Making progress in different fields

ABB took further steps in 2012 towards achieving our strategic goal of becoming a leader in the field of sustainability through measures to improve our environmental, social, health and safety and security performance.

Some of those steps were unspectacular but vital; others demonstrated how sustainability considerations are increasingly becoming part of our day-to-day business and are essential to overall success.

In 2012, this progress was evident in different aspects of our business:

- Resource efficiency and emissions reduction have increasingly become a consideration across ABB's value chain – from research and development and supply chain through to sales
- Sustainability experts worked on numerous occasions with sales teams to engage with customers or respond to customer queries, and to carry out risk assessments of proposed and existing projects
- Business units increasingly factored in health, safety and security training and measures as part of their duty of care to employees and contractors, particularly in high-risk environments
- Sustainability specialists worked more frequently alongside Investor Relations colleagues to engage with investors on the company's sustainability agenda
- Dedicated sustainability staff are now embedded in functions such as supply chain management, delivering a Supplier Sustainability Development Program, and the mergers and acquisitions process, carrying out due diligence on the sustainability performance of targeted companies

There are many such examples. They constitute further evidence that we are moving towards one of our sustainability strategy targets – where sustainability considerations and values are seamlessly embedded in business practice. We are not there yet, but we are moving firmly in the right direction.

Materiality

We have been involved in considerable work in the past three years to understand what internal and external stakeholders expect of the company's sustainability performance and what our strategy should focus on. The widest-ever sustainability stakeholder survey by ABB, with detailed input from nearly 600 people in 2010/2011, helped to determine which sustainability considerations are material to ABB's business, and shaped the development of our strategy.

Our sustainability strategy, known as Sustainability Strategy 2015+, is designed to ensure that sustainability considerations and values are understood, implemented and communicated across ABB's value chain and become a seamless part of business practice, and help our customers become more successful.

Our areas of sustainability focus – covering the environment, health and safety, security, and social and human rights issues – are all material both to ABB's success and to our diverse stakeholders.

For this reason, considerable space is devoted in the 2012 Sustainability Report to examining our performance in three areas deemed material to the company's success: governance, resource efficiency and people.

Good governance and integrity underpin everything we are trying to achieve as a company and so we report on this in detail. The measures we have taken to strengthen governance, the ways in which we manage risk, how we engage with our stakeholders, our efforts to improve sustainability in the supply chain and our impacts on communities are material to our everyday business and results. Best practice contributes to our ability to deliver on our corporate tagline of "Power and Productivity for the better world."

Under resource efficiency, we examine the sustainability dimensions of innovation, and how our technology is improving energy and resource efficiency for our customers, as well as our efforts to reduce the use of hazardous substances, and improve our own manufacturing and waste management processes. All these issues help us to meet our customers' needs and have a direct bearing on our business performance.

How we attract and develop people, and our efforts to ensure their health, safety and security, all have a direct influence on our ability to carry out successful and resilient business, and contribute to societal progress. More detail on materiality and the process for defining report content can be found under Global Reporting Initiative Standard Disclosure Indicator 3.5 in this report.

Governance improvements

We have further strengthened the company's sustainability governance structure. The ABB Sustainability Board, made up of the entire Executive Committee, met for the first time in 2012 to oversee how sustainability policies and programs support business goals and aspirations, and to monitor progress.

In addition, there was regular reporting of individual issues such as health and safety, and security performance to the Executive Committee and Board of Directors.

Work also started to update a series of internal directives and instructions which provide the framework for our performance on the environment, health and safety, security, social and human rights issues. These are applied throughout the group, and will provide greater clarity and consistency of performance.

Sustainability strategy implementation

We took further steps in 2012 to implement our strategy and achieve our overall goal for 2015 and beyond of being a leading contributor to a more sustainable world and being recognized as a top-performing company in terms of sustainable business practice.

Three work streams are helping us to implement the strategy. One of them aims to develop business-relevant objectives, backed by key performance indicators, across different parts of the business. Proposals to develop these objectives through work with a number of business units were approved by the ABB Sustainability Board in 2012.

A second work stream is charting a competence and organizational development program to ensure that our sustainability professionals around the world have the skills necessary to meet growing and changing demands.

In addition, several projects are under way as part of a communications and engagement work stream to raise awareness of the role of sustainability in the business, to measure progress, and to strengthen ABB's position as a sustainability leader. This includes projects to build up internal and external communications, improve the scope of stakeholder engagement, and measure the benefits of our community support programs.

Way forward

A number of programs are being driven forward to improve performance. These include:

- Health and safety training and awareness raising will continue at all levels of the business in 2013. Following a fatality-free period in 2011, there were four fatal incidents in 2012 – three at the workplace and one during road travel.

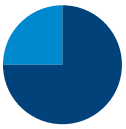
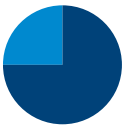
- Among environmental improvement initiatives, more ABB facilities are looking to implement the voluntary international standard ISO 50001 which was established to improve energy use in industrial plants and commercial organizations. ABB facilities in Argentina and Germany received ISO 50001 certification in 2012.

- As part of our Supplier Sustainability Development Program, we conducted 121 audits and trained more than 1,000 suppliers and 1,255 ABB employees in 2012, focusing on Brazil, China, India and Mexico. We plan to train 50 percent more suppliers in 2013 and also include countries in Eastern Europe.

- Efforts to ensure the security of our people and assets continued in different parts of the world, including the Middle East and North Africa, throughout 2012. As part of ongoing work, a program to further improve security at ABB facilities, particularly in high-risk areas, is under way in 2013. The project will provide guidelines for both physical and procedural security measures at factories, warehouses and offices.

- Further training is being given in different countries in 2013 to raise awareness among senior managers of human rights, following courses in India and Brazil in 2012. A project is also under way to build capacity within the company so that more sustainability specialists around the world are able to advise local business units on human rights issues and impacts.

We know considerable work remains to be done to achieve our goals. But we are confident that the progress made in 2012 is contributing to ABB's business success, and will continue to do so in the future.

Sustainability objectives 2012	Overview of progress	Status of completion
1. Resource efficiency		
All sites to reduce use of energy by 2.5 percent annually	– Energy use reduced by about three percent in 2012	
Water: Action plans at facilities in water stressed regions	– ABB Water Tool rolled out to facilities in water scarce and extremely water scarce areas – Water Action plans developed for 34 facilities	
2. Travel		
Develop action plans to reduce the environmental impact of business air travel	– Low levels of progress on action plans. However, overall CO_2 emissions from business air travel by ABB staff dropped by seven percent in 2012 compared to 2011	
3. Risk assessment		
Formal review of social, security, OHS and environmental risks instituted at early stage of divisional project risk assessments	– Formal assessments of risks carried out at divisional and Business Unit levels. Regular reviews in some areas of business; still sporadic in other areas	
4. Crisis management		
Maintain and improve crisis management, security and human rights capability		
Security and crisis management training/ exercises in all regions during 2012 as part of regular three year program	– 38 crisis response training exercises at country level in 2012 – Nearly 100 percent coverage of all ABB countries over past three years – Other training included travel security briefings and general security awareness	
Human rights training for senior employees in 12 main manufacturing/export countries/regions by end of 2012	– Two more training sessions in 2012, bringing to nine total held in different parts of world – First round of capacity building exercises held with more than 40 participants from different regions	
Implement security and crisis management systems and programs across all regions, according to priorities based on risks and needs	– Two security programs (crisis management and travel security) completed across all regions	

Sustainability objectives 2012	Overview of progress	Status of completion
5. Occupational health and safety (OHS) Consolidate implementation of programs identified in existing Executive Committee-approved OHS plan:		
Maintain strategic, Group-led OHS programs, such as OHS leadership training	– OHS leadership training program maintained across regions for all line managers and their direct reports – Training on occupational hygiene delivered across all regions – Fourth intake of candidates for International Diploma in Occupational Health and Safety	
Maintain and increase the reach of Business Unit-specific OHS initiatives	– Maintained major OHS programs within Power Systems, Power Products and Process Automation divisions with increasing support of countries – Started new programs within Discrete Motion Motors and Generators, and Power Systems Grid Systems business units – Appointed Group Service OHS advisor and Group Occupational Health physician	
Ensure implementation of country strategic OHS plans, with quarterly KPI reporting	– All countries submitted approved plans – Quarterly reporting maintained, analyzed and results circulated to support management reviews locally – OHS incident data reporting extended and improved	
6. Supply chain Improve sustainability performance in the supply chain through the Supplier Sustainability Development Program		
– 110 audits in high-risk countries in 2012	– 121 audits in high-risk countries in 2012	
– Face-to-face training with 250 suppliers in defined, high-risk countries	– More than 1,000 suppliers trained	
– On-line training developed and available	– Delivered and available – Internal sustainability auditor certification training developed and launched	

Governance and integrity
Our framework for business

(includes GRI standard disclosures 3.6, 3,9, 4.1, 4.8, 4.9, and 4.12)

ABB's technology makes a major contribution to businesses and communities around the world. However, it is not only what we do, but how we do it that determines our reputation with stakeholders and ensures our continued success.

ABB sets high standards of integrity, which are expected of every employee in every country where we do business. We use a systematic approach, supported by tools and processes, to embed integrity in the organization and apply a zero tolerance policy for violations.

Standards of business conduct: ABB integrity program

The ABB Code of Conduct is the integrity framework that describes the behavior expected of employees and stakeholders. The Code of Conduct contains practical instructions to help employees in their day-to-day work and has been translated into 45 languages to ensure it is accessible to everyone at ABB.

All current and new employees are required to take Code of Conduct face-to-face and e-learning training. Both the basic and advanced training sessions cover the ABB integrity directives, including anti-bribery and anti-trust. A variety of case studies to illustrate both desirable and undesirable behaviors, as well as discussion of the various reporting channels, are available to employees. Code of Conduct training is also a key element of post-merger acquisition integration activities.

The Code of Conduct is underpinned by a strong set of internal standards and policies that provide specific guidelines for implementation of the Code in daily activities. These directives cover issues such as bribery and corruption; gifts, entertainment and expenses; appointment of ABB representatives; political and charitable contributions; agreements with subcontractors and consortium partners; and mergers and acquisitions due diligence.

During 2012, these directives were further strengthened with the release of a series of anti-trust guidance notes. These guidance notes, along with the key elements of our integrity standards and policies, are publicly available on our website.

The chief responsibility for ensuring that employees are aware of these messages lies with the businesses. Division managers and financial controllers regularly review and report on integrity developments in their business, and the issues are a regularly required agenda item for division reviews.

Prevention and detection

ABB also maintains additional programs to prevent non-compliant behavior and to detect integrity concerns. Anti-bribery reviews of business units are conducted frequently throughout the year by the internal audit department. Internal surveys are conducted to understand employee attitudes, awareness and perceptions of integrity at ABB, and enhanced integrity processes have been developed to address certain areas with greater compliance risk.

Multiple channels are available to all employees to report integrity concerns. A multilingual business ethics hotline, run by a third party, is available 24 hours a day, seven days a week. Calls are treated confidentially and people with information can choose to remain anonymous. A stakeholder hotline is available to our external business partners. For more information on our reporting channels please see details on our website.

In 2012 ABB embarked upon a new global, face-to-face Integrity training program for all employees covering a variety of risk areas such as anti-bribery and anti-trust. A total of 132,000 employees completed the training, representing approximately 95 percent of all ABB employees worldwide. The remaining employees who did not receive training in 2012 under this initiative are being covered at the beginning of 2013.

ABB also has an Ombuds program as an additional route for integrity reporting. This program was expanded during 2012, with 70 trained Ombuds persons now available in 48 countries. The ABB Ombuds persons are respected, experienced business colleagues available for discussion and to provide confidential guidance.

ABB investigates all potential integrity concerns and cooperates fully with law enforcement agencies. There is a strict zero tolerance policy for violations of the law or the ABB Code of Conduct, which is enforced through systematic disciplinary actions.

Overall, the ABB integrity program is supported by a team of approximately 500 employees, full-time and part-time, at headquarters and around the world.

Sustainability governance

Sustainability principles and considerations are embedded in ABB's business strategy and guide what we manufacture, how we operate the company and the way we behave towards stakeholders.

As we strive to balance economic success, environmental stewardship and social progress to benefit all our stakeholders, we rely on every employee to take responsibility to help us achieve our goal: a better world.

During 2012 we took a number of steps to reinforce ABB's sustainability governance structure and to further develop the capacity and capability of our sustainability network. We are broadening the scope of our sustainability competency management program to deliver improvement and enhance career development in the fields of environment, occupational health and safety, security and corporate responsibility. We are also updating our sustainability governance framework to ensure sustainability responsibilities are embedded in day-to-day business.

Our Sustainability Board, comprising the ABB Executive Committee, now oversees sustainability policies and programs, reviews developments and monitors progress to our targets on an annual basis. At a meeting in 2012, the Board reviewed and approved plans to develop new sustainability objectives and key performance indicators with the support of a number of business units.

The ABB Sustainability Affairs organization is responsible for the development and coordination of policies and programs covering health and safety, environment, corporate responsibility and security and crisis management. Sustainability Affairs reports directly to Executive Committee member, Gary Steel.

A network of sustainability specialists worldwide reports to the Sustainability Affairs management team. In countries where ABB entities have or could have significant sustainability impacts, we have appointed country sustainability controllers, country health and safety advisors and country security managers responsible for ABB's sustainability management program and for gathering the data consolidated in this report. All eight regions where ABB operates have region health and safety advisors and corporate security managers.

The country and regional specialists are supported by local sustainability officers and health and safety advisors. Overall, the sustainability network is supported by a team of some 830 employees, full-time and part-time, at headquarters and around the world.

Sustainability risks and opportunities are also investigated in coordination with business divisions and other Group functions, e. g. Mergers and Acquisitions (due diligence), Real Estate and Insurance (real estate liabilities, security and site risk), Supply Chain Management (supplier audits), Internal Audit and ABB's bid evaluation committee (customer and project risk assessments).

We aim to cover all ABB Group companies in our formal sustainability reporting system, including wholly owned subsidiaries and majority-owned joint ventures worldwide that might have significant sustainability impacts. Baldor Electric Company, acquired in January 2011, is now integrated into this system. Integration of Thomas & Betts (T&B), acquired in May 2012, is continuing and data collection for environmental parameters, health and safety and corporate responsibility will be implemented during 2013.

Data in this report relating to social performance cover 89 percent of ABB employees, whereas data relating to environmental performance were sourced from more than 390 ABB sites and offices, covering 82 percent of employees. The environmental performance of the remaining non-T&B employees, located in non-manufacturing entities without significant impacts, is covered by estimated data. We have not estimated environmental impacts for T&B employees who constitute approximately seven percent of the ABB workforce.

We use three computerized data reporting questionnaires to measure and collect performance data throughout the Group via the ABB intranet – an annual social report from every country, an annual environment report from every site and a monthly health and safety report from every country.

Sustainability policies, principles and procedures

We have implemented environmental, social, human rights, and health and safety policies and a Supplier Code of Conduct. These policies include references to international standards to which they relate. For example, the human rights and social policies draw on the Universal Declaration of Human Rights, the ILO Core Conventions on Labor Standards, the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Social Accountability 8000 standard.

Externally developed charters, principles and initiatives

ABB subscribes to externally developed charters and principles for sustainability management. Applying such principles is helping ABB to make progress in core areas. These charters and principles include the International Chamber of Commerce Business Charter for Sustainable Development which ABB signed in 1992, and ISO 14000 standards and technical reports.

ABB has adopted ISO 14001 for environmental management systems; ISO/TR 14025 for Environmental Product Declarations; ISO 14040-45 for Life Cycle Assessments; and ISO 19011 for environmental auditing of organizations. We have also taken note of non-certifiable ISO 26000 on Social Responsibility.

ABB has incorporated the principles of OHSAS 18001, the International Labour Organization (ILO) guidelines on occupational health and safety management systems, and the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases into our health and safety program.

ABB facilities are encouraged to implement integrated management systems for environmental and quality issues, and for occupational health and safety. More than 260 sites now use integrated systems, with external certifications achieved for 287 environmental management systems and for 276 health and safety management systems.

ABB is a signatory to the World Economic Forum's "Partnering Against Corruption Initiative" (PACI). The initiative is focused on activities that are likely to deliver the greatest impact and build on the global momentum to fight corruption.

In addition, ABB has taken note of the UN Guiding Principles on Business and Human Rights and is using its recommendations to assess expectations of corporate behavior.

As a founder member of the United Nations Global Compact, ABB has been closely involved in its development. ABB's understanding of human rights and day-to-day business benefit from involvement in such organizations.

During 2012, ABB became a lead supporter of TRAC, a global platform that captures, assesses and shares baseline due diligence information on organizations and individuals across the supply chain. TRAC is a tool provided by TRACE International, Inc., a non-profit membership association that pools resources and cost-effective anti-bribery compliance solutions for multinational companies and their commercial intermediaries.

Other GRI indicators

SO2 Business units analyzed for corruption risks

ABB's internal audit team carries out an annual risk assessment as the basis for their audit planning for the following year. They carry out anti-bribery compliance reviews of business units and countries globally. In these reviews, ABB's internal auditors review business processes, accounts and balances, and test transactions to assess robustness of controls and identify possible violations of ABB's anti-bribery procedures.

SO3 Employees trained in anti-corruption procedures

Substantially all employees have completed training on ABB's Code of Conduct. In addition, approximately 95 percent of all employees received training on anti-corruption procedures during 2012.

SO4 Actions taken in response to corruption

ABB applies a strict zero tolerance policy to combat corrupt payments. Every incident is sanctioned, and may include termination of employment. In 2012 ABB identified five incidents of corruption of a government official (of which three incidents are still under investigation). During the year four employees were dismissed.

SO5 Public policy and lobbying

In a period of challenging economic conditions in Europe, ABB provided continuous input to the EU policy process, supporting measures that help Europe in regaining competitiveness and reaching its ambitions in climate change mitigation, renewable energy supply and energy efficiency.

ABB argued for a common European approach on energy policy, in particular with a view to further developing and strengthening the power grid, which is necessary to harness the increasing renewable energy sources in the European energy mix. ABB's innovative technologies – for example in the fields of High Voltage Direct Current (HVDC), smart grids or energy efficiency – can foster a sustainable, secure and affordable energy system in Europe. We maintained a dialogue with EU institutions aimed at working toward political and regulatory conditions which enable the uptake of these technologies and encourage further research and development.

ABB is providing active policy input through key European business associations, such as the European Association of the Electricity Transmission and Distribution Equipment and Services Industry (T&D Europe), the European Engineering Industries Association (Orgalime), the European Round Table of Industrialists (ERT) or the European Wind Energy Association (EWEA).

In the United States, a divisive presidential election campaign and debate over public spending kept much of Washington policy activity in check for 2012. Despite this environment, ABB was successful in strategically working with our trade associations to accomplish many tasks. Of note is our work with two of our trade groups, the National Electrical Manufacturers Association (NEMA) and the American Wind Energy Association (AWEA), to secure an extension of a critical wind energy tax credit, passage of energy efficiency legislation, and full funding for energy research and development programs.

We launched a new public policy and political branding campaign targeted at Washington DC stakeholders. It focused primarily on our smart grid and energy efficiency capabilities and was conveyed through media advertisements, participation in a congressionally-hosted renewable energy forum and release of technology white papers.

Working with the Business Roundtable (BRT), we participated in and contributed to the development of a new policy blueprint for America's energy and environment future and engaged the National Association of Manufacturers (NAM) in planning an energy-related tax reform strategy for 2013.

In China, ABB supported government activities in the areas of energy conservation and environmental protection in line with China's 12th Five-Year Plan. ABB continued to contribute products with the latest technology, introducing our worldwide solutions and expertise in smart grids and energy efficiency solutions to government agencies and key stakeholders.

SO6 Political contributions

Under ABB's Code of Conduct, contributions to political parties, politicians and related institutions are to be made only in exceptional cases and only after a rigorous approval process which includes the approval of the Chief Integrity Officer. In 2012, ABB Inc. in the United States made employee-raised donations through its Political Action Committee (PAC). In addition two contributions took place in Australia through one of the companies acquired by ABB. The various donations have been vetted as part of ABB's approval process. In addition they have been disclosed/lodged with the relevant government authorities in both Australia and the United States.

SO7 Legal actions for anti-competitive behavior

ABB has been cooperating with various anti-trust authorities regarding their investigations into certain alleged anti-competitive practices. For further information, please refer to the Commitments and contingencies note in the Notes to the Consolidated Financial Statements contained in the ABB Group Annual Report.

Compliance – society

SO8 Significant fines and sanctions for non-compliance with laws and regulations

ABB did not face any significant fines or sanctions for non-compliance with laws and regulations in 2012. For further information, please refer to the Commitments and contingencies note in the Notes to the Consolidated Financial Statements contained in the ABB Group Annual Report.

PR4 Non-compliance concerning product information and labeling

During 2012, ABB did not receive any injunctions or complaints related to product information or labeling.

PR8 Complaints regarding breaches of customer privacy

No complaints regarding breaches of customer privacy were received during 2012.

Compliance – product responsibility

PR9 Significant fines for non-compliance with laws and regulations concerning products and services

No significant fines were levied against the company during 2012 for non-compliance related to products and services.

Environmental responsibility
Pursuing efficiency through the life cycle

(includes GRI indicators EN2, EN9–15, EN21, EN24–27)

As a business, ABB focuses on developing world-class products, systems and services to lower our customers' energy use, reduce their emissions and improve resource efficiency on a long-term basis. We take a life cycle approach to assess the impacts throughout the phases of a product's life.

Environmental impact can occur in all phases of a product's life cycle, from raw material supply to manufacture, transportation, customer use and final recycling and disposal. ABB has been working for many years to manage our impacts, both those caused by our products and projects and within our own facilities.

To ensure continual improvement in our own operations, we require all manufacturing and service facilities to implement environmental management systems according to the ISO 14001 standard. Our newly-acquired Baldor sites pursued a robust ISO 14001 implementation program during 2012, and is due to complete it in 2013.

For non-manufacturing sites, we have implemented an adapted environmental management system to ensure management of environmental aspects and continual improvement of performance. Of the more than 390 ABB facilities and offices in 64 countries covered by our environmental management program, approximately 95 percent currently comply with the ISO 14001 standard.

ABB life cycle assessment experts have worked with our sales teams to develop customized tools and environmental reporting approaches tailored to specific customer needs. One tool uses Environmental Product Declarations and other data sources to track specified environmental impacts for a specified project, while another tool helps customers to visualize both the environmental and financial costs and benefits of different ABB solutions.

Life cycle assessment (LCA) is required as part of a product's research and development phase and is also used in the concept development phase for next generation products. ABB designers follow sustainability guidelines in each phase of the product and technology development process. These include standardized LCA procedure and a handbook to guide consideration of environmental, and health and safety aspects during design, such as how to reduce the use of hazardous substances, avoid other environmental and health risks, minimize consumption of resources and design for recycling and easy end-of-life treatment.

ABB develops Environmental Product Declarations to communicate the environmental performance of our core products over their life cycle. Declarations are based on LCA studies, created according to the international standard ISO/TR 14025. More than 80 declarations for major product lines are published on our website (www.abb.com).

Water

Even though ABB's manufacturing process does not consume significant amounts of water, we have undertaken a program to better understand the patterns and impacts of ABB's water withdrawal, use and discharge. To start the program, we developed an in-house tool for mapping and analysis of water flows at our facilities. The tool, based on the World Business Council for Sustainable Development Global Water Tool, was piloted at a number of facilities in early 2012 and then rolled out to 42 manufacturing facilities in water-scarce and extremely water-scarce watersheds.[1]

In this extended pilot phase, we targeted manufacturing plants to gain a broader view of both industrial and domestic water use patterns. The facilities were required to gather a team to systematically review water flows, analyze water-related opportunities and threats to their operations and develop a water action plan to minimize risks and to leverage opportunities.

Action plans were received from 34 facilities. A number of small sites that do not use process water were exempted from developing formal action plans, but did work through the process and submitted completed water maps for their facilities.

[1] *Food and Agriculture Organization of the United Nations (FAO) (2003). Review of world water resources by country. Water Reports 23. Rome.* According to this methodology, a watershed is considered water-stressed if the total actual renewable water resources (TARWR) are below 1,700 m^3 per person and year, water-scarce if below 1,000 and extremely water-scarce if below 500.

Action plans identified both technical solutions, such as waste water treatment plants to enable water reuse and behavioral aspects to improve water efficiency. The most frequently described actions were awareness-raising and training programs, the installation of flow meters to detect leakages and measure usage, the installation of aerators for taps, and the introduction of waterless urinals. How the plans progress will be monitored at Group level through 2013.

When looking at ABB's global operations, more than three quarters of our water withdrawals are used for cooling processes and returned to source at similar or higher quality (44 percent) or are used for domestic purposes such as sanitation, cooking or garden maintenance (32 percent). None of our water extractions caused significant changes to water sources in 2012.

Of those ABB sites that use water for process purposes, approximately 30 percent use closed-loop systems, mainly for cooling, surface treatment processes and the production of electrical insulation paper. Excluding cooling water returned to the source of extraction, the use of closed-loop processes and reuse of waste water in other ways saved approximately 3,700 kilotons of water in 2012. Without these recycling and reuse processes, ABB's water withdrawals would have been almost 40 percent higher.

Our facilities are increasingly installing waste water treatment plants to allow the reuse of domestic and process water in other applications. Most notably in Australia, India and South Africa, rain water tanks have been installed to replace water supplied by utilities for sanitary and gardening uses, and in Italy, a new air conditioning system capable of reusing process cooling water has been introduced.

Not including cooling water, about 52 percent of water was discharged to public sewers, with almost 30 percent of that volume first processed at our own treatment plants. Another 38 percent was discharged to surface or ground water, with 45 percent of that volume pre-treated, and the remainder was handled by hazardous waste water treatment companies.

Thanks to a wide portfolio of products and solutions, we provide our customers with enhanced performance, efficiency and reliability in water management. During 2012, different elements of ABB's water portfolio received industry awards for water efficiency and for innovation in "smart water networks."

At the 2012 H_2O awards, celebrating achievements of the Middle East and North Africa water industry, ABB's AquaMaster3™ flow meter device won the "Most Water Efficient product category." The award recognized the device's effectiveness in addressing water leaks, boosting water efficiency and lowering utilities' environmental impact. The technology heralds a new era in water leakage management and was designed in response to the industry's demands for enhanced metering capability – enabling a more efficient and cost-effective operation and compliance with increasing legislative requirements.

ABB was also recognized through a global leadership award by Frost & Sullivan for our innovation in the sector of "smart water networks/grids." ABB's commitment to the water sector with technology solutions was commended in the areas of automation and control, metering and utility hardware, design and engineering, and information communication technologies.

Waste and recycling

The main waste streams at ABB organizations are metal, wood, paper, oil and plastic. With the ongoing integration of the newly acquired operations of Baldor and Thomas & Betts, the characteristics of our waste streams and the opportunities for waste minimization and recycling are changing. We are working to understand these differences and learn from established good practices, but we continue to aim to reduce the amount of waste sent to landfill and to increase our use of materials that are recycled or made available for reuse.

ABB products contain mostly steel, copper, aluminum, oil and plastics. Approximately 90 percent of the material is reclaimable after the end of a product's useful life. ABB enhances the ability to recycle by designing products that can be dismantled more easily, and by providing users with recycling instructions.

In 2012, 82 percent of total waste was sent for recycling. In-house recycling, mainly of thermoplastics and packaging material, reduced the amount of waste by approximately 23 kilotons, a significant increase from 3.2 kilotons in 2011. The lead used as counterweights for robots and the cadmium used in industrial batteries are also recycled materials.

ABB generated approximately 12 kilotons of hazardous waste in 2012, but around 34 percent of that amount was sent for recycling rather than disposal, including batteries, electronics and used oil. The waste sent for disposal was mostly used for heat recovery at specialized plants. ABB follows legal regulations to transport and dispose of hazardous waste only through officially authorized disposal agents.

Many different plant level waste reduction and recycling programs were undertaken during 2012, depending on the characteristics of the production process and the local waste infrastructure. Facilities in India reduced scrap metal quantities through specialized material yield projects, while in South Africa the focus was on reducing copper wire offcuts. Many plants investigated how to recycle used oil instead of sending it for incineration, including developing methods to separate the used oil from water-based mixtures. In another plant, scrap wooden pallets were ground and sent to a paper mill for reuse and as fuel.

Hazardous substances

ABB continues to phase out the use of hazardous substances in our products and processes, where technically and economically feasible. We have developed lists of prohibited and restricted substances to guide this process and update them regularly, in line with international regulations.

Our recent acquisitions, Baldor Electric Company and Thomas & Betts, use different processes and products at their facilities, so we are looking at the substances they use and, where necessary, we will update their monitoring and reporting processes related to hazardous substances. As ABB's suppliers are also required to apply the list of prohibited and restricted substances to their own processes and supply chain, we will also work towards including these areas in the integration process.

Possibly the most extensive ABB program to reduce hazardous substances is the ongoing Volatile Organic Compounds (VOC) reduction program in the Transformers Business Unit of our Power Products division, involving 62 factories in 27 countries. The challenge is to reduce VOCs by replacing the solvent-based paint used on transformer tanks with water-based and high-solid paints.

The roll-out is a complex process that must be planned around commercial aspects such as frame contract conditions and coordination of customers with differing requirements, as well as robust quality assurance and training programs. Plants in Finland, Poland, Saudi Arabia, Sweden, Turkey, the United States and elsewhere have already converted to low VOC systems and work is ongoing in other countries.

Conventional paints emit VOC and the main sources in ABB operations are the paint shops for transformers and motor manufacturing. Previously, the transformers business has been the most significant source of VOC emissions for ABB. However, the acquisition of the Baldor Electric Company, specializing in motor manufacturing, has resulted in a significant increase in our Group VOC emissions.

Plant-specific hazardous substance phase-out programs are showing results, with some materials such as organic lead in polymers almost completely eliminated. During 2012, the use of lead solder was eliminated in some U.S. facilities and some Indian facilities switched to non-chlorinated solvents.

Biodiversity and conservation

ABB's manufacturing and workshop facilities are not located in, or adjacent to, protected areas or areas of high biodiversity value, as defined in internationally recognized listings or national legislation or internationally recognized listings such as the International Union for Conservation of Nature Protected Areas Categories 1–4, world heritage sites or biosphere reserves. Nonetheless, ABB works to rehabilitate our own sites and some of our operations are working with partners to contribute to local biodiversity and conservation efforts.

For example, in China the anti-desertification efforts of ABB, Inner Mongolia Electric Power, and Ordos Electric Power Bureau are succeeding in preventing soil erosion and in protecting power transmission lines.

Desertification and soil erosion are major issues in China. Every year sandstorms engulf the region even as far away as Beijing, which not only threatens the environment and the livelihoods of people, but also the infrastructure that feeds the region with electric power, the loss of which has huge economic implications.

ABB has worked with our partners to plant a corridor of fast-growing plants that thrive in desert environments in Inner Mongolia to bind the sand and prevent it from forming dunes that damage the pylons and overhead power lines.

Prior to the creation of the corridors, maintenance teams from the Inner Mongolia Power Company had to constantly clear the ever-drifting sand to prevent power interruptions and maintain the compulsory 11-meter safety distance between the lines and earth. Now that the dunes are more stable, a further agreement to expand the initiative has been signed by the three parties.

Additionally, ABB supports local forest preservation and tree planting schemes in China, Italy and the U.S. ABB employees in the Philippines and Qatar help to preserve local beach and marine environments, while ABB in Malaysia, Peru and Taiwan partner with local parks to support the rehabilitation and maintenance of wetlands.

Environmental performance: Other GRI indicators

EN1 Use of hazardous substances (tons)

	2012[a]	2011[b]	2010
Phthalates – softener for PVC	28	47	31
PBB and PBDE – flame retardants in plastics	~0	~0	~0
Lead in submarine cables	5,633	5,725	3,632
Organic lead in polymers	0.9	1.3	52
Lead in other products, e.g. backup batteries and counter-weights in robots	363	227	265
Cadmium in industrial batteries delivered to customers	5.6	1.6	1.7
Cadmium in rechargeable batteries	6.3	10	5.9
Cadmium in lead alloy and other uses	4.5	4.3	2.9
Mercury in products delivered to customers	0.011	0.030	0.038
SF_6 insulation gas (inflow to ABB)	1,139	1,052	968
SF_6 insulation gas (outflow from ABB)	1,118	1,040	959

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included

Water

EN8 Water consumption
EN10 Water recycled and reused

Water withdrawals (kilotons)

	2012[a]	2011[b]	2010
Purchased from water companies	3,900[c]	3,400[c]	3,300[c]
Groundwater extracted by ABB[d]	3,000	3,200	2,700
Surface water extracted by ABB[d]	2,800	2,600	2,900
Total water withdrawal	**9,700**	**9,200**	**8,900**
Water saved through recycling and reuse	3,700	3,900	3,000

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included
[c] The 2010 figure is based on reported data from 87 percent of employees (85 percent in 2011) and an assumed water consumption of 10 tons/year/employee for the remaining 13 percent of employees (15 percent in 2011). In 2012 the data covered 88 percent of employees (not including Thomas & Betts) and an assumed water of consumption of 19.6 tons/year/employee for the remaining 12 percent of employees.
[d] Estimated (rounded) figures

Air emissions

EN19 Emissions of Volatile Organic Compounds (tons)

	2012[a]	2011[b]	2010
Volatile Organic Compounds (VOC)	1,355	810	786
Chlorinated Volatile Organic Compounds (VOC-Cl)	12	13	11

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included

The major constituents of VOCs and VOC-Cls are xylene, thinner and perchloroethylene. The significant increase in 2012 was due to the inclusion of Baldor facilities.

EN20 Emissions of NO_X and SO_X (tons SO_2 and NO_2)

	2012[a]	2011[b]	2010
SO_X from burning coal	0	0	0
SO_X from burning oil	69	68	84
NO_X from burning coal	0	0	0
NO_X from burning oil	52	51	63
NO_X from burning gas	120	90	92

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included

These figures are for fossil fuels consumed in ABB premises for heating and process purposes. The significant increase in NO_x from burning gas in 2012 is due to the inclusion of Baldor facilities, which use higher quantities of gas than the existing ABB facilities.

Waste and recycling

EN22 Waste generated (kilotons)

	2012[a]	2011 +Baldor[a]	2011[b]	2010
Scrap metal sent for recycling	150	161	97	135[c]
Other waste sent for recycling	41	42	39	44
General waste sent for disposal	43[d]	47[d]	45[d]	38[d]
Hazardous waste	12[d]	11	9	9
Total waste	**246[d]**	**262[d]**	**190[d]**	**227[c]**

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included
[c] 51 kilotons are scrap metals from several locations in South Africa that have now been consolidated to one site.
[d] The 2010 figure is based on reported data from 87 percent of employees (85 percent in 2011) and an assumed waste output of 0.33 tons/year/employee for the remaining 13 percent of employees (15 percent in 2011). In 2012 the data covered 88 percent of employees (not including Thomas & Betts) and an assumed general waste output of 0.21 tons/year/employee and hazardous waste output of 0.05 tons/year/employee for the remaining 12 percent of employees.

Environmental incidents and penalties

EN23 Numbers of significant spills

EN28 Significant fines for non-compliance

Number of incidents

	2012[a]	2011[b]	2010
Oil spills	6	5	4
Chemical spills	0	0	0
Emissions to air	5	4	0
Others	0	0	3

[a] Baldor facilities included; Thomas & Betts facilities not included
[b] Baldor facilities not included

The emissions to air involved the accidental release of SF_6 gas in four incidents and one release of HCFC-22 from an air conditioning system. The oil spills were contained and adequate decontamination procedures were implemented to prevent any permanent contamination of soil and water. Root causes of the incidents were analyzed and corrective actions, such as improved control systems, upgraded secondary containment and additional training, have been taken to reduce the risk of future spills or emissions. Combined costs of remediation and corrective actions were approximately $150,000.

During 2012, one of our U.S. facilities was fined less than $1,000 for the late submission of an annual air report in 2011.

EN30 Environmental protection expenditure and investments

For 2012, ABB's expenditure on environmental management throughout our global sustainability affairs network was as follows:

Expenditure on environmental management	$ thousands
Group level	10,750
Country level	5,300
Site level	4,300
Total	**20,350**

ABB limits the accounting of sustainability to the costs of implementing and maintaining environmental management systems to ISO 14001, health and safety management systems to OHSAS 18001, and running the sustainability network, including personnel costs and the cost of developing sustainability tools, education and training.

This does not include costs related to improvement projects. For example, the decision to invest in a new manufacturing process is the result of integrating many decisions in addition to environmental considerations.

Occupational health and safety
Learning and building together

ABB is committed to achieving excellence in Occupational Health and Safety (OHS) and works to achieve this objective through both strategic, Group-led programs and business-specific initiatives.

To support these initiatives, we continue to invest in the competence and development of our people through widespread training and the International Diploma program, and through the provision of additional, specific resources in areas of growth and known high risk activities.

Nonetheless, following an extended fatality free period, sadly we recorded four fatal incidents during 2012; three at the workplace and one during road travel. The fatalities involved two ABB employees and two contractors and occurred in Saudi Arabia, Sweden, Brazil and Congo-Brazzaville.

The number of serious injuries to ABB employees and contractors also increased from 38 in 2011 to 42 in 2012. Serious injuries occurred in all divisions and all regions, with the most common risks identified as falls from height, electrical contact and being struck by objects. All incidents are investigated to identify root causes and lessons learned are communicated throughout the company.

The loss of colleagues and contractors and the increase in serious injuries are of grave concern for us and provide additional impetus for our continued strong focus on OHS improvement programs.

During 2012, we continued to embed OHS in business practices, developing a framework to align goals, standards and processes across our global markets and operational divisions. Business-led OHS programs continued to focus on the particular needs and activities of the different business units (BU) and a new program was initiated in the Motors and Generators BU of the Discrete Automation and Motion Division.

This BU has grown significantly following the acquisition of Baldor Electric Company in 2011 and the OHS improvement program was initiated by the BU to build awareness, knowledge and consistent practices across its operations. The program focused on BU-specific risks, such as lifting, electrical testing, and mechanical handling. It consisted of intensive training in theory and practice and sessions were held in factories in Finland, India, Italy and China, each resulting in improvement action plans.

To support ABB's strategy to grow our service business, we appointed a Group Service OHS Advisor in 2012. The Advisor is responsible for developing the OHS strategy for ABB Service in line with its growth ambitions and the risk profile of the business, and to coordinate activities throughout regional, country and BU service organizations.

In the service business, collaboration with our customers and other partners is critically important for mutual success. Such a collaboration with ABB Full Service customer Vale at its Voisey's Bay nickel mine in northern Canada has achieved a major safety milestone – three years with no lost-time incidents. Vale Concentrator Department, ABB and Iskueteu, a local operations support company, worked together to implement best practices for workforce safety, production efficiency and maintenance excellence. Together, we have instilled a strong safety culture into the workforce.

In recognition of the value our service customers place on strong OHS performance, ABB also launched an internal Global Service Award for Safety. The award is intended to recognize service activities resulting in more effective injury or illness prevention and to promote leadership in this area. The 2012 award acknowledged the creation of a guide that provides safety instructions for different machines found in the workplace, with easily-understood material for both new and experienced employees.

In 2012, ABB also expanded the scope of our Group-led programs, rolling out our Group occupational health strategy with a series of awareness training sessions around the world. More than 120 people in seven regions were trained to address occupational health risks, such as exposure to hazardous substances, physical agents, noise and vibration.

The sessions involved a combination of theory and practice to assist effective management and monitoring of risks at country and site level. Participants prepared their own occupational hygiene management programs and during 2013 we will conduct reviews to assess implementation of these programs.

The strategy is led by a global Occupational Health Team consisting of occupational health physicians and OHS professionals who also provide support and guidance for local programs. In 2012, we appointed a Group Occupational Health Physician to spearhead this program.

At country level, OHS improvement programs are organized according to formal country OHS strategic plans that are tailored according to local conditions and business needs. Progress towards performance targets and implementation of training and development programs is monitored quarterly at Group level.

Increasingly, local ABB OHS programs are being recognized by external stakeholders. For example, in the US in 2012, ABB Inc. was named one of America's safest companies by EHS Today, a leading publication and resource for safety, health and industrial hygiene professionals. Newly-integrated Baldor plants also received the Award of Excellence in Safety from the state of Georgia, the North Carolina Department of Labor Safety Award, the South Carolina Chamber of Commerce Commendation for Excellence for Safety and the Arkansas Department of Labor Safety Award.

For 2013, we will continue to develop our model for OHS excellence, building awareness and understanding at every level of the company. We will build our OHS behavior standard as an integral part of the Group processes that define the values of the company and work to ensure business-specific needs are recognized and met.

Occupational health and safety performance: GRI indicators

LA6 Percentage of total workforce represented in health and safety committees

Health and safety consultation is an integral part of ABB's commitment to introduce into all businesses occupational health and safety management systems based on OHSAS 18001 and the International Labour Organization (ILO) guidelines. The form of health and safety consultation with employees varies according to local requirements and cultures. It includes health and safety committees and employee forums.

At Group level, ABB has a standing Occupational Health and Safety (OHS) committee chaired by an Executive Committee member whose mandate covers all employees.

LA7 Injuries, lost days, diseases and fatalities

	2012*	2011	2010
Employee work-related fatalities	1	0	1
Incident rate	0.01	0	0.01
Employee work-related serious injuries	22	22	15
Incident rate	0.16	0.18	0.13
Employee business travel fatalities	1	0	2
Incident rate	0.01	0	0.02
Employee business travel serious injuries	0	3	5
Incident rate	0	0.02	0.04
Contractor work-related fatalities	2	0	2
Contractor work-related serious injuries	20	16	16
Contractor business travel fatalities	0	0	0
Members of the public fatalities	0	0	0
Employee lost days due to industrial incidents	10,345	9,478	8,362
Employee occupational health diseases	10	7	13
Employee total recordable incident rate	13.04	13.17	13.48

* These data do not include incidents from Thomas & Betts, a company acquired by ABB during 2012.

In these statistics, figures for fatalities also include deaths occurring within one year as a result of injuries sustained. Incident rates are according to the ILO rate per 1,000 employees. The total recordable incident rate includes the following incidents: serious injuries, lost time incidents, medical treatment injuries, occupational health diseases and restricted work day cases. “Lost days” are calendar days, and are counted from the day after the incident. Business travel incidents include injuries related to road travel. Incidents during air travel, on business trips, are excluded.

LA8 Programs in place regarding serious diseases

More than 30 ABB country organizations report programs in place to address serious diseases. The majority of programs include stress management, health screening for conditions such as diabetes and hypertension, and counseling schemes to assist employees to maintain healthy lifestyles and a suitable work-life balance. Other initiatives include vaccination programs and cancer screening.

In four countries (Brazil, Mexico, Philippines and South Africa) ABB has specific programs in place to address HIV/AIDS and ABB in Italy worked with “Save the children” and the Association of Volunteers in International Service (AVSI) Foundation to collect funds for a program to fight HIV/AIDS in developing countries.

Additionally, all ABB travelers receive destination-specific security and health advice prior to travel. The health advice includes medical preparedness, medical screening where needed and advice on particular health risks at their destination.

LA9 Health and safety topics covered in formal agreements with trade unions

This information is not recorded by the Group, but local legislation requires formal agreements in some countries such as Germany and South Africa. Group health and safety performance is reported annually by the head of Group Function Sustainability Affairs at a meeting with the European Works Council.

GRI standard disclosures

This section provides a selection of base information, defined by the Global Reporting Initiative Guidelines, comprising an organizational profile, report parameters, governance, commitments to external initiatives, stakeholder engagement and remaining sustainability performance indicators. Reference numbers are those used in the GRI Guidelines.

Organizational profile

2.1 Name of the organization

ABB Ltd is the parent company of the worldwide ABB Group.

2.2 Primary brands, products and services

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. ABB's products, systems, solutions and services are designed to improve the reliability of electricity supply grids, raise industrial productivity and save energy.

The Power Products division manufactures the key components to transmit and distribute electricity, such as transformers, switchgear, circuit breakers and cables. The Power Systems division offers turnkey systems for power transmission and distribution grids, and for power plants. These include complete substations, as well as high-voltage alternating and direct current transmission systems, together with their automation and network management systems.

The Process Automation division offers products and solutions for instrumentation, automation and optimization of industrial processes. The industries served include oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine and turbocharging. Key customer benefits include improved asset productivity and energy savings.

The Discrete Automation and Motion division includes products and systems targeted at discrete manufacturing applications, such as robotics and programmable logic controllers (PLCs), and providing motion in plants, such as motors and drives. These businesses help customers to increase the productivity and energy efficiency of their assets.

The Low Voltage Products division manufactures low-voltage circuit breakers, switches, control products, wiring accessories, enclosures and cable systems to protect people, installations and electronic equipment from electrical overload. The division further makes KNX systems that integrate and automate a building's electrical installations, ventilation systems, and security and data communication networks.

ABB is a manufacturing and services group which outsources only some of its work (for example, information technology support infrastructure).

2.3 Operational structure of the organization

At the end of 2012, the ABB Group comprised five power and automation divisions named in 2.2 above, supported by staff functions (such as Sustainability Affairs, Corporate Communications, Controlling, Legal and Integrity, Human Resources, etc.), all reporting to a 12-member Executive Committee. The president of the Executive Committee is the Chief Executive Officer of the company. Also represented on the committee are the heads of the five divisions, the Chief Financial Officer, the head of Global Markets, the head of Marketing and Customer Solutions, the General Counsel, the Chief Technology Officer and the head of Human Resources, who is also the Executive Committee member responsible for Sustainability Affairs.

The ABB Group comprises primarily operating companies, subsidiaries and majority-owned joint ventures, located worldwide and employed about 145,000 people as of December 31, 2012.

2.4 Location of headquarters

The headquarters of the ABB Group is located in Zurich, Switzerland.

2.5 Countries where the organization operates

The ABB Group of companies operates in around 100 countries. ABB's largest operations are in Australia, Brazil, Canada, China, Finland, Germany, India, Italy, Korea, Norway, Russia, Saudi Arabia, Spain, Sweden, Switzerland, United Kingdom and United States.

2.6 Nature of ownership and legal form

ABB is listed on the SIX Swiss Exchange and the exchanges in Stockholm and New York.

As of December 31, 2012, Investor AB, Stockholm, Sweden, held 182,030,142 ABB shares, representing 7.9 percent of the company's share capital and voting rights. As of July 25, 2011, BlackRock Inc., New York, U.S., together with its direct and indirect subsidiaries, held 69,702,100 ABB Ltd shares, corresponding to 3.0 percent of total share capital and voting rights.

To the best of ABB's knowledge, as of February 28, 2013, no other shareholder holds 3 percent or more of ABB's shares.

ABB Ltd is the holding company for the entire ABB Group and is registered as a corporation (Aktiengesellschaft) in the commercial register of the Canton of Zurich, Switzerland.

2.7 Markets served

ABB's products, systems and services are supplied directly to many industries worldwide. These include electric, gas and water utilities, as well as a range of process, manufacturing and consumer industries, and the commercial and residential building sector.

ABB also serves the market through channels such as original equipment manufacturers, system integrators, distributors, and engineering, procurement and construction companies.

2.8 Scale of the reporting organization

See Developing our people chapter for data on employee numbers.

Sales (revenues) for 2012: $39,336 million
($37,990 million for 2011)

Sales by region	2012	2011	2010
Europe	36%	38%	39%
The Americas	27%	24%	20%
Asia	27%	27%	28%
Middle East and Africa	10%	11%	13%

See the ABB Group Annual Report for further details on financial results.

2.9 Significant changes in size, structure and ownership

ABB made a number of acquisitions in 2012, the largest of which was U.S. low-voltage product manufacturer Thomas & Betts, completed in May and valued at $3.9 billion. Since being consolidated into ABB's financial results as of May 2012, Thomas & Betts has contributed approximately $1.53 billion in revenues and approximately $280 million of operational EBITDA.

During the first quarter, ABB completed the acquisition of Switzerland-based Newave Energy International, a manufacturer of uninterrupted power supplies, for a total consideration of approximately $170 million.

Other acquisitions during the year 2012 included Tropos Networks Inc., a Silicon Valley-based company that develops and markets wireless technologies and products for distribution area.

As at December 31, 2012, ABB's Board of Directors comprised eight non-executive members, one woman and seven men, of seven nationalities.

As at December 31, 2012, the Group Executive Committee comprised the CEO, the Chief Financial Officer and ten other members, including one woman, of eight nationalities.

2.10 Awards received

See Stakeholder relations chapter.

Report parameters

3.1 Reporting period

Calendar year 2012.

3.2 Date of previous report

March 2012, covering calendar year 2011.

3.3 Reporting cycle

Annual. Next report to be released in March 2014, covering calendar year 2013.

3.4 Contact point for the report

E-mail: sustainability.abbzh@ch.abb.com
Web address: www.abb.com/sustainability

3.5 Process for defining report content

Considerable work was undertaken in 2010 and 2011 to understand what internal and external stakeholders expect of the company's sustainability performance and what our strategy should focus on. The results were evaluated in 2011, resulting in a materiality matrix highlighting the issues of relevance to ABB and our stakeholders.

Most of these issues were already priorities namely: energy efficiency and climate change, managing environmental impacts, product innovation, health and safety, human rights, sustainability in our supply chain, and working in the community. Following the feedback from our stakeholders, we have now defined five areas of focus. They are:

– Developing world-class products, systems and services to lower our customers' energy use, reduce their emissions and improve resource efficiency on a long-term basis.
– Ensuring our own operations are energy and resource efficient.
– Proactively ensuring our suppliers, employees and business partners work in a safe, healthy and secure environment, and to the highest standards of integrity.
– Creating value and promoting social development in communities where we operate.
– Strengthening employees' involvement in and commitment to improve the company's sustainability performance.

For this report, we have structured the content of these five focus areas under three main headings: Governance and stakeholder relations, Resource efficiency and Our people.

3.6 Boundary of the report
See Governance and integrity chapter.

3.7 Limitations on the scope of the report
The report does not cover work carried out by ABB on our customers' sites. However, health and safety data covers all ABB employees wherever they work and all contractors for whom ABB is contractually responsible. The report does not cover Thomas & Betts operations.

3.8 Comparability
The Sustainability Performance report covers all employees working in premises owned or leased by ABB. During 2012, ABB acquired Thomas & Betts, a North American manufacturer of industrial motors, with approximately 9,800 employees. The report does not cover Thomas & Betts operations.

During 2011, ABB acquired Baldor Electric Company, a North American manufacturer of electric motors, with approximately 6,800 employees. The 2011 report did not cover Baldor operations, except for some selected environmental parameters. This report covers Baldor operations with the full scope of sustainability indicators.

3.9 Data measurement
See the Governance and integrity chapter.

3.10 Effect of restatement of information
Nothing significant has arisen during 2012 which would require a restatement of information provided in earlier ABB Sustainability Performance reports.

Not including Thomas & Betts, the number of ABB employees was around 136,000 in 2012, significantly higher than the 128,000 covered by our reporting in 2011. The number of manufacturing sites, workshops and offices covered by the sustainability management program, not including Thomas & Betts, was approximately 390 in 64 countries in 2012.

3.11 Significant changes
There were no significant changes during 2012 in the scope, boundary, or measurement methods applied in the report.

3.12 GRI content index
A table appears on page 55 of this report which identifies the page numbers of all the standard disclosure indicators required by the GRI Guidelines.

3.13 Independent assurance
ABB believes in the importance of independent external assurance to enhance the credibility of its sustainability report. ABB's main environmental and social performance indicators have been verified by the independent verification body Det Norske Veritas (DNV) through a review of information in the ABB sustainability performance database and interviews at various levels of the company prior to publication. Their statement appears on page 54 of this report.

Governance
Corporate governance is covered in detail in the ABB Group Annual Report. The GRI content index table on page 55 of this report gives cross-references to the appropriate parts of the corporate governance section, wherever relevant.

INDEPENDENT VERIFICATION OF MAIN PERFORMANCE INDICATORS 2012

Scope and method of work

Det Norske Veritas AS has been engaged to verify the numerical values of the environmental and social performance indicators presented in the "Summary of main performance indicators" table (the "Table"). The verification is limited to the numerical values presented on pages 50–53 in the pdf version and in the interactive version on internet presented at this link. The verification was conducted in January and February 2013.

The verification was based on a review of the reported sustainability performance data, supplemented by spot checks of the collection and aggregation process which has been carried out by the sustainability organisation of ABB.

To assess the validity of the numerical values of the environmental indicators, DNV carried out telephone interviews with Local Sustainability Officers (LSO). To include several of the Baldor sites acquired in 2011, the number of interviews was expanded to cover 15 out of 398 LSO reports. To verify the process for collecting information for the social indicators DNV carried out telephone interviews with Country Sustainability Controllers and Country Occupational Health and Safety Advisors from five out of 58 countries. DNV also interviewed five people in the ABB Group Function Sustainability Affairs, Legal and Integrity, and Supply Chain Management with responsibility for collecting, aggregating and/or presenting the data in the Table.

During the verification, DNV

- carried out interviews and reviewed the database containing the environmental and social performance data
- checked ABB's routines for aggregating data
- checked consistency and understanding of reporting from selected ABB sites
- checked the database for inconsistencies

Countries included in verification interviews:
CSC: China, Malaysia, Peru, Qatar, USA
LSO: Argentina, Benelux, Canada, China, France, Germany, India, Korea, Mexico, Singapore, South Africa, Sweden, Taiwan, UK, USA

Conclusions

It is the opinion of DNV that ABB has a well-established web-based internal reporting system. ABB has also provided training and follow up to facilitate accurate reporting from newly acquired Baldor sites.

A few minor reporting inconsistencies were discovered and highlighted to ABB. Identified errors were immediately corrected, and the Table that is presented in this review includes the updated numbers.

Based on the findings, DNV considers the numbers published in the Table to be reasonably fair and accurate.

Høvik, Norway, 18th February 2013

Ingebjørg Gravlien

Ingebjørg Gravlien
Project manager
Det Norske Veritas AS

Det Norske Veritas expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based on results of assessment activities.

GRI content index table

GRI ref.	Description	
1	Strategy and analysis	
1.1	CEO's letter	page 2 and ABB Group Annual Report
1.2	ABB's key sustainability issues	pages 3–7, 48–49
2.1–2.10	Organizational profile	pages 15, 47–48
3.1–3.13	Report parameters	pages 11, 48–49
4.1–4.10	Governance	pages 10–11 and ABB Group Annual Report
4.11–4.13	Commitments to external initiatives	pages 12, 16–18 and ABB Group Annual Report
4.14–4.17	Stakeholder engagement	pages 14–15
5	Performance indicators	
	Economic performance indicators	
	EC1 (ABB key figures)	ABB Group Annual Report
	EC2	pages 18, 35–36
	EC3–5, EC7	page 43
	EC6	pages 24–25
	EC8–9	pages 19–20
	Environmental performance indicators	
	EN1, EN10	pages 31, 33
	EN2	page 32
	EN3–4, EN16–17, EN29	page 37
	EN5–7, EN18	pages 35–37
	EN8, EN19–20	page 33
	EN9, EN21	page 31
	EN11–14	pages 32–33
	EN22, EN27	pages 31, 32, 34
	EN23, EN28, EN30	page 34
	EN26	page 30
	Social performance indicators	
	SO1	pages 19–20
	SO2–8	pages 12–13
	PR1–3, PR6–7	page 29
	PR4, PR8–9	page 13
	PR5	page 14
	LA1–5	page 42
	LA6–9	pages 45–46
	LA10, LA12–15	page 43
	LA11	pages 40–41
	HR1–11	pages 21–23
	HR2	pages 24–25