

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.

Summary of main performance indicators¹

| GRI ref. | Indicator description | 2012 | 2011 | 2010 |
|----------------------|---|--------------|--------------|--------------|
| Environmental | | | | |
| EN1 | Materials | | | |
| | Phthalates (tons) | 28 | 47 | 31 |
| | Brominated flame retardants (tons) | -0 | -0 | -0 |
| | Lead in submarine cables (tons) | 5,633 | 5,725 | 3,632 |
| | Organic lead in polymers (tons) | 0.9 | 1.3 | 52 |
| | Lead in other products (tons), e.g. backup batteries and counterweights in robots | 363 | 227 | 265 |
| | Cadmium in industrial batteries (tons) | 5.6 | 1.6 | 1.7 |
| | Cadmium in rechargeable batteries (tons) | 6.3 | 10 | 5.9 |
| | Cadmium in lead alloy and other uses (tons) | 4.5 | 4.3 | 2.9 |
| | Mercury in products (tons) | 0.011 | 0.030 | 0.038 |
| | SF ₆ insulation gas (inflow to ABB facilities) (tons) | 1,139 | 1,052 | 968 |
| | SF ₆ insulation gas (outflow to customers) (tons) | 1,118 | 1,040 | 959 |
| | No. of transformers with PCB oil in ABB facilities | 1 | 2 | 3 |
| | No. of capacitors with PCB oil in ABB facilities | 32 | 0 | 0 |
| | Mercury in instruments in ABB facilities (tons) | 0.203 | 0.263 | 0.422 |
| EN3 | Direct energy consumption (Gigawatt-hours – GWh) | | | |
| | Oil (11.63 MWh/ton) | 93 | 92 | 114 |
| | Coal (7.56 MWh/ton) | 0 | 0 | 0 |
| | Gas | 556 | 417 | 427 |
| | Total direct energy used | 649 | 509 | 542 |
| EN4 | Indirect energy consumption (Gigawatt-hours – GWh) | | | |
| | District heat consumption | 219 | 195 | 223 |
| | District heat: Losses at utilities | 33 | 29 | 33 |
| | Electricity consumption | 1,599 | 1,447 | 1,335 |
| | Electricity: Losses at utilities | 2,208 | 1,999 | 1,844 |
| | Total indirect energy used | 4,058 | 3,670 | 3,436 |
| | Megawatt-hours (MWh) per employee | 18.1 | 16.9 | 18.0 |
| EN8 | Water withdrawal (kilotons) | | | |
| | Purchased from water companies | 3,900 | 3,400 | 3,300 |
| | Groundwater extracted by ABB | 3,000 | 3,200 | 2,700 |
| | Surface water extracted by ABB | 2,800 | 2,600 | 2,900 |
| | Total water withdrawal | 9,700 | 9,200 | 8,900 |

¹Note that data in this table, except LA1 for 2012, do not include Thomas & Betts. Data for 2011 and 2010 do not include Baldor.

| GRI ref. | Indicator description | 2012 | 2011 | 2010 |
|-------------|--|-------|------|------|
| EN16 | Greenhouse gas emissions (kilotons CO₂ equivalent) | | | |
| | Scope 1* | | | |
| | Energy | 137 | 109 | 117 |
| | SF ₆ (in CO ₂ equivalents) | 332 | 263 | 247 |
| | Scope 2 | | | |
| | District heat consumption | 48 | 43 | 49 |
| | District heat: Losses at utilities | 7 | 7 | 8 |
| | Electricity consumption | 337 | 309 | 293 |
| | Electricity: Losses at utilities | 465 | 427 | 405 |
| | Scope 3 | | | |
| | Air travel | 171 | 185 | 160 |
| EN19 | Emissions of volatile organic compounds (tons) | | | |
| | Volatile organic compounds (VOC) | 1,355 | 810 | 786 |
| | Chlorinated volatile organic compounds (VOC-Cl) | 12 | 13 | 11 |
| EN20 | Emissions of NO_x and SO_x (tons SO₂ and NO₂) | | | |
| | 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 |
| EN22 | Waste (kilotons) | | | |
| | Scrap metal recycled | 150 | 97 | 135 |
| | Other waste recycled | 41 | 39 | 44 |
| | General waste sent for disposal | 43 | 45 | 38 |
| | Hazardous waste | 12 | 9 | 9 |
| EN23 | Significant spills | | | |
| | Total number of spills | 11 | 9 | 7 |

* Note that CO₂ from transport by own fleet is not included in the scope of DNV assurance.

| GRI ref. | Indicator description | 2012 | | 2011 | | 2010 | |
|---------------|--|----------------|------------|----------------|------------|----------------|------------|
| Social | | | | | | | |
| LA1 | Employment | | | | | | |
| | Total workforce by region (ABB employees); 2012 data including Thomas & Betts | | | | | | |
| | Europe | 64,000 | | 60,300 | | 58,800 | |
| | The Americas | 34,400 | | 25,900 | | 17,700 | |
| | Asia | 38,300 | | 37,400 | | 30,900 | |
| | Middle East and Africa | 9,400 | | 10,000 | | 9,100 | |
| | Total | 146,100 | | 133,600 | | 116,500 | |
| | Total numbers of part-time employees included above | | | | | | |
| | Europe | 2,835 | 5% | 2,924 | 5% | 3,133 | 5% |
| | The Americas | 169 | 1% | 108 | <1% | 143 | 1% |
| | Asia | 1,391 | 4% | 106 | <1% | 183 | 1% |
| | Middle East and Africa | 4 | <1% | 1 | <1% | 4 | <1% |
| | Total | 4,399 | 3% | 3,139 | 3% | 3,463 | 3% |
| LA2 | Employee turnover | | | | | | |
| | Turnover of all employees, including part-time | | | | | | |
| | Europe | 5,083 | 8% | 5,712 | 10% | 6,351 | 11% |
| | The Americas | 3,689 | 14% | 2,823 | 15% | 2,567 | 16% |
| | Asia | 4,149 | 12% | 4,615 | 13% | 4,346 | 14% |
| | Middle East and Africa | 911 | 15% | 854 | 14% | 463 | 8% |
| | Total turnover for whole Group | 13,832 | 11% | 14,004 | 12% | 13,727 | 12% |
| | Turnover of all female employees, including part-time | | | | | | |
| | Europe | 1,218 | 2% | 1,364 | 2% | 1,407 | 2% |
| | The Americas | 676 | 3% | 531 | 3% | 631 | 4% |
| | Asia | 1,023 | 3% | 1,086 | 3% | 1,060 | 4% |
| | Middle East and Africa | 70 | 1% | 184 | 3% | 51 | <1% |
| | Total turnover for whole Group | 2,987 | 2% | 3,165 | 3% | 3,149 | 3% |
| LA7 | Occupational health and safety | | | | | | |
| | Fatalities, injuries, lost days, diseases | | | | | | |
| | 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 commuting/business travel fatalities | 1 | | 0 | | 2 | |
| | Incident rate | 0.01 | | 0 | | 0.02 | |
| | Employee commuting/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 working days lost due to industrial incidents | 10,345 | | 9,478 | | 8,362 | |
| | Employee occupational health diseases (number of cases) | 10 | | 7 | | 13 | |
| | Employee total recordable incident rate | 13.04 | | 13.17 | | 13.48 | |

| GRI ref. | Indicator description | 2012 | 2011 | 2010 |
|-------------|--|----------|-------|---------|
| HR4 | Non-discrimination | | | |
| | Total number of incidents of discrimination | 2 | 5 | 6 |
| | Total number of incidents of harassment | 13 | 32 | 18 |
| SO6 | Public policy | | | |
| | Financial and in-kind political contributions | \$30,000 | \$500 | \$9,000 |
| LA10 | Training and education | | | |
| | Training per year per employee (average hours) | | | |
| | Brazil | 27 | 25 | 26 |
| | China | 31 | 34 | 40 |
| | Czech Republic | 12 | 11 | 10 |
| | Finland | 14 | 13 | 13 |
| | Germany | 16 | 16 | 16 |
| | India | 18 | 5 | 4 |
| | Italy | 16 | 17 | 17 |
| | Sweden | 12 | 12 | 10 |
| | Switzerland | 19 | 17 | 20 |
| | USA | 24 | 25 | 25 |
| LA13 | Diversity and equal opportunity | | | |
| | Women in senior management (percentage) | | | |
| | Brazil | 16% | 7% | 7% |
| | China | 27% | 25% | 25% |
| | Czech Republic | 19% | 18% | 19% |
| | Finland | 16% | 15% | 17% |
| | Germany | 7% | 7% | 4% |
| | India | 2% | 2% | 2% |
| | Italy | 7% | 7% | 7% |
| | Sweden | 24% | 22% | 22% |
| | Switzerland | 7% | 7% | 7% |
| | USA | 15% | 16% | 15% |

Independent verification of main performance indicators

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
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 |

UN Global Compact reporting for 2012

The company

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 145,000 people.

ABB has been a member of the UN Global Compact since 2000. In common with other members, ABB reports every year on progress on the Compact's ten principles. This is the Communication on Progress for 2012.

Statement of support

Joe Hogan, ABB Chief Executive Officer

"ABB is a founding member of the UN Global Compact and remains committed to its principles and goals. We work with the Global Compact to ensure that its initiatives and ten principles reach a wider audience, and seek to embed the principles into our own business practice. As part of our ongoing commitment, ABB is involved in different initiatives and local networks, and continues to be a member of the Human Rights Working Group."

Human rights

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

- Human rights policy and public statement adopted by ABB Group in 2007.
- Further work to embed human rights into business decision-making processes, including risk review for projects. Human rights considerations integrated in supply chain questionnaire, Supplier Code of Conduct, mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities.
- Global human rights training workshops started in ABB in 2010 with sessions in three countries: it continued in 2011 in four other countries with training in two more countries in 2012. In all, training was carried out in nine countries, three fewer than foreseen in a group sustainability objective for the period. A further training objective has been set for 2013. The training is aimed at business managers, and key functions such as Supply Chain Management, Human Resources, Legal and Integrity, Communications and Sustainability.

- A capacity building program to raise human rights capability began in 2012 with a first round of training for more than 40 sustainability specialists.
- Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights. In 2012, ABB was an active participant at an EU conference in Denmark, a UNGC event at the Rio summit in Brazil, a business and human rights conference in the United Arab Emirates, and the UN Working Group meeting in Switzerland. ABB continues to be an active member of the Global Business Initiative on Human Rights, UN Global Compact Human Rights Working Group, and the Global Agenda Council of the World Economic Forum.

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.
- Global human rights training workshops continued in ABB in 2012 with internal training in Brazil and India. Training includes issue of complicity. Target group as above in Principle 1.
- A capacity building program to raise human rights capability began in 2012 with a first round of training for more than 40 sustainability specialists.
- Further work with ABB's two systems divisions in 2012 to monitor projects at very early stage of pursuit to check for possible complicity issues.
- Due diligence carried out on several potential projects to avoid potential complicity.
- Due diligence carried out on a potential target for acquisition.
- Due diligence work done in advance of entry into two new markets in Asia and Africa.

Labor

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 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 2012.
- In countries where 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 labor

- Covered by ABB Group Code of Conduct, Principle 1 of 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 2012.
- The principle of “no forced or compulsory labor” is included in ABB’s Supplier Code of Conduct, and protocol for supplier audits.

Principle 5: The effective abolition of child labor

- Included in ABB Group 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. A total of 121 audits of suppliers were carried out in 2012. No cases of child labor were reported.
- The principle of “no child labor” is included in ABB’s Supplier Code of Conduct as well as protocol for supplier audits.

Principle 6: Eliminate discrimination in respect of employment and occupation

- Contained in ABB Group 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. There were 13 substantiated cases of harassment and two of discrimination in 2012, resulting in one termination, one resignation, and a range of other measures, including formal warnings, counseling and further training.
- 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 mandatory in the GATE model for product and process development. Supporting tools and training materials have been developed to further improve application of checklist.
- Standardized Life Cycle Assessment procedures used to assess new products’ environmental impact throughout their life cycle.
- Ongoing program to phase out use of hazardous substances in manufacturing and products.

- ABB continuing its internal energy efficiency program, with target to reduce energy use by 2.5 percent per year.
- A support unit in ABB’s Corporate Research organization provides environmental expertise, guidelines and tools to business units to ensure they meet upcoming environmental requirements and challenges, and customer demand for compliance and other environmental information.

Principle 8: Undertake initiatives to promote greater environmental responsibility

- Work with international organizations and initiatives, such as the World Business Council for Sustainable Development, German Climate Service Center, ISO and Chalmers University’s Swedish Life Cycle Center.
- ABB has implemented new and strengthened protocol for auditing of suppliers’ environmental performance, auditing 121 suppliers and training more than 1,000 suppliers during 2012.
- ABB’s ongoing Access to Electricity rural electrification programs in India and Tanzania.
- ABB is investigating environmental impact of logistics and business air travel, as part of sustainability objectives.

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

- Covered by Code of Conduct and Principle 5 of ABB Environmental Policy.
- Energy-efficient products and renewable energy equipment identified as key driver for ABB’s business opportunities. More than 50 percent of research efforts are aimed at increasing energy efficiency.
- Transfer of technologies and best practices between countries to ensure same level of environmental performance throughout Group.
- Group-wide list of prohibited substances for products and processes strengthened in 2007, and continually reviewed and updated since then. The phasing out of hazardous substances is part of ABB sustainability objectives.
- ABB GATE model for product and process development contains defined steps for considering improvements in environment and safety performance.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

- Covered by Principle 4 of ABB Human Rights Policy, ABB Group Code of Conduct and Principle 13 of Social Policy, and Supplier Code of Conduct.
- Underpinned by zero tolerance policy on non-compliance.
- During 2012 ABB conducted face-to-face Integrity training, covering both anti-corruption as well as anti-trust risk areas, to over 130,000 employees.
- ABB offers a number of different reporting channels, including a third party held Business Ethics hotline available 24/7 and an Ombuds program, where employees can report concerns confidentially. The Ombuds program was introduced mid-2009 to complement existing ways of raising compliance issues. The program now numbers 70 Ombuds-persons in 48 countries.
- As part of the anti-corruption program, ABB also carried out several additional training and communication initiatives in 2012, focusing on company leadership and middle management, and including integrity films, biweekly case studies published on the intranet, and proactive action such as anti-bribery compliance reviews of ABB units around the world.

Additional information

Policies

ABB has Group-wide policies: the Social Policy, Environment Policy, Human Rights Policy, Health and Safety Policy, as well as a Code of Conduct and Ethics Policy. These can be found online, and are also contained in ABB Group's annual Sustainability Performance Report.

Reporting

ABB's sustainability performance is compiled in an annual Sustainability Performance Report which measures the company's performance against the Global Reporting Initiative's indicators. The 2012 Sustainability Performance Report is published in March 2013. Further detail on ABB's environmental, social, human rights, and health and safety performance can be found on www.abb.com/sustainability.

Main partnerships

ABB is a member of many international groups and organizations, apart from the Global Compact. Listed below are some of the principal associations and initiatives with which ABB is involved in the area of sustainability:

- Global Business Initiative on Human Rights
- Global Reporting Initiative
- Institute for Human Rights and Business
- International Committee of the Red Cross
- Transparency International
- World Business Council for Sustainable Development
- World Childhood Foundation, Sweden
- WWF