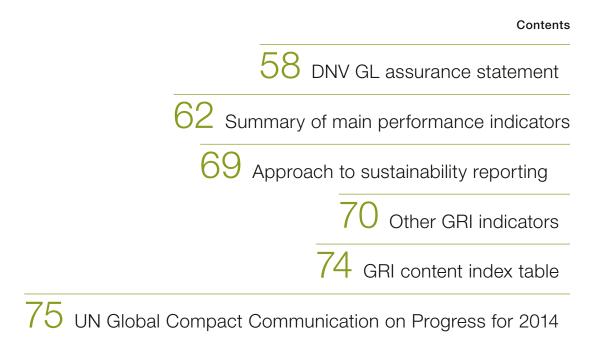
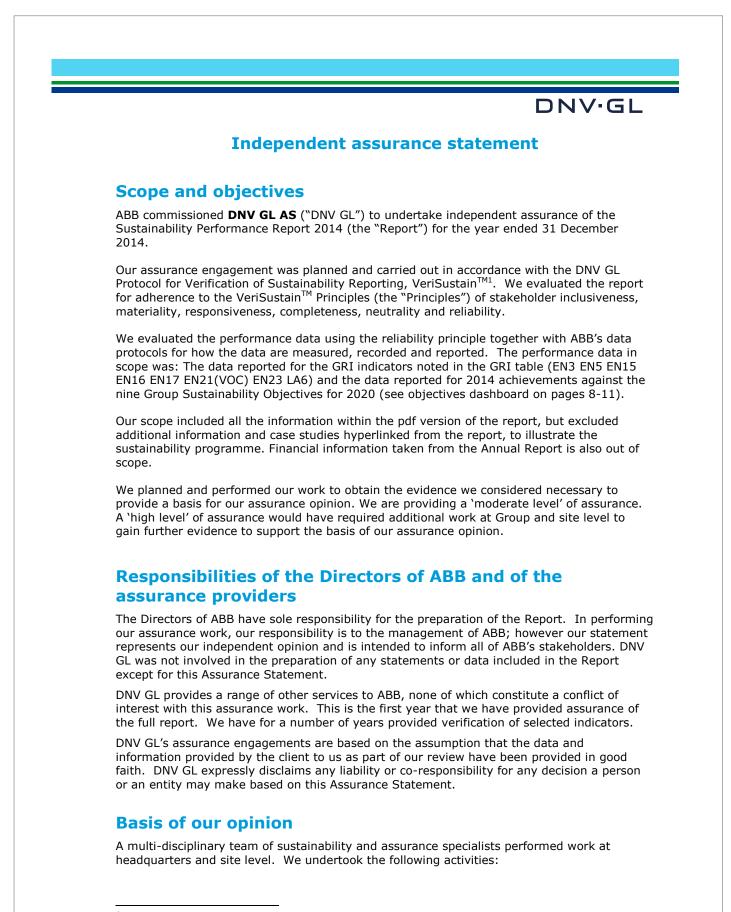
Performance summary





¹ The VeriSustain protocol is available on dnvgl.com



- Review of the current sustainability issues that could affect ABB and are of interest to stakeholders;
- Review of ABB's approach to stakeholder engagement and recent outputs although we had no direct engagement with stakeholders;
- Review of information provided to us by ABB on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the nine Group Sustainability Objectives for 2020. We also interviewed management responsible for sustainability in the USA, Sweden and UK. Management responsible for sustainability in a further 6 countries were asked to complete questionnaires covering material issues and stakeholder engagement in those countries.
- Site visits were conducted in: Ludvika, Sweden; Fort Smith, USA; Jefferson City, USA; Vadodara, India to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites we visited and they were selected on the basis of their materiality to the group for environmental impacts as well as to give a geographical and divisional spread.
- Review of supporting evidence for key claims and data in the report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level.
- Review of the processes at Group level for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe ABB's adherence to the Principles. In terms of reliability of the performance data, with the exception of consolidation of data for lost days, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Observations

Without affecting our assurance opinion we also provide the following observations.

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

ABB has now introduced its nine medium term (2014-2020) Sustainability Objectives. At Group level stakeholder consultation is a key way for seeking feedback on materiality, the Objectives and the 2013 report. We recommend ABB includes more information on issues raised by stakeholders in future reporting. It would also be also valuable to track and disclose key outcomes of any local stakeholder engagement and issues.

ABB should also consider further formalising its stakeholder engagement structure, including for example a stakeholder panel to further integrate stakeholders' views into strategic decision making on an ongoing basis. Furthermore, the basis for selecting stakeholders for engagement could be made clearer.



Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

The review of material issues through the stakeholder consultation has helped increase confidence that ABB is addressing all its material issues. It is likely that the extent to which different material issues are relevant at local level varies across the organisation. We recommend ABB considers providing an overview in future reports, how different issues might be relevant across different parts of the business.

Safety is a core value for ABB. We recommend future reporting describes the results of the "Don't look the other way" initiative, the enhanced systems for knowledge sharing that are under development, as well as any improvements undertaken to increase accuracy of consolidated global data.

Responsiveness

The extent to which an organisation responds to stakeholder issues.

ABB has now started to establish targets and KPIs for its nine Sustainability Objectives. For some targets, including water, personal development plans and certified Health & Safety systems, further work is needed to define specifically how the target will be measured. We recommend that ABB should ensure that all targets and KPIs are measurable and quantitative and represent an appropriate challenge for the organisation.

We welcome the CEO's recognition of the importance of decoupling economic growth from environmental impacts. ABB should disclose how this has been taken into account in the development of targets and KPIs for the nine Sustainability Objectives.

Stakeholder feedback obtained by ABB suggested it should consider reporting on tax and include additional indicators related to integrity and human rights, in addition to training and capacity building. It would also be useful to improve the coverage of information on conflict minerals.

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

ABB's reporting of performance including the disclosure of data is comprehensive. This gives stakeholders confidence that these aspects are managed appropriately. We recommend that ABB review the data included throughout the report as well as the presentation in the dashboard and GRI index as the nine Group Sustainability Objectives and associated KPIs and targets are developed further.

This year ABB has internally improved the basis for calculating scope 2 GHG emissions by using local emission factors rather than a single global emission factor. This is likely to lead to an increase of CO_2 reported. ABB is investigating the implications of the new methodology including any possible impact on previously set targets and baselines. ABB has committed to reporting GHG data using the new methodology next year.

Neutrality

The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone.

ABB reports on the challenges it faced during the year throughout the report. The Energy and Climate, Lowering Impact and Safe and Secure Operations sections outline a number of initiatives underway across the organisation to address these challenges. However, at times

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it remains unclear if these are limited to certain locations or systematically rolled out across the organisation. This makes it difficult for stakeholders to assess their overall impact on overall global performance. ABB should also consider providing additional commentary on positive and negative data trends and how they link to initiatives undertaken.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

ABB has a well-established process for submission and approval of environmental data from its sites to a central database, including an annual training process for data owners. For the environmental data in scope we saw evidence that the central team had undertaken further checks, and in some cases corrected data prior to consolidation. The Group is also intending to replace the existing database in 2016 which should further strengthen the reporting process.

The KPIs relating to the nine Group Sustainability Objectives have been internally developed and we recommend reporting these definitions in future. Where data collection processes have already been established for reporting these KPIs the processes were clearly described by data owners. We recommend ensuring these processes are documented to ensure there is continuity in the absence of key staff. Furthermore we recommend data collection and consolidation is automated as far as possible to reduce the risk of error and to facilitate review.

The data for CO_2 from transport by own fleet is an estimated figure, the basis for which has not been reviewed in the last 5 years. Given the fact this represents around 20% of the Group carbon footprint, we recommend the basis for this estimation is reviewed. Initially this could for example involve measuring emissions for the most significant sites and then extrapolating the data.

There is a process in place in place for reminders to be sent to local sites to input their Health & Safety data to the Global Incident Database (GID) for Group Reporting. However, despite this we noted a number of cases where data reported in the GID were lower than local systems for lost days. In most sites Health & Safety data is recorded on a local system and then the global system is updated. We recommend an additional control is considered to ensure local data is fully entered into the GID.

For and on behalf of DNV GL AS Høvik, Norway March 2015

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Summary of main performance indicators⁽¹⁾

GRI ref. Indicator description	
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	•	2014 data					
Environm	iental	assured	2014	2013	2012	2011	2010
	Materials						
	Phthalates (tons)	✓	258	21	28	47	31
	Brominated flame retardants (tons)	1	1.9	2.9	~0	~0	~0
	Lead in submarine cables (tons)	1	7,842	7,236	5,633	5,725	3,632
	Organic lead in polymers (tons)	1	0.1	0.6	0.9	1.3	52
	Lead in other products (tons), e.g. backup						
	batteries and counterweights in robots	1	1,884	2,601	363	227	265
	Cadmium in industrial batteries (tons)	1	4.4	4.4	5.6	1.6	1.7
	Cadmium in rechargeable batteries (tons)	1	75.1	67.6	6.3	10	5.9
	Cadmium in lead alloy and other uses (tons)	1	6.0	5.7	4.5	4.3	2.9
	Mercury in products (tons)	1	0.071	0.012	0.011	0.030	0.038
	SF6 insulation gas (inflow to ABB facilities) (tons)	1	1,483	1,438	1,139	1,052	968
	SF ₆ insulation gas (outflow to customers) (tons)	1	1,466	1,425	1,118	1,040	959
	No. of transformers with PCB oil in						
	ABB facilities	1	0	1	1	2	3
	No. of capacitors with PCB oil in ABB facilities	✓	0	60	32	0	0
	Mercury in instruments in ABB facilities (tons)	1	0.320	0.371	0.203	0.263	0.422
EN3	Energy consumption (Gigawatt-hours – GWh)						
	Oil (11.63 MWh/ton)	<i>、</i>	85	94	93	92	114
	Diesel (11.75 MWh/ton) ^{a,b}	1	11	0	0	0	0
	Coal (7.56 MWh/ton)	1	0	4	0	0	0
	Gas⁵	1	706	754	556	417	427
	District heat consumption ^{b, c}	1	198	251	219	195	223
	Electricity consumption ^{b, c}	1	1,629	1,705	1,599	1,447	1,335
	Total energy used		2,629	2,808	2,467	2,151	2,099
	Electricity sold ^d	1	2	_			
EN5	Energy intensity (MWh/million USD)			<u>.</u>			
	Megawatt-hours (MWh) per million USD sales	1	66.01	67.10	65.25	59.68	66.45
EN6	Reduction of energy consumption (GWh)°						
			34.4	na	na	na	na

⁽¹⁾ Note that in this table, data for the Thomas & Betts acquisition is included from 2013 onwards. Data for the Baldor acquisition is included from 2012 onwards.

^a Diesel consumption is reported for the first time in 2014.

^b Results for these indicators are based on reported data covering 93 percent of employees in 2014 (85–88 percent in earlier years) plus estimated energy use per employee for the remaining employees. See the Approach to reporting section for more details.

^c ABB Sustainability Performance Reports prior to 2014 included calculated "losses at utilities" for district heat and purchased electricity consumption in total energy consumption. In this report, those loss calculations have been removed for all years shown.

^d Data for electricity sold is reported for the first time in 2014.

^e Data for reduction of energy consumption is reported for the first time in 2014.

GRI ref.	Indicator description						
		2014 data					
		assured	2014	2013	2012	2011	2010
EN8	Water withdrawal (kilotons)						
	Purchased from water companies ^f		4,200	4,400	3,900	3,400	3,300
	Groundwater extracted by ABB		3,100	3,200	3,000	3,200	2,700
	Surface water extracted by ABB		2,800	2,700	2,800	2,600	2,900
	Collection of rain water		<100	<100	<100	<100	<100
	Waste water from external source		<100	<100	<100	<100	<100
	Total water withdrawal		10,100	10,300	9,700	9,200	8,900
EN10	Water recycled and reused						
	Volume of water reused and recycled (kilotons)		5,200	5,900	3,700	3,900	3,000
	As percentage of total water withdrawal (%)		51	57	38	42	34
	Greenhouse gas emissions ⁹						
	(kilotons CO ₂ equivalents)						
EN15	Scope 1						
	CO ₂ from the use of energy	1	169	179	137	109	117
	SF ₆ (in CO ₂ equivalents)	1	372	280	332	263	247
	CO ₂ from transport by own fleet ^h	1	350	350	350	350	350
EN16	Scope 2 ⁱ						
	District heat consumption	1	50	63	55	50	57
	Electricity consumption	1	816	850	802	736	698
EN17	Scope 3						
	Air travel ^{j,k}	1	196	152	171	185	160
	Total greenhouse gas emissions		1,953	1,874	1,847	1,693	1,629
EN18	Greenhouse gas (GHG) emissions intensity						
	(tons CO ₂ equivalents/million USD)						
	Tons CO ₂ equivalents per million USD sales ¹	✓	49.0	44.8	48.9	47.0	51.6
EN21	Emissions of volatile organic compounds (tons)						
	Volatile organic compounds (VOC)	1	1,291	1,210	1,355	810	786
	Chlorinated volatile organic compounds						
	(VOC-CI)		20	20	12	13	
	Emissions of NO _x and SO _x (tons SO ₂ and NO ₂)						
	SOx from burning coal		0	3	0	0	C
	SOx from burning oil		65	69	69	68	84
	NOx from burning coal		0	2	0	0	C
	NOx from burning oil		49	52	52	51	63
	NOx from burning gas		126	163	120	90	92

¹Results for this indicator are based on reported data covering 93 percent of employees in 2014 (85–88 percent in earlier years) plus estimated water purchased per employee for the remaining employees. See the Approach to reporting section for more details.

⁹ See Approach to sustainability reporting chapter for more details on GHG emission calculation.

h Estimated data.

¹GHG emissions from district heat consumption and electricity consumption includes a factor for losses at utilities. ¹The air travel indicator includes data from ABB China and Thomas & Betts for the first time in 2014.

* 2013 data for air travel is calculated using the emission factors published by UK Department of Environment, Food and Rural Affairs (DEFRA in its "2012 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting. Data from 2012 and 2011 were calculated using emission factors provided by DEFRA in its 2002 Guidelines. Use of the 2012 factors gives a slightly lower total. For comparison, ABB's air travel emissions for 2012 calculated using the 2012 emission factors = 165 kton CO₂ equivalent. 2012 data does not include GHG emissions or revenues from Thomas & Betts activities. 2011 data does not include GHG emissions or revenues from Baldor activities.

GRI ref.	Indicator description							
		2014 data assured	2014	2013	2012	2011	2010	
EN22	Water discharge by quality and							
	destination (kilotons) [™]							
	Public sewer		3,000	3,600	2,800	na	na	
	treated (percentage)		30%	31%	29%	na	na	
	untreated (percentage)		70%	69%	71%	na	na	
	Recipient		2,900	2,300	2,000	na	na	
	treated (percentage)		90%	87%	45%	na	na	
	untreated (percentage)		10%	13%	55%	na	na	
	Hazardous treatment company		400	500	500	na	na	
	treated (percentage)		75%	60%	80%	na	na	
	untreated (percentage)		25%	40%	20%	na	na	
	External use		<100	<100	0	na	na	
	treated (percentage)		50%	50%	0%	na	na	
	untreated (percentage)		50%	50%	0%	na	na	
EN23	Waste (kilotons)							
	Scrap metal recycled	1	162	185	150	97	135	
	Non-hazardous waste recycled ⁿ	<i>s</i>	49	52	41	39	44	
	Non-hazardous waste sent for disposal ⁿ	1	44	50	43	45	38	
	Hazardous waste recycled°	1	5	5	0	0	0	
	Hazardous waste sent for disposal ^o	<i>,</i>	13	9	12	9	9	
EN24	Numbers of significant spills							
	Oil spills		7	13	6	5	4	
	Chemical spills		0	0	0	0	0	
	Emissions to air		3	3	5	4	0	
	Others		0	4	0	0	3	
	Total number of significant spills		10	20	11	9	7	

^m Data is not available in this form for 2010 and 2011. ⁿ Results for these indicators are based on reported data covering 93 percent of employees in 2014 (85–88 percent in earlier years) plus estimated data per employee for the remaining employees. See the Approach to reporting section for more details.

° Hazardous waste as classified in country where it is generated.

GRI ref.	Indicator description						
		2014 data					
Social		assured	2014	2013	2012	2011	2010
LA1	Total number and rates of new employee hires						
	and employee turnover						
	Total workforce by region (ABB employees)						
	Europe		63,000	65,000	64,000		58,800
	The Americas		32,200	34,400	34,400	25,900	17,700
	Asia		37,100	39,400	38,300	37,400	30,900
	Middle East and Africa		8,100	8,900	9,400	10,000	9,100
	Total		140,400	147,700	146,100	133,600	116,500
	Employee turnover						
	Turnover of all employees ^p						
	Europe		5,877 9%	5,387 9%	5,083 8%	5,712 10%	6,351 11%
	The Americas		5,379 17%	4,760 14%	3,689 14%	2,823 15%	2,567 16%
	Asia		4,747 13%	4,681 13%	4,149 12%	4,615 13%	4,346 14%
	Middle East and Africa		954 17%	853 14%	911 15%	854 14%	463 8%
	Total employee turnover: ABB Group		16,957 12%	15,681 11%	13,832 11%		13,727 12%
	Turnover of all female employees ^p		· · · · · · · · · · · · · · · · · · ·				
	Europe		1,370 2%	1,217 2%	1,218 2%	1,364 2%	1,407 2%
	The Americas		1,307 4%	1,026 3%	676 3%	531 3%	631 4%
	Asia		1,177 3%	1,261 3%	1,023 3%		
	Middle East and Africa		134 2%	97 2%	70 1%	•••••	51 <1%
	Total female employee turnover: ABB Group		3,882 3%	3,601 3%			3,149 3%
	Employee hires						
	Hires of all employees ^{p,q}		0.405.40%	0.000 10%	0.700 440/	0.500 440/	
			6,195 10%	6,086 10%			na na
	The Americas		4,142 13%	4,246 12%	4,034 15%		na na
	Asia		3,687 10%	3,777 10%	3,193 9%		na na
	Middle East and Africa		1,806 32%	1,442 24%	,		na na
	Total employee hires: ABB Group		15,830 12%	15,551 11%	16,702 13%	19,870 17%	na na
	Hires of all female employees ^{p.q}						
	Europe		1,597 3%	1,453 2%	1,590 3%	1,493 3%	na na
	The Americas		1,010 3%	971 3%	821 3%	854 4%	na na
	Asia		1,135 3%	1,301 4%	940 3%	1,486 4%	na na
	Middle East and Africa		173 3%	166 3%	273 4%	380 6%	na na
	Total female employee hires: ABB Group		3,915 3%	3,891 3%	3,624 3%	4,213 4%	na na

^p Includes part-time employees. Turnover rate calculated as number of ABB employees (full- and part-time) leaving during the year/total number of ABB employees (full- and part-time) as at 31 December. For the purpose of this calculation, employees who leave the organization voluntarily or involuntarily whether due to dismissal, restructuring, retirement, or death in service or any other reason, are included. However, involuntary turnover arising out of divestments is excluded from the definition.
^q Data for employee hires was not collected in 2010.

GRI ref.	Indicator description						
		2014 data					
		assured	2014	2013'	2012 ^s	2011	2010
LA6	Occupational health and safety: Injuries, lost						
	days, diseases and fatalities						
	Employee work-related fatalities	·	1	0	1	0	
	Incident rate		0.01	0	0.01	0	0.01
	Employee business travel fatalities	· · · · · · · · · · · · · · · · · · ·	0	0	1	0	2
	Incident rate	✓	0	0	0.01	0	0.02
	Contractor work-related fatalities	✓	2	7	2	0	2
	Contractor business travel fatalities	· · · · · · · · · · · · · · · · · · ·	0	0	0	0	0
	Members of the public fatalities	· · · · · · · · · · · · · · · · · · ·	0	1	0	0	0
	Employee total recordable incident number ^t	<i>✓</i>	1,500	1,664	1,750	1,505	1,426
	Incident rate ^t	1	9.95	10.94	13.04	13.17	13.48
	Contractor total recordable incident number ^t	1	333	310	348	307	258
	Incident rate ^t	1	7.76	7.52	8.21	7.47	7.00
	Employee lost time incident number ^t	1	652	686	683	722	761
	Incident rate ^t	1	4.34	4.70	4.80	5.70	6.80
	Contractor lost time incident numbert	1	200	158	159	148	120
	Incident rate ^t	1	4.65	3.83	3.76	3.60	3.25
	Employee lost days due to industrial incidents	1	8,415	10,591	10,345	9,478	8,362
	Lost day rate	1	55.220	77.500	74.640	69.560	66.370
	Employee occupational health diseases	1	17	10	10	7	13
	Employee occupational health disease rate	1	0.11	0.14	0.07	0.06	0.05
	Data by region ^u						
	Employee work-related fatalities			_	_	_	
	Europe	1	0		-	-	-
	The Americas	1	0		-	_	
	Asia	1	0			-	
	Middle East and Africa	<i>,</i>	1	-			
	Employee business travel fatalities	•••••••••••••••••••••••••••••••••••••••					
•••••	Europe	✓ →	0				
	The Americas	· · · · · · · · · · · · · · · · · · ·	0				
	Asia	······································	0				
	Middle East and Africa		0	······	······	······	
		••••••	0		_		
	Contractor work-related fatalities						
	Europe	1	0	_	-	-	-
	The Americas	1	0	_		-	-
	Asia	1	0	-	-	-	-
	Middle East and Africa	1	2	_	_	_	_

^r Data from Thomas & Betts, a company acquired by ABB during 2012, does not include contractors.
 ^a This data does not include incidents from Thomas & Betts, a company acquired by ABB during 2012.
 ^t Data includes incidents that happened at workplace (ABB facility, customer site, project site).
 ^u Data by region reported for the first time in 2014.

GRI ref.	Indicator description						
		2014 data assured	2014	2013	2012	2011	201
	Contractor business travel fatalities	assured	2014	2010	2012	2011	201
	Europe		0			_	·····
•••••	The Americas		· · · · · · · · · · · · · · · · · · ·	······		<u>-</u>	
			0				
	Asia Middle Feet and Africa	···· · · · · · · · · · · · · · · · · ·	0		_	_	·····
	Middle East and Africa	<i></i>	0				
	Employee total recordable incident rate ¹	•••••	· · · · · · · · · · · · · · · · · · ·	•••••			
	Europe	1	11.32	-	–	–	
	The Americas	<i>,</i>	14.80		_	_	
	Asia	1	4.39	_	_	_	·····
	Middle East and Africa	<i>_</i>	3.43	_	_	_	······
			0110				
	Contractor total recordable incident rate ^t		•••••			•••••	
	Europe	<i>✓</i>	18.41	-	_	_	
	The Americas	<i>,</i>	13.39	_	_	_	
••••	Asia	1	2.59		_	_	
	Middle East and Africa		3.66		_	_	·····
			0.00				
	Employee lost time incident rate [†]						
	Europe	<i>s</i>	6.48	-	-	-	
	The Americas	<i>s</i>	4.03	-	-	-	
	Asia	√	1.15	–	-	-	
	Middle East and Africa	J	1.36	_	-	-	
	• • • • • • • • • • • • • • • • • • •		••••••				
	Contractor lost time incident rate ^t						
	Europe	<i>√</i>	12.79				
•••••	The Americas	<i>√</i>	8.23				
	Asia	<i></i>	0.65				
	Middle East and Africa	<u> </u>	1.74		-	-	
••••••	Employee lost day rate						•••••
		✓ ✓	75.73		_	_	
	Europe The Americas	······································	64.55	·····-	·····-		•••••
	•••••••••••••••••••••••••••••••••••••••	····· • · · · · · · · · · · · · · · · ·	•••••				
•••••	Asia	••••	20.5				•••••
	Middle East and Africa	·····	13.76	-			
	Employee occupational health disease rate						
	Europe	1	0.19		_	_	•••••••••••••••••••••••••••••••••••••••
	The Americas	1	0.11			_	
	Asia	· · · · · · · · · · · · · · · · · · ·	0		_		
•••••	Middle East and Africa	······································	0		•••••	••••	

^t Data includes incidents that happened at workplace (ABB facility, customer site, project site).

GRI ref.	Indicator description						
		2014 data	0014	0010	0010	0011	0010
	Allow offerentiation to a fee	assured	2014	2013	2012	2011	2010
HR3	Non-discrimination						
	Total number of incidents of discrimination	• • • • • • • • • • • • • • • • • • • •	1	1	2	5	6
	Total number of incidents of harassment	• ••••••	10	10	13	32	18
SO6	Public policy						
	Financial and in-kind political contributions	•••••••••••••••••••••••••••••••••••••••	\$13,000	0	\$30,000	\$500	\$9,000
LA9	Training and education						
	Training per year per employee (average hours)						
	Brazil		20	25	27	25	26
	Canada	•••••••••••••••••••••••	20	18	22	21	21
	China	• • • • • • • • • • • • • • • • • • • •	26	27	31	34	40
	Finland	• • • • • • • • • • • • • • • • • • • •	19	18	14	13	13
• • • • • • • • • • • • • • • • • • •	Germany		18	16	16	16	16
	India	• • • • • • • • • • • • • • • • • • • •	12	12	18	5	4
	Italy	•••••••••••••••••••••••••••••••••••••••	12		16		
•••••	Sweden	•••••••••••••••••••••••••••••••••••••••	12	10	10	12	10
	Switzerland		· · · · · · · · · · · · · · · · · · ·	20			
	USA	• • • • • • • • • • • • • • • • • • • •	16 32	28	24	17 25	20 25
LA12	Diversity and equal opportunity						
	Composition of governance bodies						
	Board of Directors						
	Women in Board (percentage)		13%	13%	13%	13%	0%
	Age group diversity total (percentage)						
	<30 years old		0%	0%	0%	0%	0%
	30-50 years old		0%	0%	0%	0%	0%
	>50 years old		100%	100%	100%	100%	100%
	Number of nationalities total	· · · · · · · · · · · · · · · · · · ·	7	7	7	7	6
	Executive Committee						·····
	Women in Executive Committee (percentage)		9%	9%	8%	9%	10%
	Age group diversity total (percentage)	• • • • • • • • • • • • • • • • • • • •	070	0,0		070	1070
	<30 years old		0%	0%	0%	0%	0%
	30-50 years old		36%	45%	25%	27%	30%
			• • • • • • • • • • • • • • • • • • • •			• • • • • • • • • • • • • • • • • • • •	•••••
	>50 years old	• • • • • • • • • • • • • • • • • • • •	64%	55%	75%	73%	70%
	Number of nationalities total		8	8	8	8	8

Approach to sustainability reporting

Reporting boundaries

We aim to cover all ABB Group companies in our formal sustainability reporting system, including wholly-owned subsidiaries and majority-owned joint ventures worldwide. In 2014, our environmental and social reporting did not cover ABB Technologies Ltd., Haifa or ABB Ltd., Kiev. A full list of direct and indirect subsidiaries is shown in our Annual Report 2014.

Entities acquired during 2013 – Power-One, Newron, ELBI Elektrik, Los Gatos and Dynamotive – are now integrated into this system. Integration of companies acquired during 2014 is continuing and data collection for environmental parameters, health and safety and corporate responsibility will be implemented during 2015.

During 2014, we divested several businesses – the HVAC and Steel Structures businesses of Thomas & Betts, the Power Solutions business of Power-One and the Business Unit Full Service. As the Full Service transaction closed on December 30, we include the results from that business in this report; results from the other divested businesses were not collected for 2014.

We use three online 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 manufacturing and service site and the majority of office locations; a monthly health and safety report from every country, which consolidates inputs from all entities in the respective country.

Data in this report relating to social performance covers approximately 98 percent of ABB employees, whereas data relating to environmental performance was sourced from more than 570 ABB sites and offices, covering approximately 93 percent of employees. The environmental performance of the remaining employees, located in non-manufacturing entities without significant impacts, is covered by estimated data for energy, water and waste parameters. The estimation factors used for 2014 are as follows

	Unit	Factor
Electricity consumption	MWh/employee	2.8
District heat consumption	MWh/employee	1.5
Gas consumption*	MWh/employee	0.6
Water purchased from utilities	tons/employee	13.9
General waste sent for disposal	tons/employee	0.08
General waste sent for recycling	tons/employee	0.03
* In the Sustainability Report 2013, we in gas consumption as 5.1 MWh/employe employee.	, ,	

Calculation of energy and greenhouse gas data

During 2014, we updated our method for calculating greenhouse gas emissions (GHG). For purchased electricity and district heat, we have obtained local CO_2 emission factors from suppliers. Where those factors were not available, we have sourced factors from the IEA CO_2 Emissions from Fuel Combustion, 2013. Fuel emission factors are sourced from the GHG Protocol's Emission Factors from Cross Sector Tools (April 2014).

We will report GHG emissions according to this new methodology starting with our 2015 Sustainability Performance Report.

The 2014 energy and GHG data contained in this report are calculated according to our previous methodology, using global GHG emission factors. NOTE that we have discontinued calculating "losses at utilities" for purchased electricity and district heat and have removed those values from the 2010–2013 energy data reported here.

Assurance process

ABB believes in the importance of independent external assurance to enhance the credibility of our sustainability report. The independent assurance provider DNV GL have provided assurance of environmental and social performance indicators, as shown in the Summary of performance indicators table, and have reviewed key data and claims in the report and the data reported against our Sustainability Objectives 2014–2020. Their statement appears on page 58 of this report.

Environment

EN24 Numbers of significant spills

The spills identified in the Summary of main performance indicators table were disclosed as incidents without "material environmental impact" in ABB's Form 20-F for fiscal year ended December 31, 2014.

EN29 Significant fines for non-compliance

ABB did not pay any significant fines for non-compliance with environmental laws and regulations in 2014.

EN31 Environmental protection expenditures

Combined costs of remediation and corrective actions to address the spills reported under EN24 were approximately \$340,000.

EN32 Percentage of new suppliers that were screened using environmental criteria

All new suppliers are required to agree to ABB's Supplier Code of Conduct which emphasizes environmental management and material compliance among other issues. ABB applies a further checklist (part of the Achilles pre-qualification process) for key suppliers above a certain threshold, which includes questions on environmental management.

EN34 Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanism.

ABB has a number of formal grievance mechanisms, including a third-party run Business Ethics hotline available round the clock to internal and external stakeholders, and an Ombuds Program, where employees can report concerns, if they wish, confidentially.

Labor practices

LA2 Benefits provided to employees

ABB, as a multinational organization with operations in around 100 countries, has difficulty in providing meaningful information for this indicator. ABB provides competitive salaries and benefits to employees, taking legal requirements into account and benchmarking against other companies. In view of the different legal requirements from country to country, and the adverse cost-benefit ratio in producing this information, ABB has decided not to report against this GRI indicator.

LA3 Return to work and retention rates after parental leave

Almost 3,460 employees took parental leave in 2014, around half of whom were women. Following completion of parental leave, 136 employees – around 4 percent – did not return to work. Women accounted for 90 percent of those not returning.

LA4 Minimum notice periods regarding significant operational changes

ABB is not in a position to provide Group-wide aggregated information, as the figures vary from country to country depending on local regulations. For the 27 countries of the European Union, ABB is represented on the EU's European Works Council where such matters are discussed.

LA5 Employees covered by collective bargaining agreements

The proportion of our employees that are represented by labor unions or are the subject of collective bargaining agreements varies based on the labor practices of each country in which we operate. Collective bargaining agreements are subject to various regulatory requirements and are renegotiated on a regular basis in the normal course of business.

LA8 Health and safety topics covered in formal agreements with trade unions

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.

LA14 Percentage of new suppliers that were screened using labor practices criteria

All new suppliers are required to agree to ABB's Supplier Code of Conduct which emphasizes human rights and fair labor conditions among other issues. ABB applies a further checklist (part of the Achilles pre-qualification process) for key suppliers above a certain threshold, which includes questions on labor conditions.

LA16 Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanism.

ABB has a number of formal grievance mechanisms, including a third-party run Business Ethics hotline available round the clock to internal and external stakeholders, and an Ombuds Program, where employees can report concerns, if they wish, confidentially. Figures are available for cases of discrimination and harassment (HR 4).

Human rights

HR1 Significant investment agreements that include Human Rights

ABB maintains and regularly reviews a list of sensitive countries where it has, or considers engaging in, business operations. Human rights, as well as legal, financial and security criteria, are included in risk assessments, and are among the factors in deciding whether ABB does business in a particular country.

Based partly or wholly on human rights considerations, ABB has not taken any business in Sudan or North Korea for several years.

HR3 Non-discrimination violations

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. There were 10 substantiated cases of harassment and one of discrimination in 2014, resulting in five terminations, and a range of other measures, including formal warnings, counseling and further training.

HR4, HR5, HR6, Operations at risk: Freedom of association and collective bargaining, child labor, forced or compulsory labor

There were no ABB operations identified during 2014 to be at significant risk concerning employee rights to freedom of association and collective bargaining, incidents of child labor, or incidents of forced or compulsory labor.

HR7 Training of security personnel in human right

ABB recognizes the importance of training security personnel, as well as ABB country and regional managers, on the human rights dimensions of security work. It has been part of general security training in different parts of the world for several years. As far as security personnel are concerned, ABB recognizes it is essential that they observe human rights. We require due diligence to be carried out on security companies according to ABB and international standards. In 2014, internal checklists for security providers were strengthened, and clauses on human rights were introduced into new contracts with private security providers. The wording is drawn from the Voluntary Principles on Security and Human Rights and the International Code of Conduct for private security providers.

HR8 Indigenous rights violations

All countries in ABB's sustainability management program are asked to report any incidents of indigenous rights violations. No such incidents were reported in 2014.

HR9 Percentage of total number of operations that have been subject to human rights reviews and/or impact assessments

This data is not available. ABB is involved as a supplier in thousands of projects worldwide each year. Depending on the scope and size of the project – such as larger power infrastructure projects – some will require at least an Environmental and Social Impact Assessment performed by the customer. The data is currently not consolidated by ABB.

HR10 Percentage of new suppliers that were screened using human rights criteria

All new suppliers are required to agree to ABB's Supplier Code of Conduct which emphasizes labor and human rights among other issues. ABB applies a further checklist (part of the Achilles pre-qualification process) for key suppliers above a certain threshold, which includes questions on human rights.

HR11 Human rights impacts in the supply chain and actions taken

All new suppliers are required to commit to ABB's Supplier Code of Conduct which emphasizes labor and human rights among other issues. ABB is also using a supplier self-evaluation checklist (part of the Achilles pre-qualification process) for key suppliers, which includes questions on human rights. This is supplemented by a contractual obligation on suppliers to deliver goods or services in accordance with the ABB Supplier Code of Conduct. There is also an annual supplier performance evaluation on ABB's key suppliers, which includes an evaluation criterion relating to labor and human rights. A total of 7,132 evaluations were carried out in 2014. In addition, more focused assessments are carried out on key suppliers in high risk countries under the Supplier Sustainability Development Program, and corrective action plans and timelines are then agreed with suppliers. ABB publishes a list of the 10 most frequent issues discovered during assessments (see Responsible sourcing chapter for more information). In 2014, ABB found no evidence of child or forced labor in the supply chain.

HR12 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism.

ABB has a number of formal grievance mechanisms, including a third-party run Business Ethics hotline available round the clock to internal and external stakeholders, and an Ombuds Program, where employees can report concerns, if they wish, confidentially. Figures are available for cases of discrimination and harassment (HR 4).

Society

SO4 Employees trained in anti-corruption procedures

Substantially all employees have completed training on ABB's Code of Conduct, including anti-corruption. During 2014 we rolled out a new, mandatory on-line learning on "Global anti-bribery: Don't look the other way". At the end of 2014 the completion rate was nearly 93 percent for employees with an email address. Regular and wide-ranging communications activities ensure that employees in every location are fully aware of ABB's commitment to integrity and of the consequences of unethical action. These activities include publication of cases of consequence, integrity updates, "What Should I do?" (Q&A), video messages, newsletters and blog discussions.

SO5 Actions taken in response to corruption

ABB applies a strict zero tolerance policy to combat corruption payments. Every incident is sanctioned, and may include termination of employment. In 2014 ABB identified four incidents of corruption of a government official. During the year three employees were dismissed.

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 2014, ABB Inc. in the United States made employee-raised donations through its Political Action Committee for a total amount of \$13,000. These donations have been vetted as part of ABB's approval process. In addition they have been disclosed/lodged with the relevant government authority in 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.

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 2014. 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.

Product responsibility PR1 Health and safety impacts of our products

ABB products generally help improve users' health and safety. They do this, for example, by improving industrial environments (automation control products), reducing exposure to aggressive, repetitive or hazardous operations (robotics), and reducing potential explosions, fire risks and oil pollution (oil-free capacitors and cables). Products with a potentially negative impact are those that could contribute to global warming (leak of SF₆ gas from substations), require deforestation and present a visual impact (transmission lines), cause losses of energy (most electrical products), or cause electrocution if misused.

Development of products is guided by the ABB Gate Model, which includes a mandatory Health, Safety and Environment checklist.

PR2 Number of non-compliance incidents relating to product and services health and safety

All countries in ABB's sustainability management program are asked to give details of any non-compliance incidents, including those concerning health and safety impacts of products and services. One incident of non-compliance with safety regulations resulting in a fine was reported for 2014.

PR3 Product and service information

ABB's goal is to produce Environmental Product Declarations (EPDs) for our core products. They describe and quantify the environmental impact and performance of ABB products through every phase of their life cycles, covering raw material extraction, component manufacture, transportation and use over their full operating lifetime. They can also contain recovery, recycling and disposal instructions for when the product has completed its useful life. The EPDs are published on ABB's website and help customers to select products that will improve their own environmental performance. ABB also engages with customers with particular reporting needs, to ensure clarity and completeness of environmental data.

PR4 Non-compliance concerning product information and labeling

During 2014, ABB received one complaint related to product information or labeling. This was resolved with the payment of a penalty.

PR7 Non-compliance concerning marketing communications

This is not an issue for ABB, which works in the field of advanced technologies and does not supply to the consumer product market.

PR8 Complaints regarding breaches of customer privacy No complaints regarding breaches of customer privacy were received during 2014.

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

No significant fines were levied against the company during 2014 for non-compliance related to products and services.

Economic

EC3 Benefit plan obligations EC4 Government financial assistance EC5 Wage level ratios

EC6 Local hiring procedures

As a multinational organization with operations on approximately 550 sites in more than 100 countries, ABB has difficulty in selecting appropriate countries and providing meaningful information for these indicators. In view of the adverse cost-benefit ratio in producing this information, ABB has decided not to report against these GRI economic performance indicators for the time being.

GRI content index table¹

General Standard Disclosures

Reference chapter in this report
Sustainability is part of our growth strategy (CEO letter)
ABB in summary, This is ABB, Governance and material issues, Stakeholder engagement,
Human rights, Responsible sourcing
Governance and material issues, Approach to sustainability reporting
stakeholder engagement, Governance and material issues
Approach to sustainability reporting
Governance and material issues

Specific Standard Disclosures

GRI category and aspect	ABB material issue	Reference chapter in this report
Economic		
Economic performance Procurement practices	Products and services Responsible sourcing, Right materials	This is ABB, Products and services Responsible sourcing, Resource efficiency
Environmental		
Materials	Right materials, Resource efficiency	Resource efficiency, Summary of main performance indicators
Energy	Energy efficiency and climate change, Products and services	Energy efficiency, renewable energy and climate, Products and services, Summary of main performance indicators
Water, Effluent and waste	Resource efficiency	Resource efficiency, Summary of main performance indicators, Other GRI indicators
Emissions	Energy efficiency and climate change, Resource efficiency	Energy efficiency, renewable energy and climate, Resource efficiency, Summary of main performance indicators
Products and services	Products and services, Resource efficiency	Products and services, Resource efficiency
Supplier environmental assessment	Responsible sourcing	Responsible sourcing, Other GRI indicators
Social		
Labor practices and decent work		
Employment, Labor/Management relations	Developing our people, Human rights	Our people, Human rights, Summary of main performance indicators, Other GRI indicators
Occupational health and safety	Safe and secure operations	Safe and secure operations, Summary of main performance indicators, Other GRI indicators
Training and education, Diversity and equal opportunity, Equal remuneration for women and men	Developing our people	Our people, Summary of main performance indicators, Other GRI indicators
Supplier assessments for labor practices	Responsible sourcing	Responsible sourcing, Other GRI indicators
Labor practices grievance mechanisms	Developing our people, Integrity, Human rights	Our people, Governance, Human rights, Other GRI indicators
Human rights Investment, Non-discrimination, Child labor, Forced or compulsory labor, Indigenous rights, Assessment	Human rights	Human rights, Other GRI indicators
Security practices	Human rights, Safe and secure operations	Human rights, Safe and secure operations, Other GRI indicators
Supplier human rights assessment Human rights grievance mechanisms	Human rights, Responsible sourcing Human rights, Integrity	Human rights, Responsible sourcing, Other GRI indicators Human rights, Governance, Other GRI indicators
Society Local communities	Stakeholder engagement	Stakeholder engagement
Anti-corruption, Anti-competitive behavior, Compliance	Integrity	Governance, Other GRI indicators
Public policy	Integrity, Stakeholder engagement	Governance, Stakeholder engagement, Other GRI indicators
Product responsibility		
Customer health and safety	Products and services, Right materials	Products and services, Resource efficiency, Other GRI indicators
Product and service labelling	Products and services, Stakeholder engagement	Products and services, Stakeholder engagement, Other GRI indicators

UN Global Compact Communication on Progress for 2014

The company

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

Statement of support

Ulrich Spiesshofer, ABB Chief Executive Officer

"ABB is a long-standing and active member of the UN Global Compact, joining the organization in 2000, and we remain committed to its principles and goals. ABB's sustainability objectives reflect the Global Compact's ten principles, covering environmental, human rights and labor issues, and integrity among other issues. We are working to ensure the Global Compact's initiatives and principles reach a wider audience, both within ABB and externally, and as part of our ongoing commitment, we are involved in a number of focused initiatives such as the Human Rights and Labor Working Group, as well as local networks."

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. Statement updated in 2013.
- Further work to embed human rights into business decision-making processes, including risk review for projects.
 Human rights considerations integrated in supply chain questionnaire, the Supplier Code of Conduct which was updated in 2013, and the mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities.
- Global human rights training program for senior managers continued in 2014 with several courses delivered in Europe and southern Africa. The awarenessraising program has now been delivered in 15 countries; in some countries such as India and China it has been carried out in several locations. 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 continued in 2014 with the focus on country sustainability specialists. A network of internal specialists was launched towards the end of 2014. An e-learning human rights module will be launched in early 2015.

 Active participation in international meetings, organizations and workshops seeking to promote business awareness and respect for human rights. In 2014, ABB was an active participant or attended a series of events in several parts of Europe and the United States.

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 2014 with internal training in Europe and southern Africa. Target group as above in Principle 1. Central to all such trainings is the issue of potential complicity.
- Ongoing work to understand and limit ABB exposure to Conflict Minerals, as defined by section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- In-depth due diligence carried out on several proposed projects and business partners to avoid potential complicity.

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 2014.
- 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 2014.
- The principle of "no forced or compulsory labor" is included in ABB's Supplier Code of Conduct and a 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 175 audits of suppliers were carried out in 2014, and no violations 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 10 substantiated cases of harassment and one of discrimination in 2014, resulting in five terminations, 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 and comply with national legislation.

Environment

Principle 7: Business should support a precautionary approach to environmental challenges

- Environmental considerations mandatory in the ABB 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.
- Group-wide list of prohibited substances for products and processes is continually reviewed and updated. The phasing out of hazardous substances is part of ABB sustainability objectives.
- ABB continuing its internal energy efficiency program, with target to reduce energy use by 20 percent by 2020, and increase focus on resource efficiency (namely improve materials and water use, and reduce waste)
- Environmental experts at country and Group level provide 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 a strengthened protocol for auditing of suppliers' environmental performance, auditing a further 175 suppliers during 2014.
- ABB's ongoing Access to Electricity rural electrification programs in India and Tanzania.

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.
- 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 is continually reviewed and updated. 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. The health, safety and environment checklist for the GATE model was strengthened during 2014.

Anti-corruption

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

- Covered by ABB Group Code of Conduct, the ABB Supplier Code of Conduct, Principle 4 of ABB Human Rights Policy, and Principle 13 of Social Policy.
- Underpinned by zero tolerance policy on non-compliance.
- During the second quarter of 2014, ABB rolled out a new global anti-bribery elearning module to over 100,000 employees across ABB Group. The completion status at year-end was over 92 percent.
- 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 about 80 Ombudspersons in over 50 countries.
- As part of the anti-corruption program, ABB continued to carry out several additional training and communication initiatives in 2014, focusing on company leadership and middle management, and including new Code of Conduct and anti-bribery e-Learning, integrity films and case studies published on the intranet, and proactive action such as a global Integrity survey and anti-bribery compliance reviews of ABB units around the world.
- ABB was recognized as one of The World's Most Ethical Companies by the Ethisphere Institute in 2014. The NYSE Governance Services reviewed ABB's integrity program in 2014 and, as a result, ABB will once again be recognized with the Ethisphere Anti-corruption Program Verification and Compliance Leader Verification seals in 2015 and 2016.
- ABB is one of the founding members of Ethics and Compliance Switzerland (ECS; May 2014). ECS promotes the development of a compliance community across all sectors and organizations in Switzerland and the establishment and sharing of compliance best practices. It is the first NGO in Switzerland connecting private and public sector organizations and their officers and employees who share an interest in best practice on integrity and compliance management.