate how to end the conflict in Sudan, and whether to impose sanctions on the government.

International non-governmental organizations urge companies to abandon their projects in Sudan, saying they prop up the military government in Khartoum.

So, it is no surprise that concerned investors write to ABB, and that we are mentioned in the media in critical tones. The questions we receive are these:

How can ABB, known for its sustainability approach, do business in Sudan?

How can ABB, with your involvement in an international project to create a human rights toolbox for businesses, conduct business in Sudan?

Some of the answer lies in understanding such questions – and certainly in understanding the impact of our company.

First, if economic sanctions were decided, we would of course abide by them.

Second, in Sudan, too, of course we have made sure that we strictly abide by the relevant export control rules.

Third, being there, what can we do to influence the situation positively?

I ask myself this. If we pulled out due to the protests, would peace come about faster, or would other companies simply pick up our projects, and thus prolong the conflict?

Was it wrong to be there in the first place? When peace returns to Sudan, surely the people have a right to electricity, and to the opportunities for economic development that oil exploration brings?

These are real dilemmas. It is our job to manage them.

*J. Doorman*