



Zürich, Switzerland – June 15, 2005

To: Dr. Peter Bosshard  
International Rivers Network

Nicholas Hildyard  
The Corner House

Dear Dr. Bosshard & Mr Hildyard

I write to you on behalf of ABB, and would like to start by thanking you for your letter of April 28th to Peter Smits, and for the comprehensive report on the Merowe dam project.

Your report provides a good foundation for further discussions about the project, ABB's involvement, and last but not least about the scope of our responsibilities as a supplier, and it may help identify further steps we can take to fulfil those responsibilities.

It is of great value and importance to maintain an open and fair-minded dialogue with those interested in business activities, especially those speaking on behalf of people in areas of social and environmental risks.

Ever since our involvement in the World Commission on Dams – which, in our view, produced a good checklist for discussions about hydropower projects and their impacts – we have attempted to live up to the commitments made by ABB at the time.

After our divestment of the power generation business, we have a new and much less directly prominent role – and therefore we have become in some ways less influential – when it comes to dam projects.

But as a supplier of transmission technologies, we remain part of the hydropower context, and we are of course fully aware of our responsibility for sustainable energy solutions that also address social and developmental needs.

Against this background, we appreciate your efforts to examine and assess the power project in Sudan. We also share your ambition to help ensure that this project can be a driver for economic and social development in a country long plagued by civil strife.

A senior ABB manager in the area – we run the Sudan business out of Egypt and have one local engineer in Khartoum – has tried to ascertain the situation you describe in your report about those resettled in the first phase of dam building.

As a result, we saw that some commitments made to those resettled have not yet been met. Our management in ABB Egypt is examining how we could support proper electrification of the new settlements. We would like to exchange our experiences with you as we proceed, since this is a process that will evolve over some years.

We have also begun a wider stakeholder process to ensure that the impact of our business activities in Sudan is compatible with company policies and ABB's wider commitment to good governance and human rights. This will include dialogues with business partners and authorities, as well as a project to bring electricity to two villages – one in the North and one in the South.

Correspondence to:

Dr. Peter Bosshard of International Rivers Network & Nicholas Hildyard of The Corner House

ABB has contracted an international human rights lawyer, Professor Alan Miller of Glasgow, an advisor in the Business Leaders' Initiative on Human Rights (BLIHR), who has experience with such projects in Sudan. Professor Miller will help us on the ground, so that we can scope and implement our stakeholder project this year.

The attached internal letter from our Chairman Jürgen Dormann to all staff of last November spells out in some detail our business engagement in Sudan, and our commitment to ensuring we properly manage the dilemma of being active in a country beset by civil strife and violence.

We noted your pragmatic policy on our engagement – in an email you said what Amnesty International has also counselled ABB, namely to stay in the country, be aware of the risks involved, proceed with caution and strive for involvement with stakeholders.

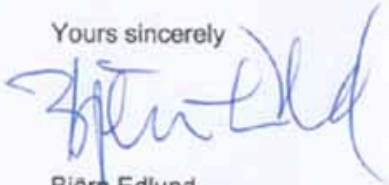
In ABB, we have a number of instruments to help us mitigate human rights and conflict risks. These include specific questions in our export control clearing process, guidance on project level and a human rights risk management questionnaire for projects in countries such as Sudan.

In your communication, you suggest that we call for a halt in the Merowe project until the proposals you make have been addressed. We understand your concern; but such an approach seems impractical.

In our view, it would be counterproductive given the present state in the Merowe project and considering our own initiatives in Sudan, to put forward such demands on the main contractor, Harbin Electric, or the Sudanese authorities. Instead, we will have dialogues with them, and carry out our own projects to try and address some of the concerns.

We hope for your understanding as to this approach, and would welcome remaining in contact with you to ensure that we can learn from your insights and experience on the Merowe project and other initiatives of mutual interest and concern.

Yours sincerely



Björn Edlund  
Group Senior Vice President, ABB Ltd  
Head of Group Functions Corporate Communications and Sustainability Affairs

Enclosed: internal letter to staff from ABB Chairman Jürgen Dormann

Copy: Chris Avery, Business and Human Rights Resource Center  
John Morrison, Business Leaders Initiative on Human Rights  
Mary Robinson, Ethical Globalization Initiative  
Professor Alan Miller, McGrigors  
ABB - Anders H. Nordstrom, Peter Smits, Gary Steel, Bassim Youssef