

This is ABB

ABB is one of the world's leading power and automation technology companies. We operate in around 100 countries and employ about 150,000 people.

We provide solutions for secure, energy-efficient generation, transmission and distribution of electricity, and for increasing productivity in industrial, commercial and utility operations.

Sustainability considerations cover how we design and manufacture products, what we offer customers, how we engage suppliers, how we assess risks and opportunities, and how we behave in the communities where we operate and towards one another, while striving to ensure the health, safety and security of our employees, contractors and others affected by our activities.

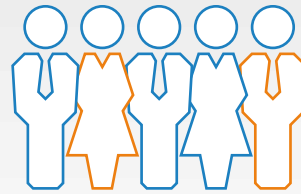
We are present throughout the entire renewables value chain, from power generation to transmission, distribution and electric mobility.

For ABB, sustainability is about balancing economic success, environmental stewardship and social progress to benefit all our stakeholders.

We report our sustainability performance according to the Global Reporting Initiative's (GRI) G3.1 Guidelines. Our self-declared level of application of the GRI Guidelines is B. A summary table of numerical performance indicators is included. The indicators in this table have been verified by the independent verification body Det Norske Veritas.



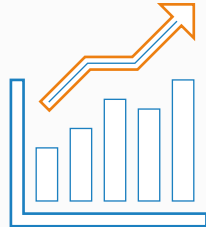
\$ 1.5
billion
invested in R&D in 2013



150,000
employees

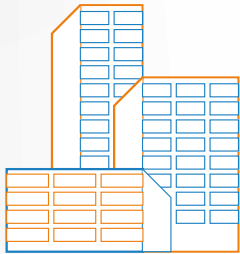
400
TWh energy saved
by ABB drives

150
nationalities



\$ 42
billion
revenues
in 2013

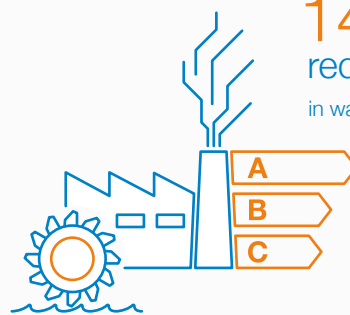
\$ 61
billion
market capitalization
at December 31, 2013



1 company delivering
power and productivity
for a better world



\$ 8
million
spent on community
projects in 2013



14%
reduction in water use
in water-scarce areas since 2011

3.5%
improvement
in energy efficiency in 2013

20
awards
for good corporate
citizenship worldwide



400+
managers trained
on human rights

150
supply chain
sustainability
assessments in 2013



99%
of employees
received face to face integrity training

1,800+
critical suppliers trained
since 2011

Taking a longer-term perspective



Twenty years ago ABB produced a first Sustainability Report which was devoted to environmental issues such as our manufacturing processes and the implementation of management systems at our facilities. It was a pioneering report, one of the first of its kind.

We have come a long way since then, adding different aspects of health and safety, social engagement, environmental responsibility, security and human rights to the palette of activities we manage and review on a regular basis.

Nowadays, sustainability for ABB covers our efforts to build a clean, safe, secure and respectful environment through our products and services and the way we behave in all areas of business. Our company slogan is “Power and productivity for a better world” and we believe that what we manufacture for our customers and how we act can and do make a significant contribution to a better, more sustainable world.

The sustainability strategy we unveiled in 2013 is aligned with corporate strategy, reflecting a clear understanding that good performance in these areas is part of good business practice and success. The sustainability strategy, which covers 2014–2020, comprises a series of focused objectives which impact all areas of our value chain.

It’s important to emphasize that our sustainability goals – in the areas of products and services, responsible operations and relationships, and the right resources – were developed with and are supported by ABB’s executive management. We are committed to this path as the ABB Group.

We have gone beyond thinking of sustainability and the business as separate; they are inextricably inter-linked – sustainability is part of our business.

We will continue to embed sustainability practices and values into different areas of the business – such as product development where we take a life-cycle approach – and will seek to maximize resource efficiency and minimize our own and our customers’ energy use and emissions.

Other sustainability criteria are embedded in many areas such as our requirements of suppliers, and in the due diligence processes we apply to business projects, sourcing and acquisitions. Coherence and consistency of approach are core to success in all parts of the business.

ABB's overall success will not only be determined by improved short-term performance but also by a longer-term perspective on how we can adapt to the trends shaping our future and our business – such as how we can contribute to efforts to mitigate climate change, and offset the impacts of growing urbanization and transportation needs.

We have proven technologies to meet our customers' demands for energy-efficient and low-emission products and services. And our 8,000 technologists around the world are at the forefront of innovative ideas, advancing the sustainable business agenda.

Our web-connected fast-chargers for electric vehicles are just one recent example. In 2013 we received an order to install them throughout the Netherlands, following a similar contract in Estonia. At the start of 2014 we announced a six-year collaboration in China for fast-chargers for electrical vehicles in that huge market.

However far we have come in the past 20 years, we still face considerable challenges on our journey. Nowhere is this more apparent than in our health and safety performance where our record in 2013 undermined previous grounds for optimism in recent years. We strive for a zero incident rate and yet seven contractors died – six of them from one business unit – and 69 people suffered serious injuries during the year.

This is unacceptable. Many processes and best practices to improve occupational health and safety performance have been put in place in recent years. We are re-doubling our efforts in this area with further targeted training in particular business areas and programs to ensure correct behavior, and are also reviewing appropriate levels of responsibility and accountability within the company. We have a duty of care and will not rest in pursuit of our goals.

As a truly multinational company, one of the other challenges we face is attracting and retaining the right people in different parts of the world. Greater efforts are being made to develop a diverse workforce, and we detail some examples later in this report. We know a diverse workforce – and we have some 54 nationalities represented at headquarters alone – provides for huge opportunities and a dynamic working environment.

“Sustainability is inextricably inter-linked with our business.”

Our employees expect to work for a company with the highest standards of integrity, which manages its risks and understands its impacts on society. We describe some of our efforts and advances in this area in this report, as well as on our website.

We have come a long way in the past two decades and recognize that our stakeholders' expectations have also developed significantly in that time. Our ability to embed strong values within the company, exercise our duty of care, and fully understand our commitments to social progress are material to our license to operate, and are key to building sustainable success for the company.

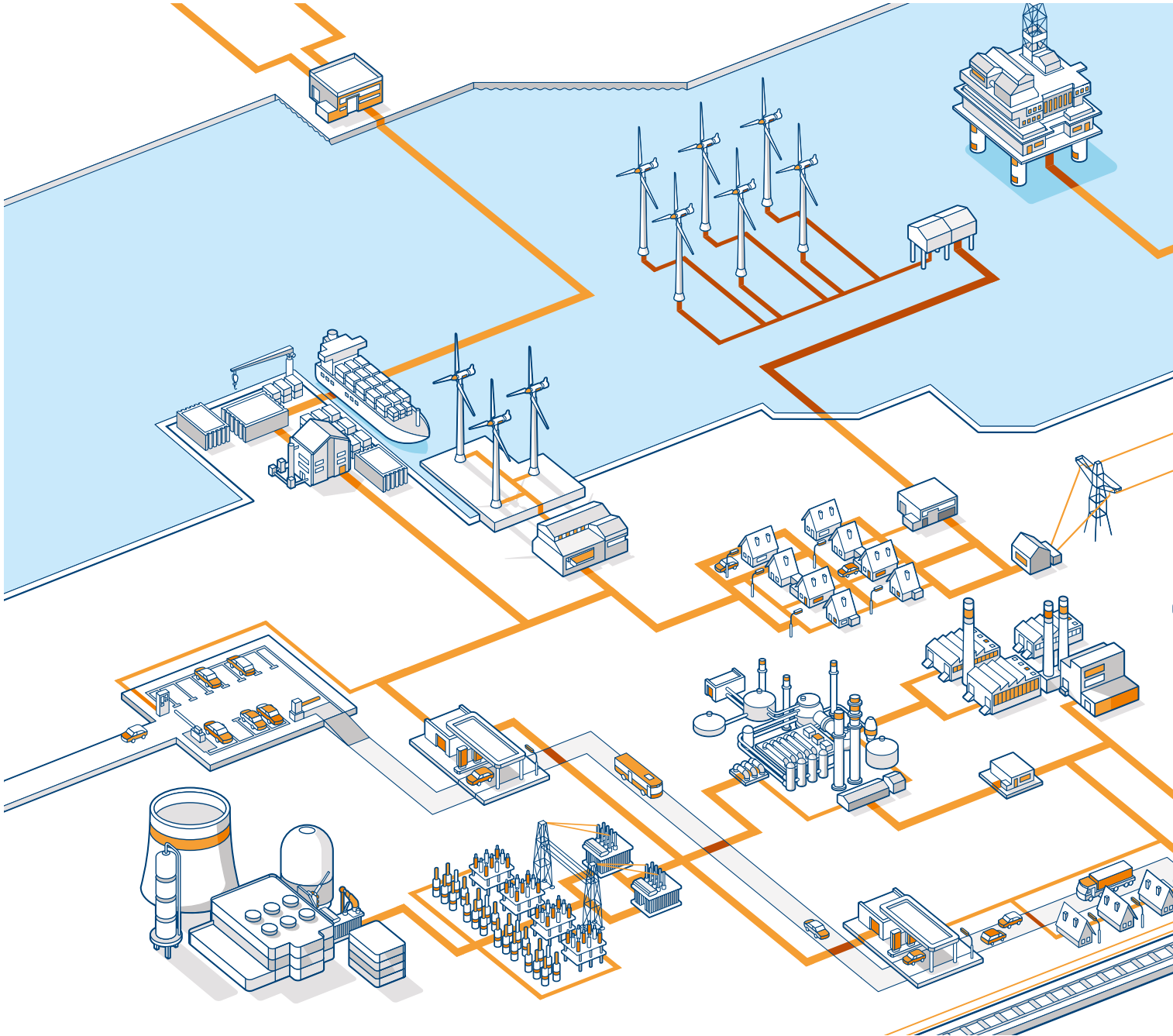
We see very good opportunities ahead to benefit and contribute through our core strengths of delivering power and productivity in a rapidly changing world. We have many opportunities and are confident we can fulfil them.



Ulrich Spiesshofer
CEO

What ABB does

Power ABB is the world's leading supplier of power grids worldwide. Our technologies are present across the entire power value chain from generation to transmission and distribution. ABB technologies also enable renewable energy to be integrated into the grid, whether from offshore wind parks, hydropower or solar farms. Our solutions extend to on-board DC grids for ships, power systems for trains, and fast-chargers for electric vehicles.



Energizing and controlling power plants

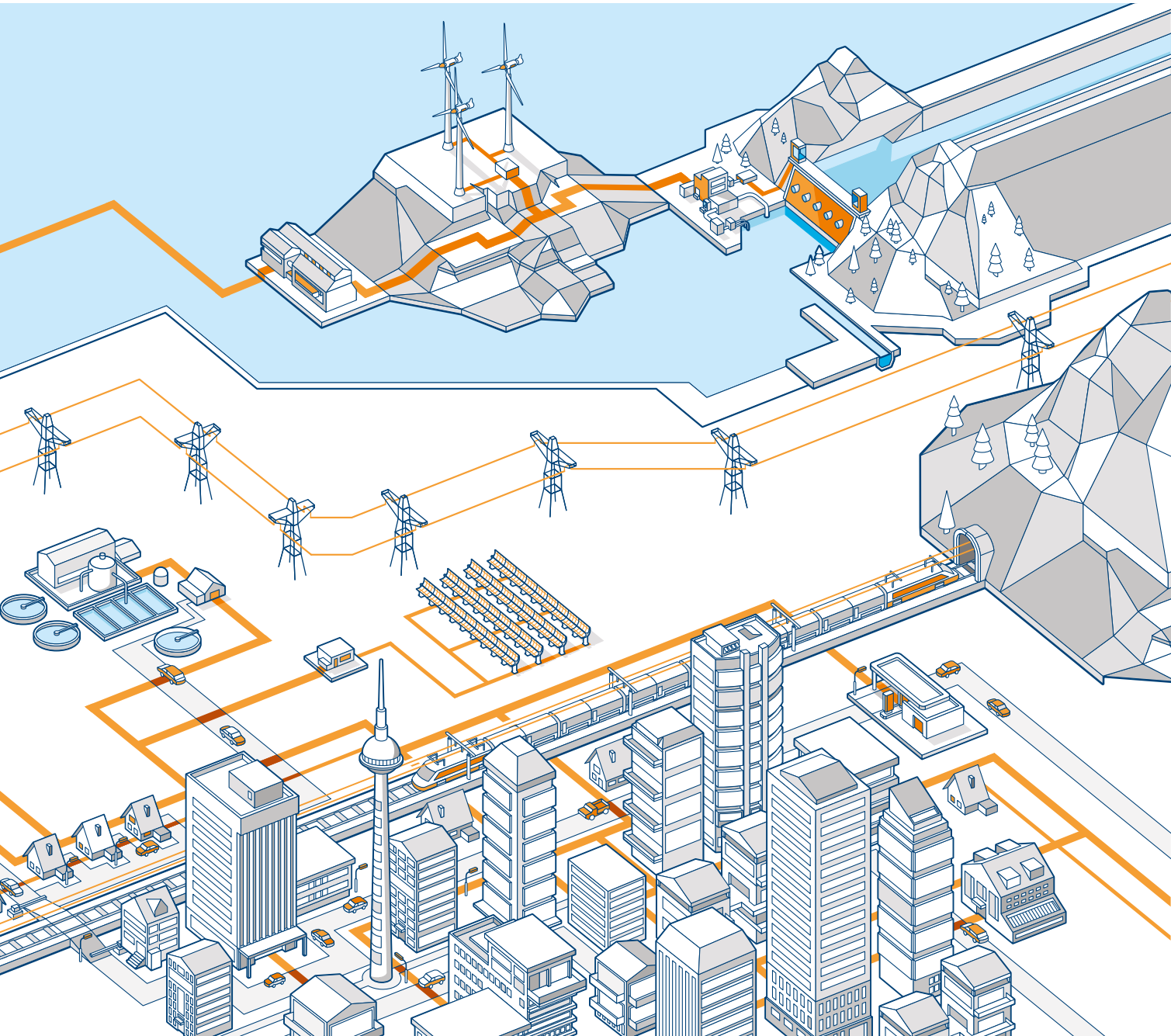
Power plant operators aim to run their installations at the highest possible level of efficiency, regardless of the energy source. With more than 130 years of experience and a vast installed base, ABB offers technologies for complete electrical and automation solutions as well as controls and instrumentation products for conventional and renewable-based power generation plants.

Power transmission

ABB is a pioneer and market leader in technologies for the efficient and reliable transmission of power over long distances with minimal losses. Our ultrahigh and high-voltage solutions up to 1,200 kilovolt (kV), including technologies like HVDC, HVDC Light, FACTS and cable systems, help transport power and connect transmission grids over land, underground and even underwater.

Substations

Transmission and distribution substations enable power transfers with a range of high- and medium-voltage products that ensure reliability and efficiency, such as surge arrestors, protection equipment, switchgear and circuit breakers. Transformers adjust voltage levels higher or lower for a vast range of purposes, while special automation systems protect and optimize the flow of power within a substation.



Managing the distribution network

ABB's advanced energy management, automation and communications solutions improve the reliability and efficiency of utility and industrial operations. Our products, systems and services boost capacity, enhance security and improve productivity. Coupled with enterprise software for asset management and business applications, we bridge the gap between operations technology and IT, providing complete solutions for asset-intensive industries.

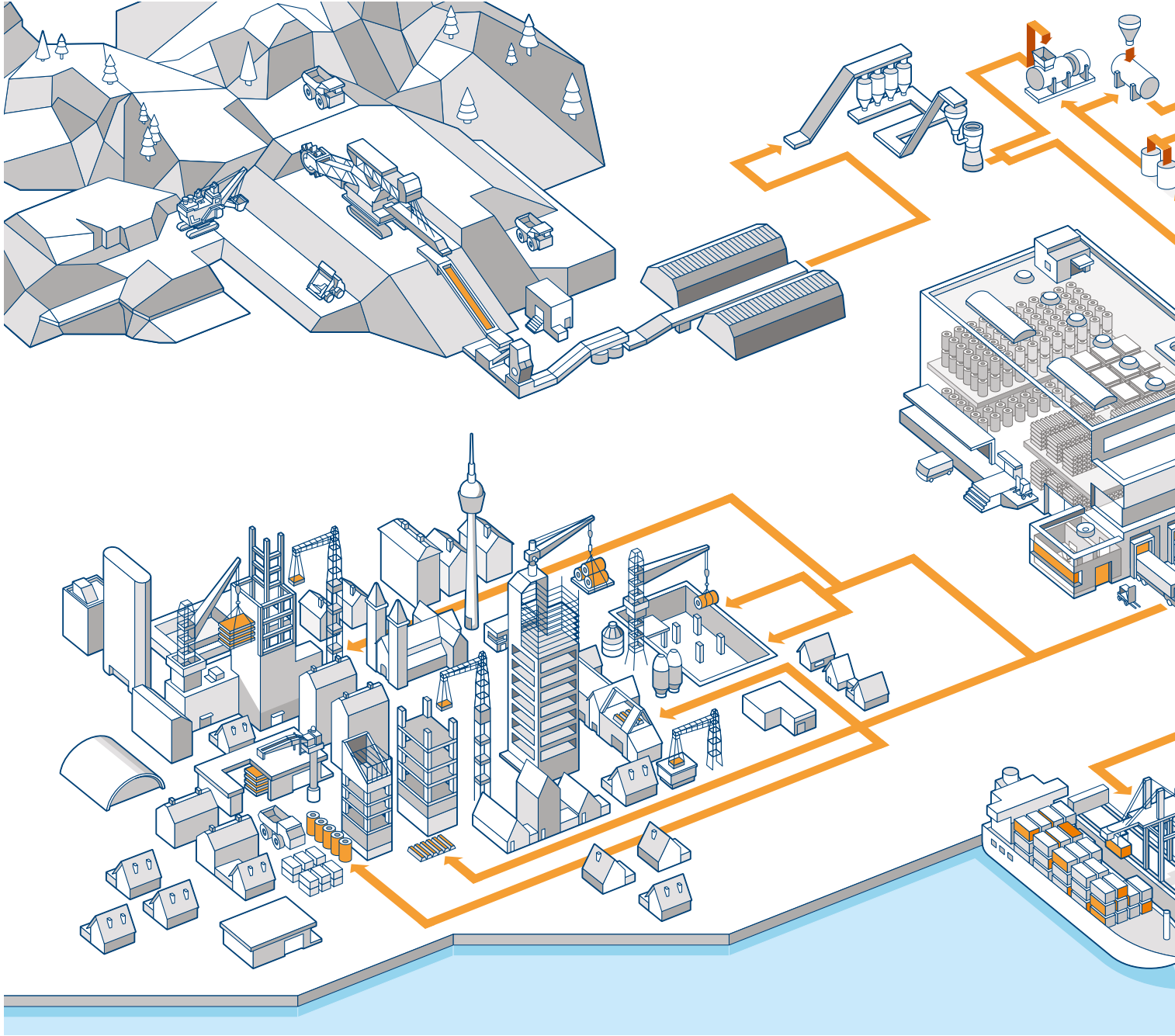
Products across the power value chain

ABB's product offering across voltage levels includes circuit breakers, switchgear, capacitors, instrument transformers, power, distribution and traction transformers as well as a complete range of high- and medium-voltage products – enhancing reliability, improving energy efficiency and lowering environmental impact.

Services

With a global installed base and unparalleled domain expertise, ABB's service offering encompasses the entire energy value chain, from consulting, repair, refurbishment and maintenance-related services to complete asset management solutions. ABB's knowledge of installed electrical systems and equipment is unsurpassed, enabling us to design and build new power products and systems, or repair and modernize older ones.

Automation ABB is a leading provider of energy efficient motors and drives, and automation technologies to industry. Our solutions range from the electrification of manufacturing and processing plants to automation systems and robots that improve industrial productivity and control of production processes. We are also key suppliers of building automation systems and power solutions for infrastructure and transport.



Plant electrification and energy management

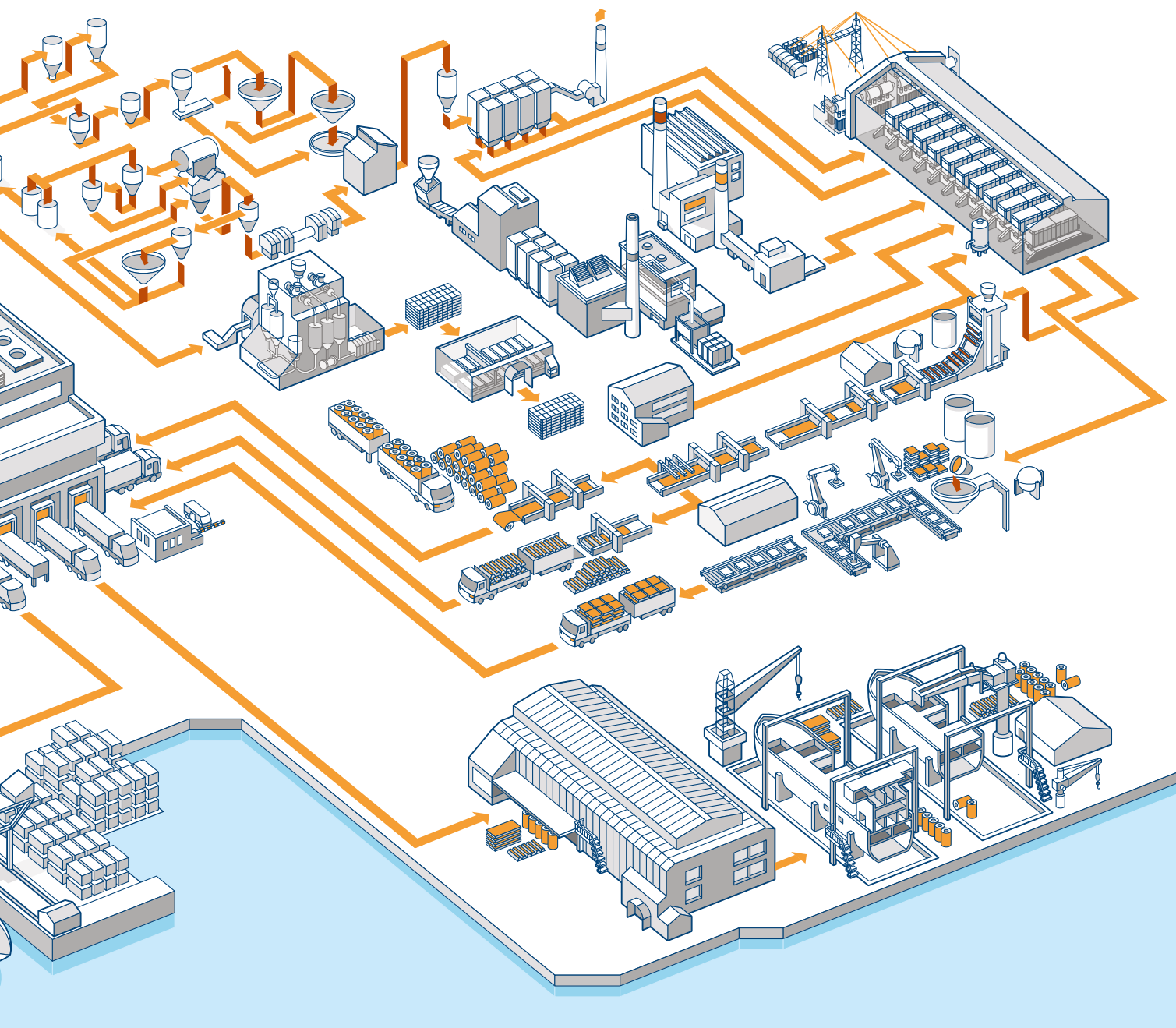
ABB electrification solutions deliver and distribute electricity safely and efficiently throughout manufacturing and processing plants. ABB energy management systems help customers reduce energy bills and carbon emissions by up to 20 percent by lowering energy consumption, minimizing distribution losses and improving generation efficiency.

Process automation

ABB automation systems increase productivity, improve energy efficiency, and keep workplaces safe. PLC and control systems reduce production costs with better scheduling, execution and management of industrial processes, improving customer service and product quality. Measurement products read essential parameters in real time, including pressure, temperature and flow. Online analyzers monitor critical processes to help manage production quality and emissions.

Material handling and robotics

ABB motors drive key equipment, and frequency converters deliver precise and dependable motor control while helping to reduce energy consumption. Together, motors and drives increase energy efficiency in fans, pumps, compressors, conveyors, kilns, centrifuges, mixers, extruders, hoists and cranes. Fast, cost-effective crane systems control lifting and handling for shipping and industrial applications. Since 1974, ABB has delivered 250,000 robots for a wide variety of industries.



Building automation and control

Low-voltage circuit breakers, switches and control products protect people, buildings and equipment from electrical overloads. Line protection products, wiring accessories, enclosures and cable systems control and protect building installations. When integrated with ABB intelligent building automation systems, energy consumption is optimized and controlled through automated adjustment of blinds, lighting, heating, and ventilation.

Services

ABB services help customers improve the performance of automated systems and equipment. Life-cycle services provide preventive, predictive, and corrective maintenance and continual evolution of installed automation equipment. Consulting services help customers use less energy, ensuring process efficiency and reliability. Full service contracts put ABB in charge of engineering, planning, and managing plant maintenance activities.

Transportation and shipping

ABB enables fast and efficient electric mobility while minimizing environmental impact. It provides reliable, energy efficient electrical systems for high-speed trains and powerful DC charging technology that can charge electric vehicles and buses at roadside stops. It supplies flexible marine power and propulsion systems for ships and its turbocharging solutions improve gas and diesel engine performance while lowering fuel consumption and NOx emissions.

New horizons

ABB launched a new set of sustainability objectives towards the end of 2013, covering the Group's development over the next few years. These objectives are part of an overall review, called Sustainability Strategy 2015+, and chart the path we have decided to take to further embed sustainability values and considerations in our business.

The development of our sustainability goals – for the period 2014–2020 – follows extensive internal and external stakeholder consultation designed to identify which sustainability issues are material to the company's future success. Endorsed by executive management, the nine goals reflect the company's levels of ambition and show how ABB can and does contribute to a more sustainable world.

The goals, described in more detail later in this report, fall into four main categories: Innovating and improving resource-efficient products, systems and services that we offer customers; building responsible operations and maintaining responsible relationships with our many different stakeholders; and what we call "right materials" – ensuring the materials we use are sustainable, and reducing waste through better design of product and processes. This report has been laid out accordingly to highlight these four categories.

We believe that ABB Group's focus on the objectives will help us reach our overall goal: to become – and be recognized as – a leading contributor to a more sustainable world. As part of this work, individual targets and key performance indicators are being developed and rolled out in the company. Progress will be reported in the annual Group Sustainability Performance Report in coming years.

Stakeholder engagement to shape our priorities

How did we reach the conclusions behind the new objectives? By listening to the views of internal and external stakeholders, weighing the different input we received, and working with our business heads on what is practicable and how to move forward.

Building on the results of consultations undertaken in 2010 and 2011, we surveyed 40 internal and external stakeholders to refine which issues are seen as material to our business and what improvements ABB could make in how we report what we do. We updated our materiality matrix, published [elsewhere](#) in this report, on the basis of these consultations.

9 Group-wide sustainability objectives announced for 2014–2020

This work was complemented by focused consultations within ABB around the sustainability objectives and our overall sustainability ambitions. Among those interviewed were senior managers at Group and regional levels, business leaders in most parts of the world who had varied opinions and different cultural priorities and perspectives, and representatives of key functions such as supply chain, quality, legal and integrity, communications and sustainability.

As well as helping us to prioritize certain areas for improvement, our engagement with stakeholders also demonstrates the value of an "outside-in" perspective of our performance. This is further reinforced by our participation in international organizations like the World Business Council for Sustainable Development and the Global Reporting Initiative, where we also gain valuable insights into changing trends and expectations of business behavior and reporting, which are important to ABB's development.

Reporting on our performance

In this report, we describe our approaches to governance and our role in society – both of which are central to our ability to carry out successful business. Good governance underpins everything we are seeking to achieve in the company. How we attract and develop people, our efforts to ensure their safety and security, and how we seek to be welcome in the communities where we operate, all determine whether we can continue to operate successfully.

While progress was made in several areas in 2013, our performance on health and safety was not acceptable. The considerable work undertaken in our journey towards a target of zero incidents received a severe setback. Seven people – all of them contractors – died and 69 people were seriously injured during the course of their working activities.

Considerable work is ongoing to strengthen training, improve monitoring of working conditions at customer sites, and to drive line-management responsibility for health and safety.

Turning to our portfolio, resource efficiency is built in to the products, systems and services we develop and deliver to customers, cutting their energy use and emissions. Our products and systems increasingly support the generation and transmission of power from renewable sources, including wind farms and solar installations around the world. More than 50 percent of ABB's revenues are now generated by products and solutions related to renewable energy, energy efficiency and reduced environmental impact.

Within the company, progress was made in several areas identified as sustainability objectives for 2013. Our ongoing campaign to reduce energy consumption resulted in a 3.5 percent year on year improvement. We have also seen a 14 percent reduction in the use of water over the past two years at ABB facilities which implemented water action plans. Our supply chain sustainability program continues to expand, with new countries included in the program, strengthened efforts to build capacity and real improvements in supplier sustainability performance.

Sustainability experts worked with business colleagues in many ways in 2013: with sales teams to present to customers; with business units to carry out social, environmental and security due diligence on potential projects and sites; with suppliers to ensure they meet ABB's required standards; with investors answering a variety of questions, and with our mergers and acquisitions team carrying out due diligence on targeted companies.

In short, we took further tangible steps to ensure that sustainability values and considerations increasingly become part of our daily business. We believe the new sustainability objectives will cement that process in the years to come.

Sustainability objectives 2013

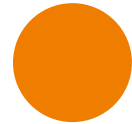
Overview of progress

Status of completion

1. Improve ABB's environmental performance

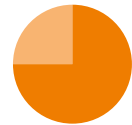
All sites to reduce use of energy by 2.5% annually

- Energy use was reduced by 3.5% for continuing operations.
- More than 180 energy efficiency projects were undertaken, most commonly: switching to energy efficient lighting solutions, implementing or updating heat recuperation from machines and processes, and optimizing heating, ventilation and cooling systems, often using ABB's own technology.



Action plans for improved risk management and performance at facilities in water stressed regions

- 35 facilities developed action plans covering a total of 92 activities, consisting mostly of behavioral and technical solutions.
- The use of water at ABB facilities which introduced water action plans fell by almost 14% from 2011 to 2013.



Develop action plans to reduce the environmental impact of business air travel

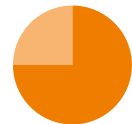
- Emissions from air travel fell by 7.7% year on year.
- Strong increase in number of virtual meetings supported by internal communications campaigns.



2. Provide a healthy, safe, secure and responsible workplace

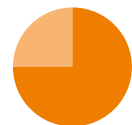
Maintain and improve crisis management, security and human rights capability through training and exercises

- About 500 senior managers in 25 countries were given training to help them ensure the safety and security of employees and contractors in a time of crisis.
- Human rights courses covered about 170 managers in several parts of East Asia and the Middle East. Special training was also provided at a workshop for newly-appointed country managers.



Implement improvement programs through Group and Country consolidated Health Safety and Environment (HSE) plans, training and Business Unit-specific activities

- Further training courses for higher-risk businesses involving use of electricity and working at height driven through businesses and regions.
- Program of safety training and audits across the Service business.
- Workshops on exposure to chemicals, noise, dust, vibration etc.
- Training sessions for travelers to better understand health and safety risks.



3. Drive sustainability performance in the supply chain

Improve sustainability performance in the supply chain through the Supplier Sustainability Development Program (SSDP)

- 150 suppliers audited.
- 19 auditors achieved SSDP lead auditor certification by third party – twice as many as in 2012. More than 400 people trained on Supply Chain Management sustainability awareness program.
- 630 suppliers trained in 2013. Other suppliers benefited from receipt of new supplier sustainability handbook.

