



Exane 2nd SRI Conference in Paris – November 26, 2014

Sustainability at ABB

Adam Roscoe, Head of Sustainability Affairs

Ron Popper, Head of Corporate Responsibility

Agenda

ABB: well positioned in attractive markets

Sustainability overview

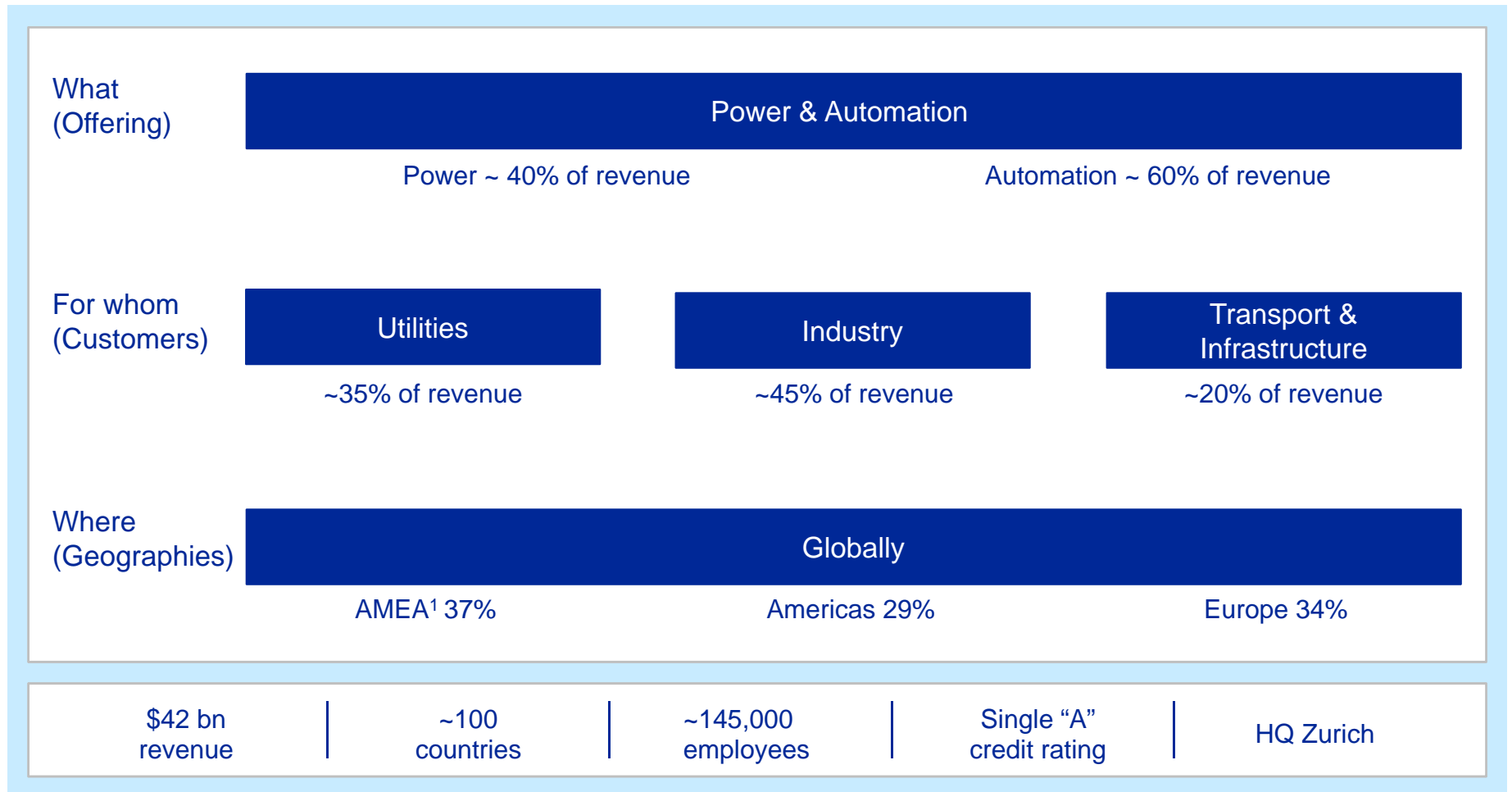
Resource efficiency

Sustainability risk management

Ethics and integrity

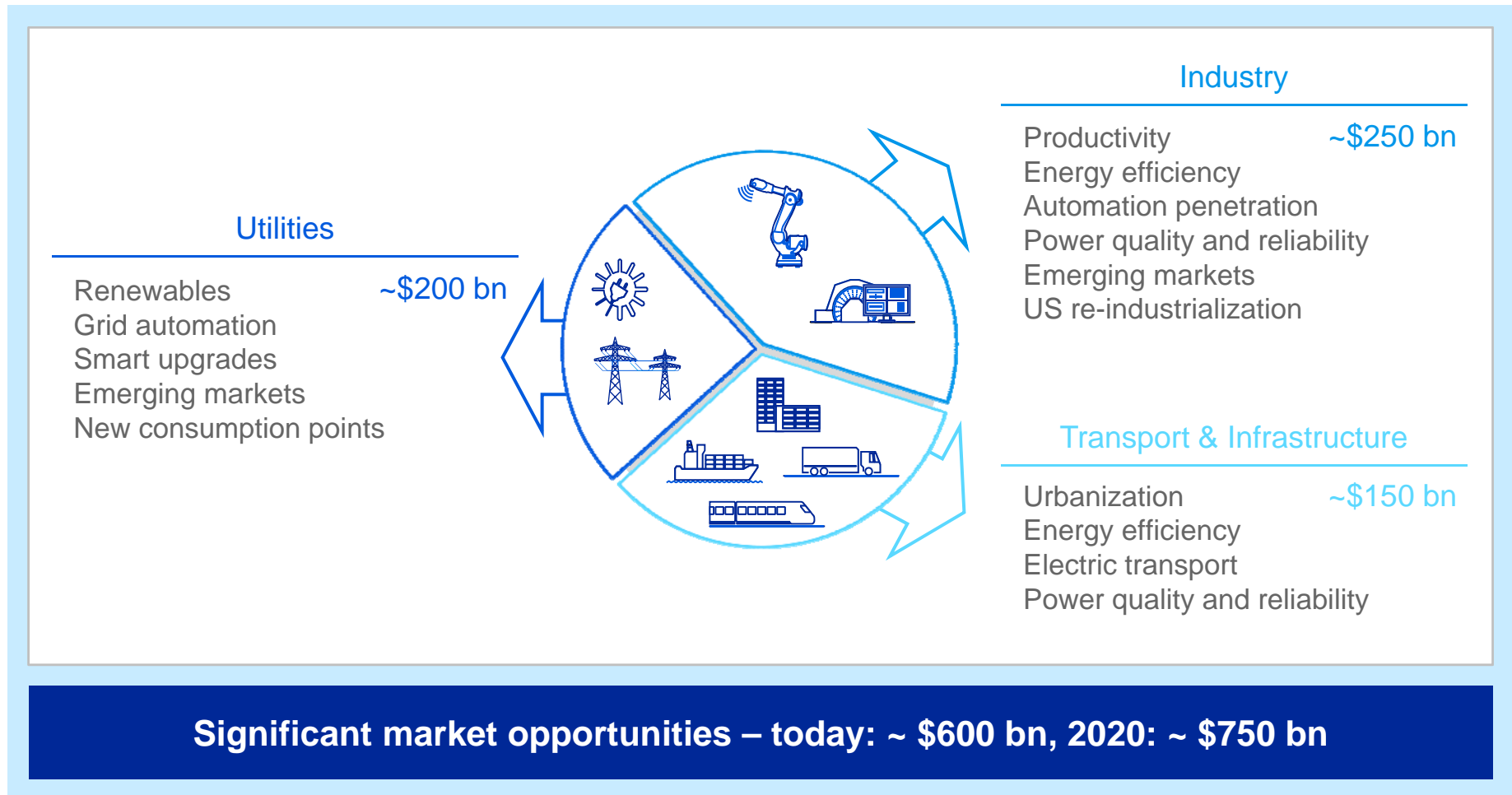
Well positioned in attractive markets

ABB today






Well positioned in attractive markets

Power & automation demand drivers in three customer segments



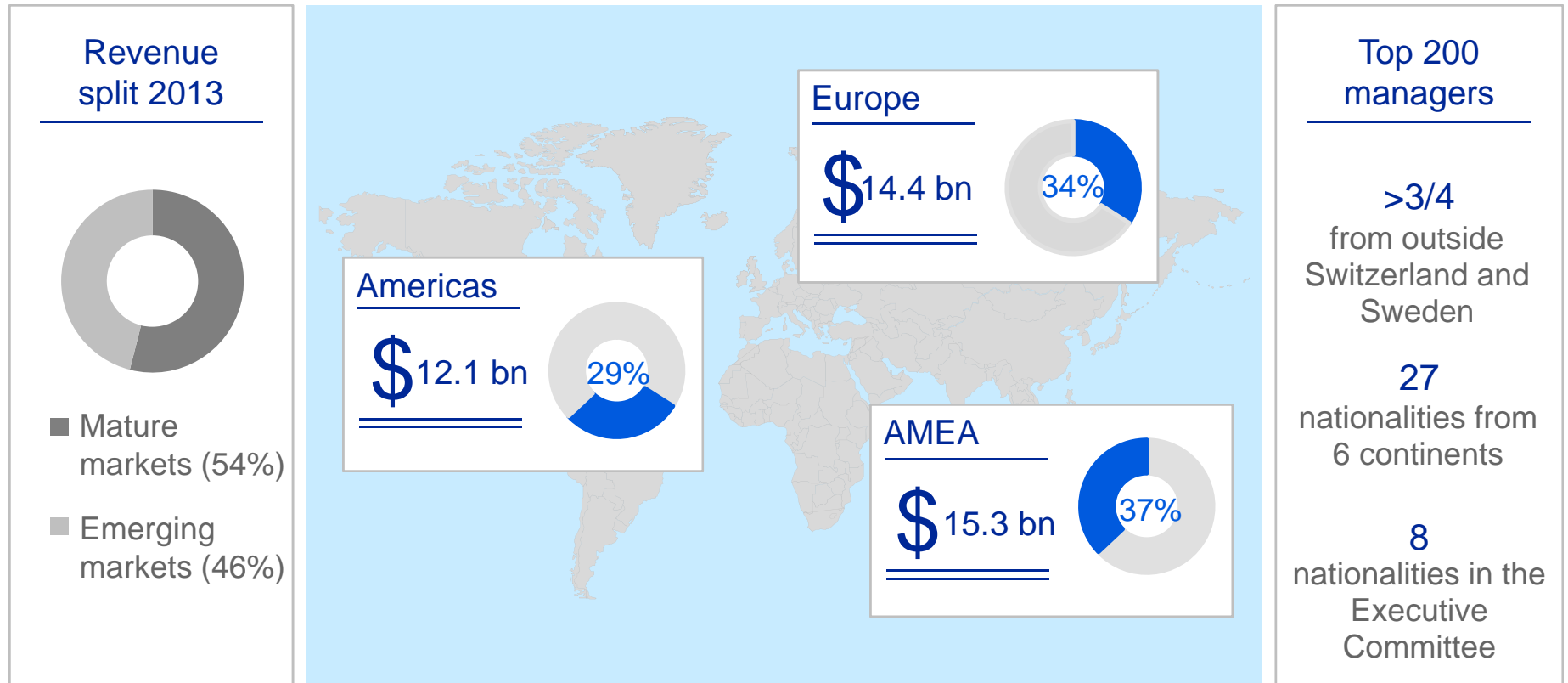
Well positioned in attractive markets

A leader in power & automation in all our segments – examples

Power & Automation		
Utilities 	<ul style="list-style-type: none">#1 in transmission and distributionTechnology pioneer (FACTS¹, HVDC² breaker, etc.)Deepest and broadest portfolio of offering footprint	<ul style="list-style-type: none">Largest installed T&D³ baseLeading service capabilities#2 in solar invertersStrong innovative software portfolio
Industry 	<ul style="list-style-type: none">#1 in Distributed Control Systems#1 in gearless mill drives for mining#1 in industrial motion (motors and drives)	<ul style="list-style-type: none">A leading robotics playerStrong innovative software portfolioLeading service capabilities
Transport & Infrastructure 	<ul style="list-style-type: none">A leading player in infrastructure / building electrification#1 in electric propulsion for ships#1 in terminal automation for ports#1 for large industrial turbochargers	<ul style="list-style-type: none">A leading player in electric train traction systemsA leading player in high-speed train retrofits and wayside power systemsA market and technology leader in EV⁴ charging
Our aspiration: #1 or #2 in all segments		

Well positioned in attractive markets

A true global player – team, culture, and presence



We are a unique global team with local presence everywhere

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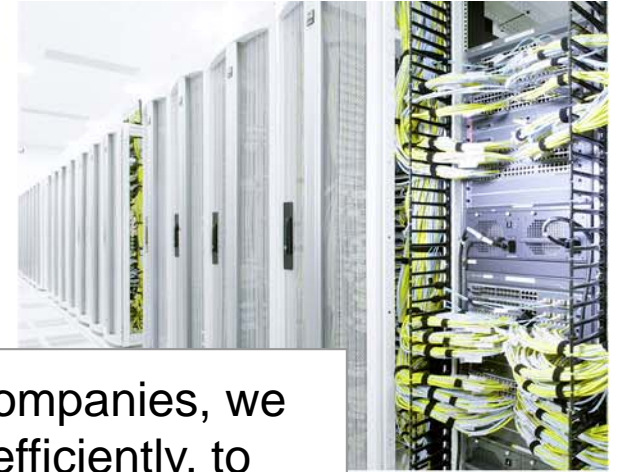
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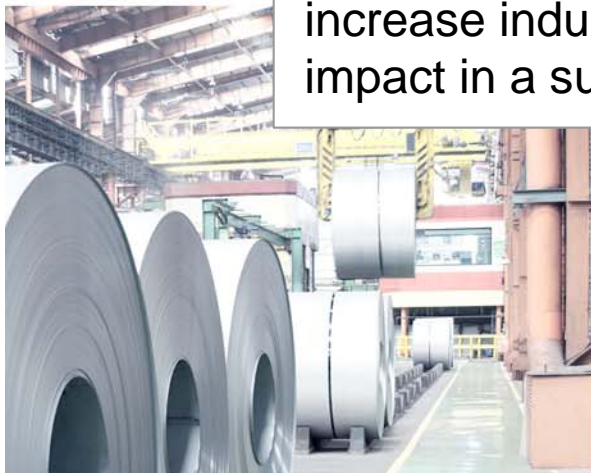
Ethics and integrity

Power and productivity for a better world

ABB's vision



As one of the world's leading engineering companies, we help our customers to use electrical power efficiently, to increase industrial productivity and to lower environmental impact in a sustainable way.

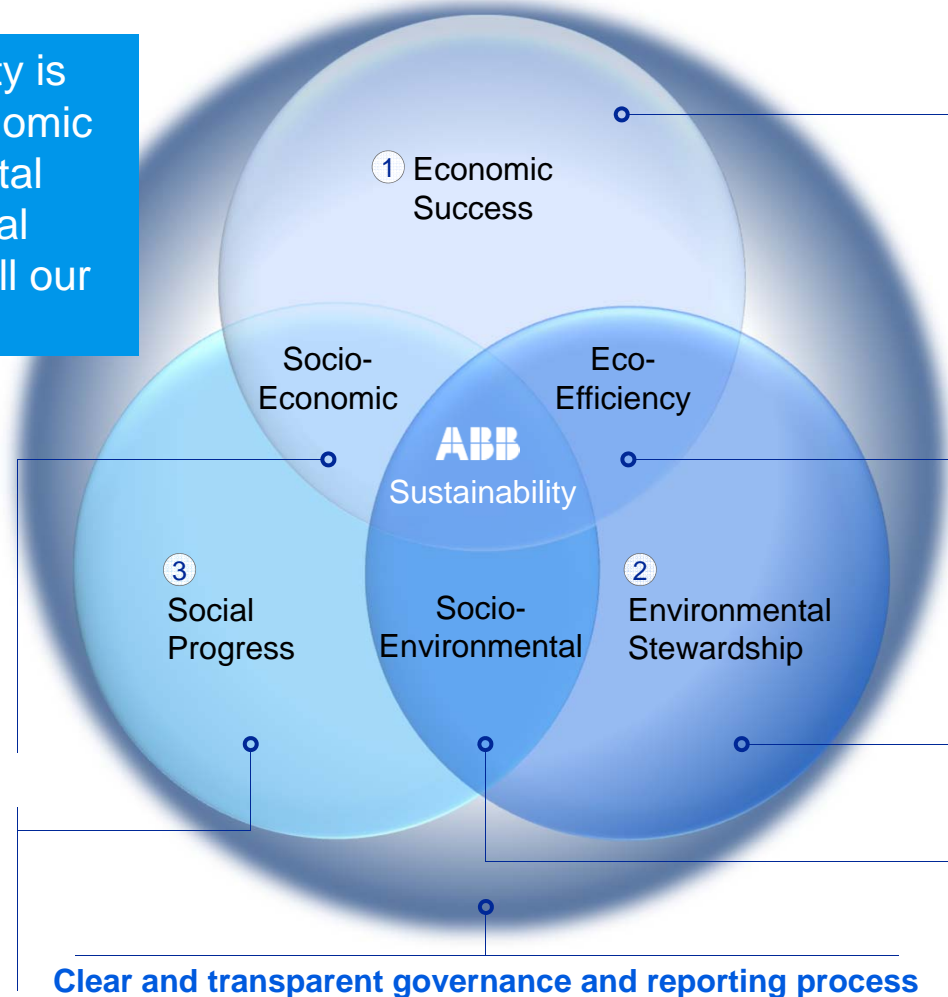


Sustainability

What it means to ABB

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

- Health & Safety
- Job creation
- Business ethics
- Security- and crisis management
- Social investments
- Learning & Development
- Local economic impacts
- Employment and labor relations
- Human rights
- Diversity and inclusion
- Community involvement



- Innovation
- Revenue growth
- Return on capital employed
- Risk Management
- Brand value
- Margin improvement
- Shareholder returns
- Energy efficiency
- Sustainable products
- Clean tech markets
- Resource efficiency
- Product stewardship
- Product Life-cycle management
- Emissions
- Energy- and resource use
- Environmental impacts
- Waste releases and spills
- Biodiversity
- Climate change
- Access to electricity
- Environmental regulations, jurisdiction and claims

Drivers for enhanced Sustainability focus in ABB

Customer requirements	Strengthened laws & standards	Investor expectations	Employees	Value chain & society
<p>Require information and legally binding assurance</p> <ul style="list-style-type: none"> • OHS performance • Carbon footprint • Hazardous substances • Water impacts • Sustainability practices in supply chain • Human rights performance • Social performance • Risk assessments in projects • Life cost ownership of products and systems 	<p>Conflict Minerals</p> <ul style="list-style-type: none"> • Dodd Frank Act (Conflict Minerals) • EU equivalent <p>Hazardous substances</p> <ul style="list-style-type: none"> • REACH • RoHs <p>Human Rights</p> <ul style="list-style-type: none"> • UN Guiding Principles • Global Compact • EU, OECD, IFC Guidelines <p>Occupational Health and Safety</p> <p>Security</p> <ul style="list-style-type: none"> • Duty of care • CTPAT (US) • Authorized Economic Operators (EU) 	<p>Require information on value creation, conservation and sustainable revenue and profit generation</p> <ul style="list-style-type: none"> • Integration of sustainability into business strategy • Risk management • Integrity • Sensitive Countries • Human Rights performance • OHS performance • Gender equality • Discrimination • Unions 	<p>Dedicated and skilled people</p> <ul style="list-style-type: none"> • Attract and retain talent • Safe and secure workplace 	<p>From managing risks in our operations to resilience in:</p> <ul style="list-style-type: none"> • R&D • Supply Chain • Logistics • M&A • Projects • Service • ABB's Operations <p>Society drivers and challenges</p> <ul style="list-style-type: none"> • Our place in the wider community Resource efficiency • Product life-cycle – close the loop • Corporate citizenship, taxation • Intra- and inter generational equity

Our journey

Integrating
sustainability into
everyday business



ABB's sustainability goal for 2020

By 2020 and beyond, ABB will be recognized as a leading contributor to a more sustainable world through its unique business offering and sustainable business practices

These help us capitalize on market opportunities and reduce safety, security and environmental risks, for the benefit of our customers, employees and all other stakeholders



Group Sustainability Objectives

Ambitions 2020, KPIs and targets

Objective	Ambition 2020	KPIs and targets 2020
1. Products and services	ABB is a world leading supplier of innovative, safe and resource efficient products, systems and services that help customers increase productivity while lowering environmental impact	20% revenue increase from EE-related products, systems & services Qualitative assessment of contribution of technology development towards environment, profit and society
2. Energy efficiency and climate change	ABB is an industry leader in energy efficiency, use of low-carbon fuels and renewable energy. We cut greenhouse gas emissions. ABB global energy use to reduce 20% by 2020	Energy intensity reduced by 20% per dollar sales
3. Safe and secure operations	Safety is a core value. All ABB operations have an excellent health, safety and security culture embedded in its day-to-day business, targeting zero incidents	Safety Observation Tour (SOT) Rate target 1.2 per employee, 180 000 run rate by 2020. Hazard reporting rate target 2 per employee, 300 000 run rate by 2020, >95% certified Health & Safety Management Systems.
4. Integrity	ABB recognized as one of the most ethical companies by customers, suppliers, investors and employees	100% of employees trained on integrity issues and processes Monitoring of reporting channels, investigations, remediation, & survey results; Proactive & regular communication on intranet
5. Human rights	Human rights issues are well understood and managed in all ABB operations along the value chain	Network of sustainability employees trained on Human Rights by 2016; 600 managers trained by end of 2016
6. People and society	ABB develops, attracts and retains dedicated and skilled people from diverse backgrounds, and engages with a wide range of stakeholders, including communities, to maximize benefits for our business and society	% of personal development actions implemented vs. plan ABB's community engagement tool fully implemented in all major ABB countries, and mandatory for all new projects, by end of 2015
7. Responsible sourcing	Social and environmental risks and impacts of sourcing practices are well understood and managed	Number of suppliers assessed (internal / by 3 rd party); percentage of risks mitigated and number of closed CAPs
8. Resource efficiency	Materials and water use is optimized. Facilities in very scarce, scarce and water stressed areas to reduce water use by 25% by 2020. We target zero waste	30 sites in very scarce, scarce and water stressed areas to cut absolute consumption by 25% Reduce waste sent for final disposal by 20%
9. Right materials	We aim for materials that are long-term sustainable. Hazardous substances are used in closed loops or not at all	Amount and type of hazardous substance used

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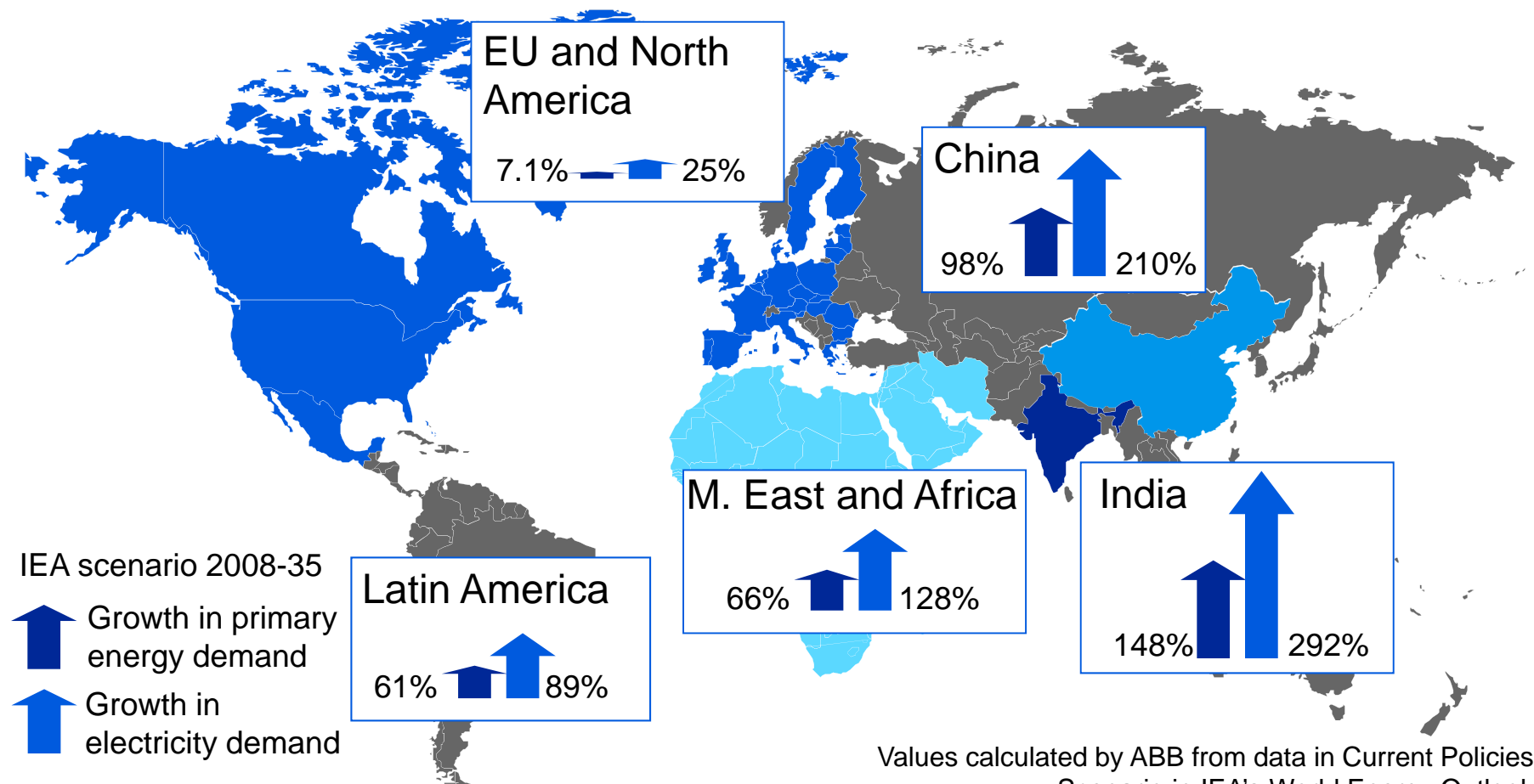
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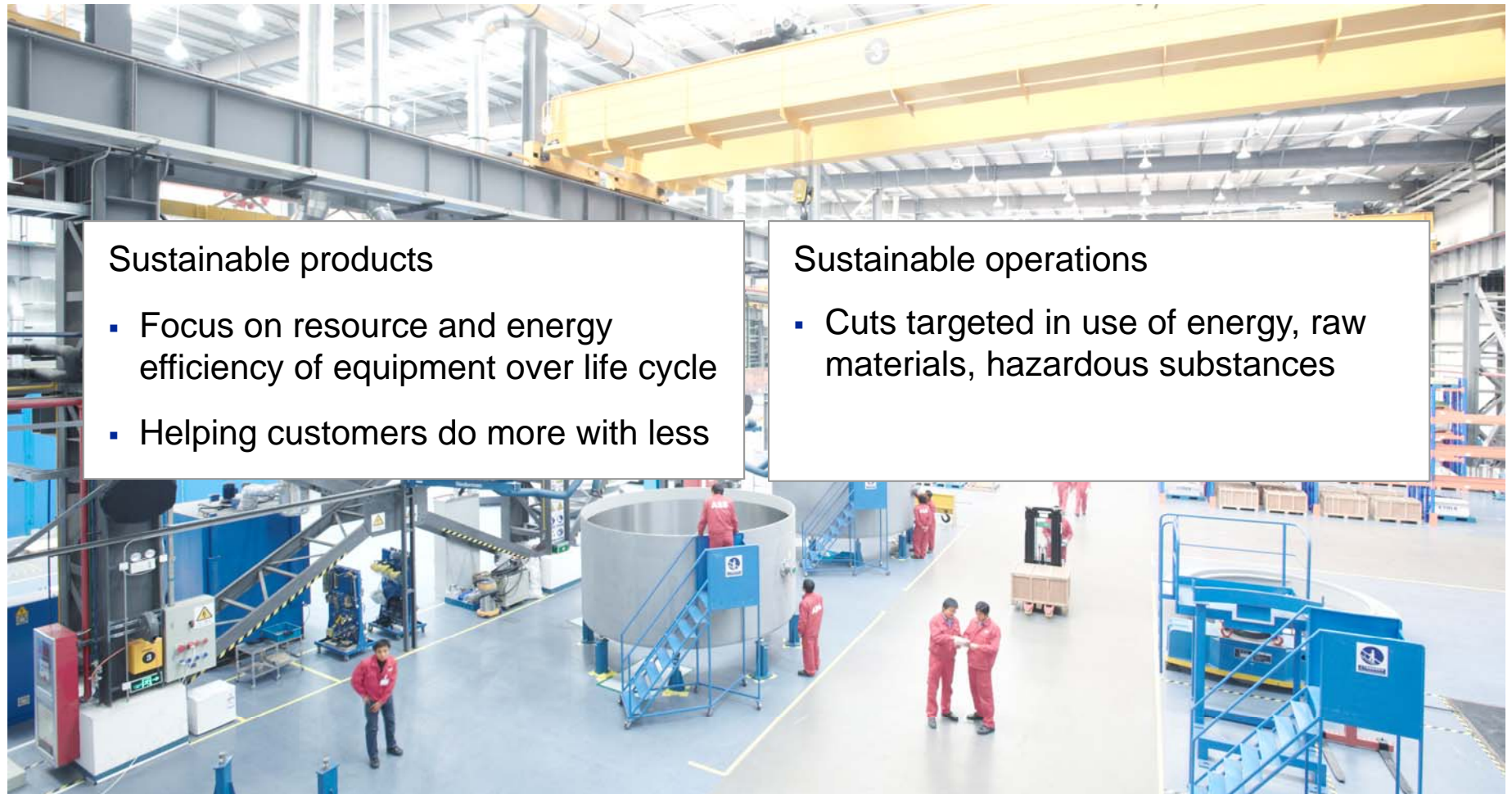
Ethics and integrity

Main environmental challenge: soaring demand for energy while emissions need to be reduced



Developing sustainability of products and operations

Lowering environmental impact and costs



Energy efficiency in own production key to cutting ABB's greenhouse gas emissions


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- Internal efforts to mitigate greenhouse gas emissions focus on:
 - Energy efficiency in own production
 - "Green" real estate management
 - SF₆ management
 - Programs to optimize transportation of goods
 - Focus on business air travel

ABB: a world leader in energy and resource efficiency



ABB is world's

- Largest supplier of high-efficiency power grids to integrate renewable energy
- Largest manufacturer of energy efficient industrial motors and drives
- Largest provider of generators to wind industry
- Second largest solar inverter company, following Power-One acquisition



Value for our business

Revenues

51% of revenues from products and solutions related to renewable energy, energy efficiency and reduced environmental impact

Renewables

200 GW of renewable energy integrated with help of ABB technologies and solutions, enough power for 70 million people in EU

Wind

40,000 wind turbines worldwide are equipped with ABB generators and converters

Managing our own environmental performance

Internal processes in place

Low electricity use

1.8 TWh

(Terawatt hours) of electricity per year is used at ABB's 550 manufacturing sites and offices

Low emissions

1.9 million tons of greenhouse gases are emitted by ABB each year around the world – equivalent to one modern cement plant

Lowering energy use

2.5% reduction in energy use per employee every year - the target of ABB's environmental performance improvement program

Source and for more detail: ABB 2011 Group Sustainability Report (www.abb.com/sustainability)

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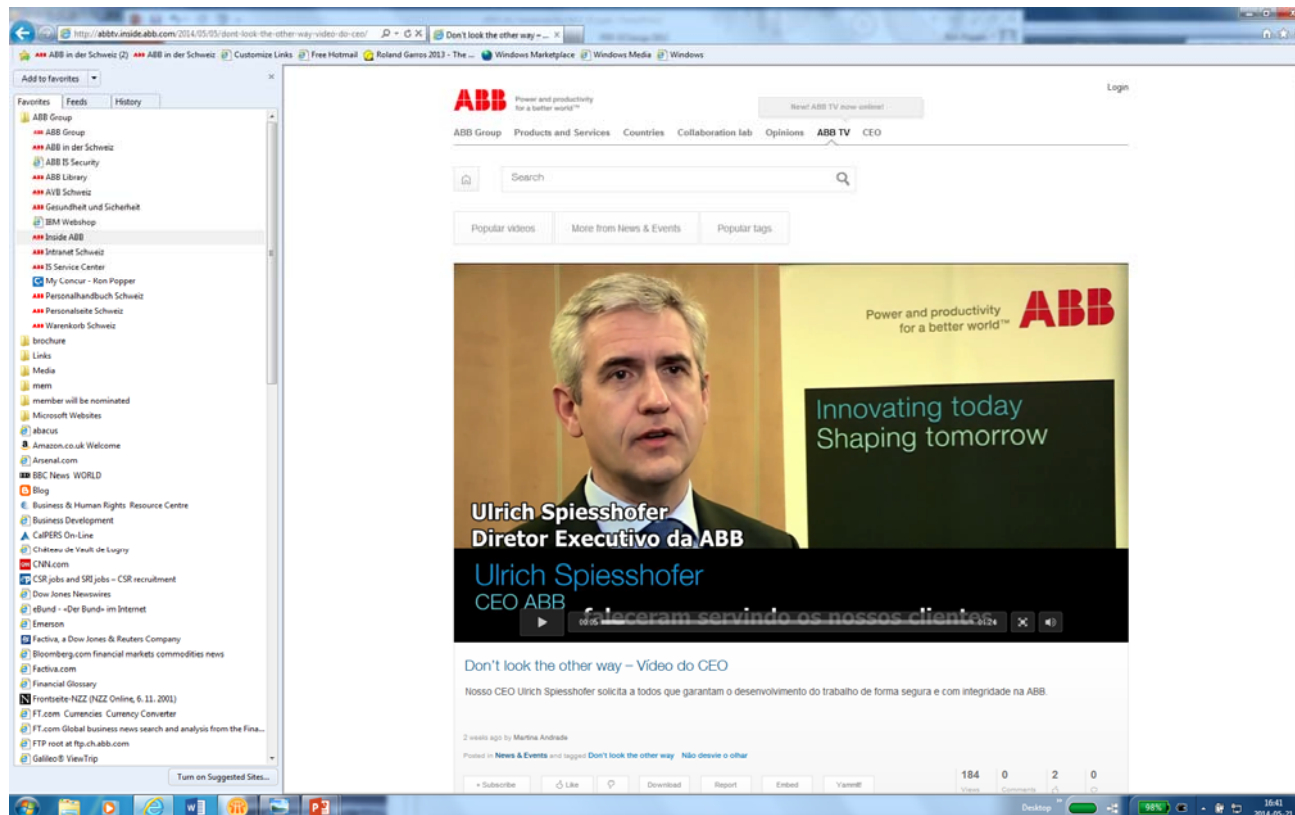
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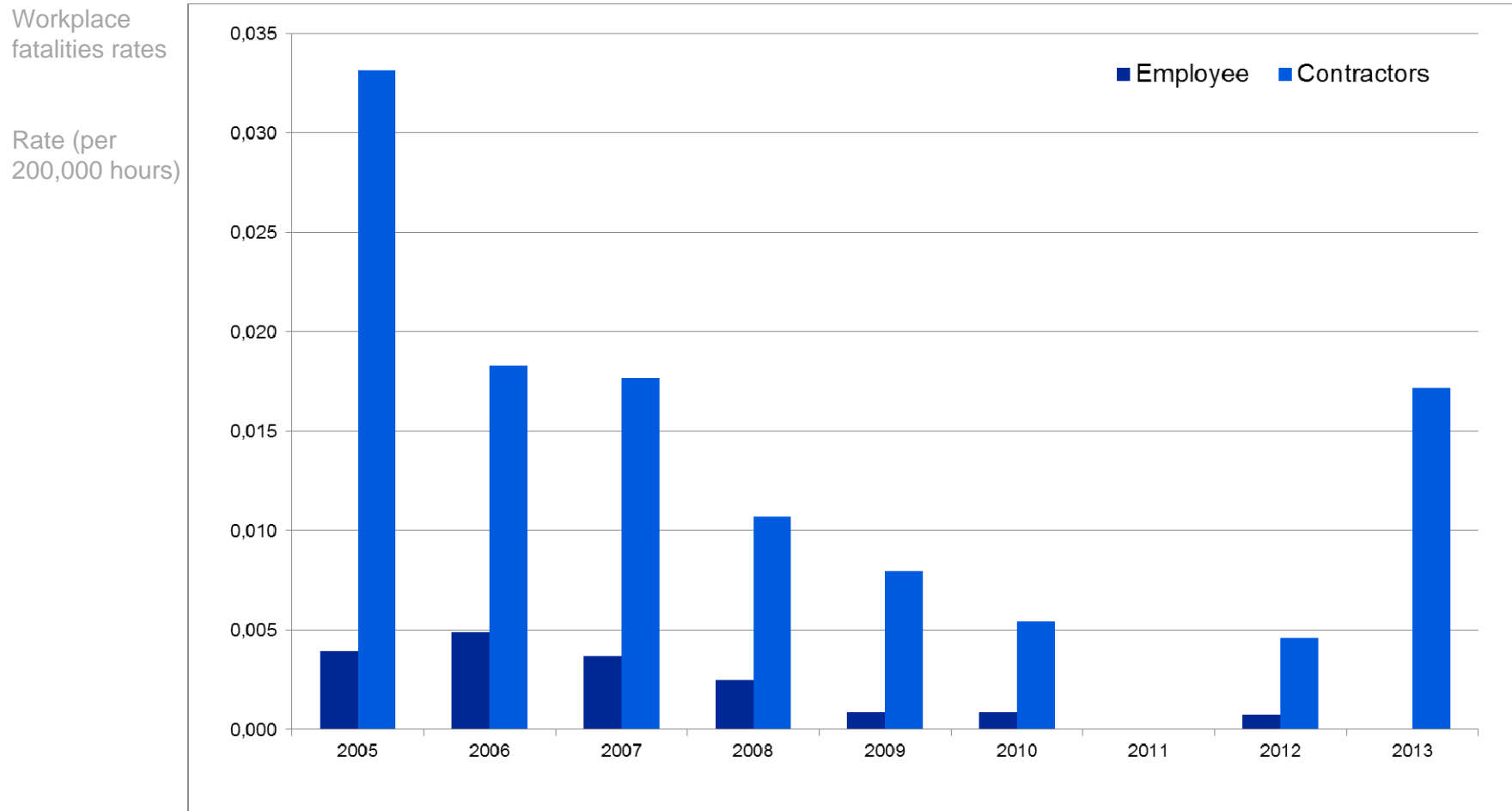
Health, safety and integrity: a leadership issue



CEO launches «Don't look the other way» initiative in 2014 to highlight health, safety and integrity. Global health and safety week in November.

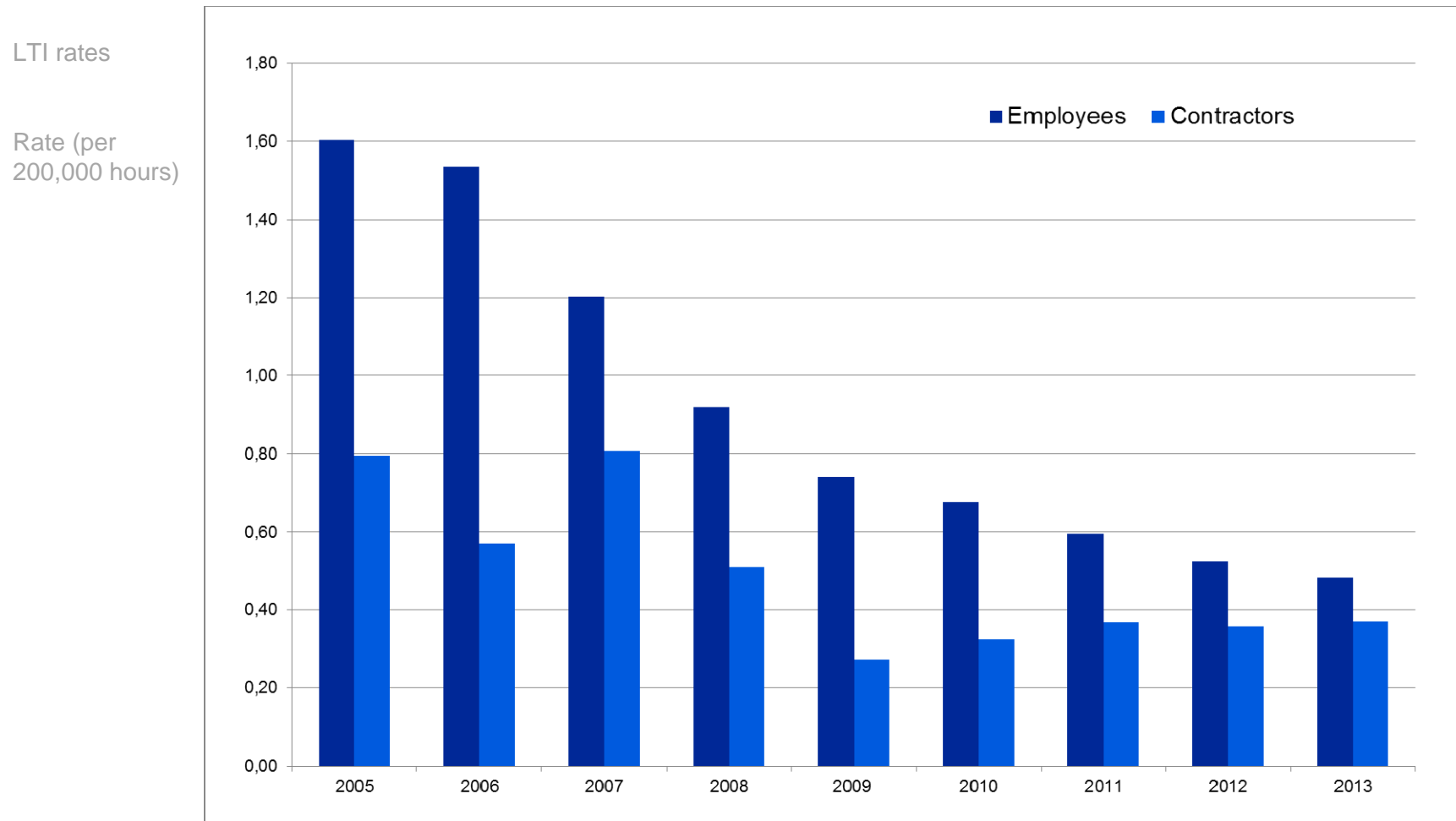
OHS Performance

Fatal Incident Trends 2005 – 2013

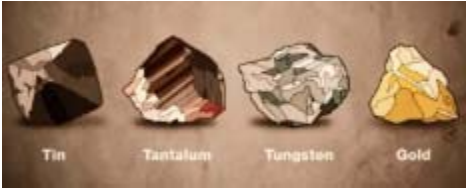





OHS Performance

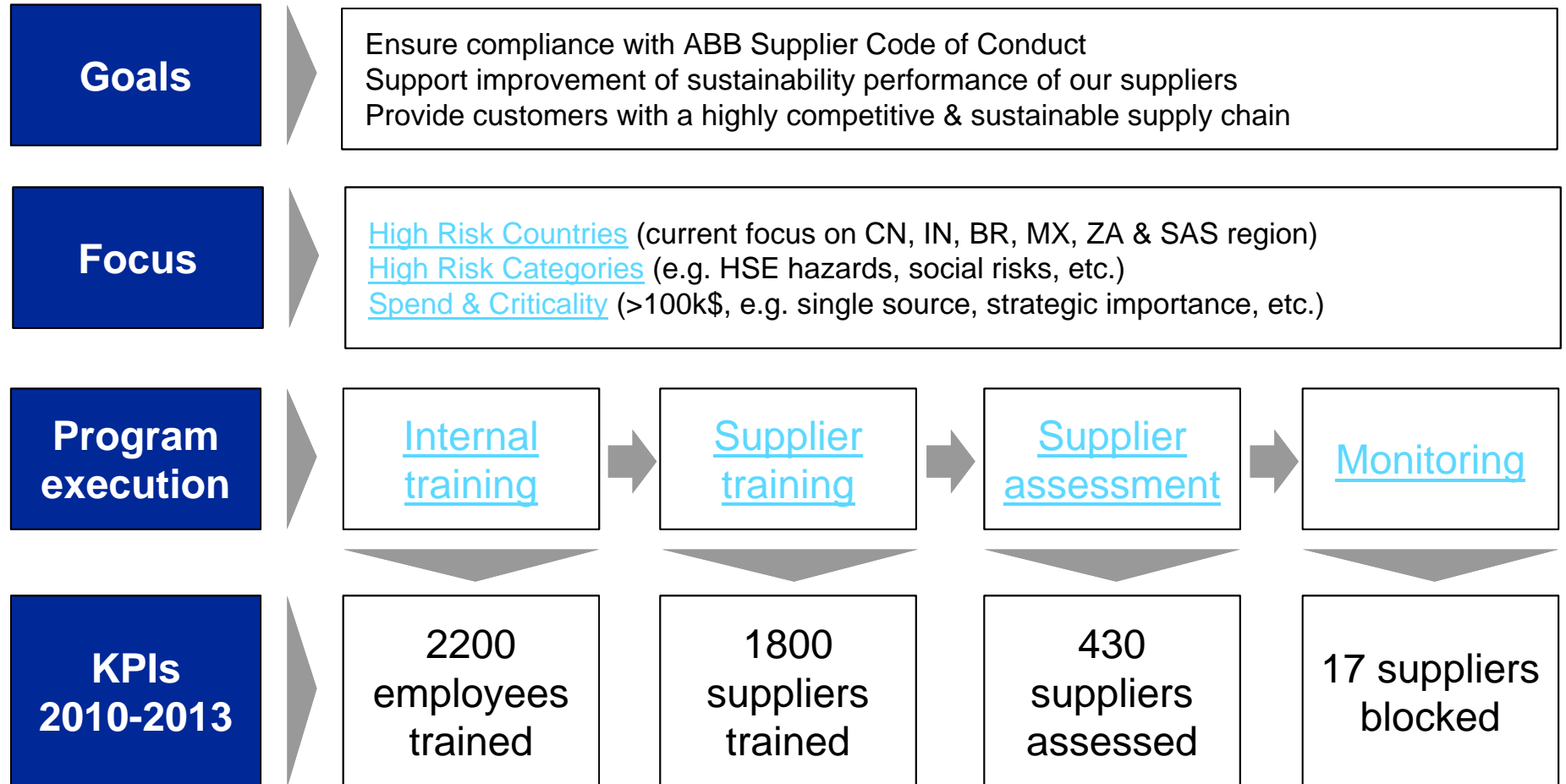
Lost Time Incident Trends 2005 – 2013



Responsible sourcing at ABB

	Name	Goal	More information
 <p>Tin Tantalum Tungsten Gold</p>	Conflict Minerals Program	Determine if suppliers source conflict minerals, and if so, investigate the origin of these minerals. Annual reports to SEC.	ABB.com Inside ABB E-learning
	Hazardous Substances Initiative	Control the use of hazardous substances in our supply chain to ensure compliance of ABB's products to legal requirements.	ABB.com Inside ABB
	Supplier Sustainability Development Program (SSDP)	Assess risks and develop key suppliers to meet ABB's sustainability standards.	ABB.com Inside ABB E-learning
	Supplier Reputation Due Diligence	Perform reputation due diligence on potential key suppliers to minimize reputational risks to ABB.	Inside ABB

Supplier Sustainability Development Program Overview



Sustainability in our business: Security

Working in risky environments

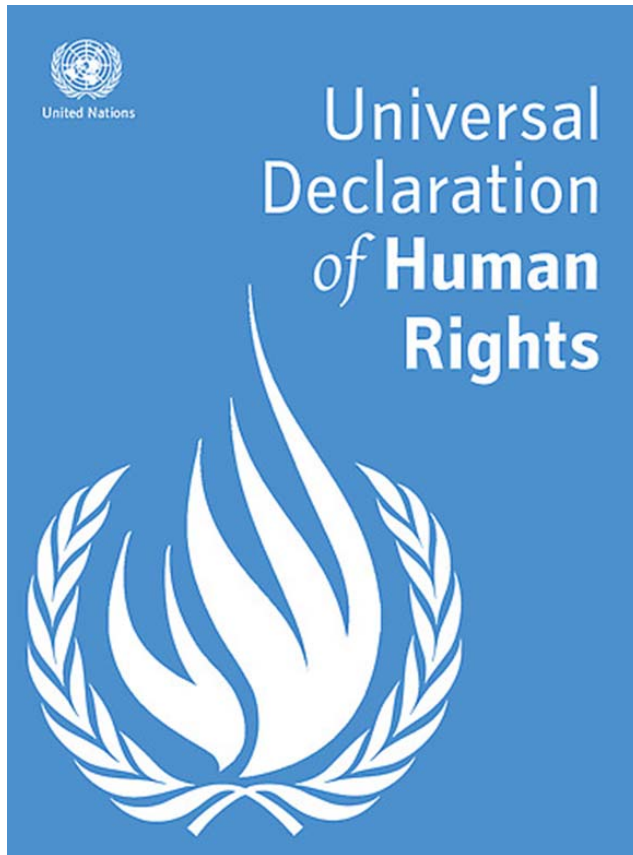


ABB is present in challenging security environments. Global network of security specialists work with business to

- Ensure employee and contractor safety at customer, project and company sites
- Protect assets and facilities
- Maintain business continuity in emergencies
- Train managers and employees how to react to crises or emergencies
- Train (and where necessary activate) security and crisis management groups at corporate, regional and national levels to manage issues and risks

Sustainability in our business: Labor/human rights

Identifying risks



Internal specialists work closely with business to

- Carry out due diligence on projects (e.g. hydro, mining, pulp and paper)
- Identify and mitigate risks for business and M&A

Global training programs to

- Raise awareness among managers of risks, consequences of errors and stakeholder expectations
- Inform about new trends and standards on business and human rights
- Build capacity within company

Managing involvement in sensitive countries/projects



Internal directives and instructions cover

- Which countries ABB does business in and under what conditions; approvals processes
- Assessment of sensitive countries takes into account financial, legal, security and reputational factors among other criteria
- Due diligence done on business partners in designated high-risk countries

Due diligence

- Can involve third party investigations, our own stakeholder engagement on the ground and/or extensive desktop research

Community engagement: Overview



Goal: To raise quality of life in communities where we operate

Focus areas

- Education
- Health

Volunteers: 5,000 person-days contributed in 2013

Contributions: \$8.5 million allocated to nearly 300 projects in 2013

Impact measurement tool introduced in 2013 to better understand impact and value of projects

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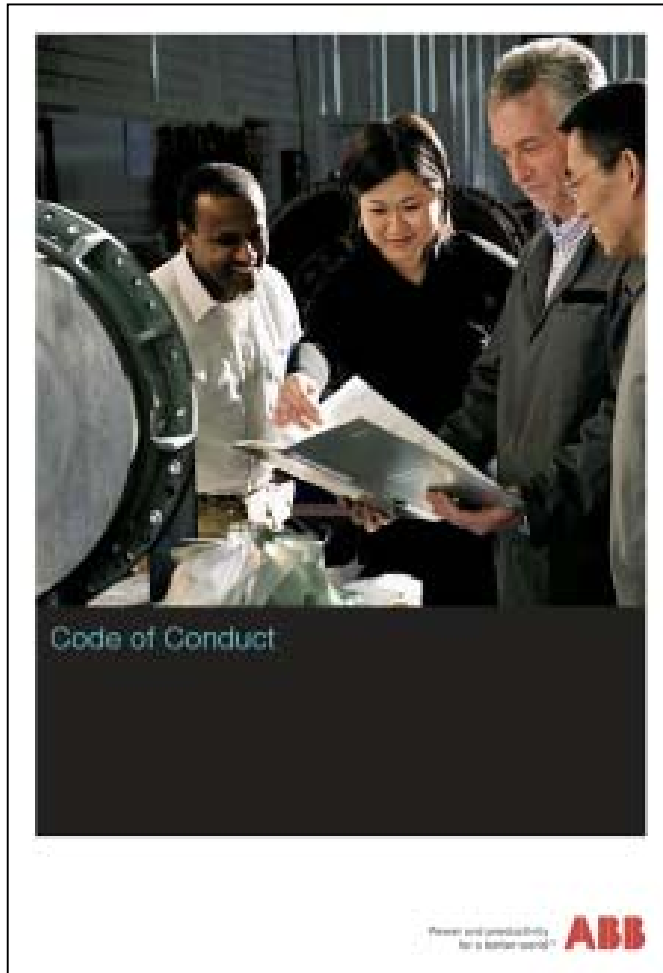
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ABB's commitment to integrity

A robust, advanced global program



- The Code of Conduct explains the behavior ABB expects of its employees and stakeholders, and practical instructions to help employees in their day-to-day work
- Based on ABB's business principles: responsibility, respect and determination
- The Code of Conduct has been translated into 45 languages
- All current and new employees are required to take face-to-face and e-learning training, and to acknowledge their commitment to adhere to the Code of Conduct
- ABB maintains a regular re-acknowledgement process for the Code of Conduct by managers

Committed to the highest standards of business ethics

Integrity as bedrock of ABB's global culture

“At ABB performance is measured not only by the results achieved, but also how these results were achieved. This is why our stakeholders can rely on the fact that our services, operations and daily business are based on ethical behavior.”

CEO Ulrich Spiesshofer in ABB's Code of Conduct

- Code of Conduct defines relationships with all stakeholders
- Employees acknowledge Code of Conduct and take compulsory training courses
 - Zero tolerance toward violations
 - Several reporting options in place for employees to report suspected violations; each report thoroughly investigated

For more information, call ABB Investor Relations
Or visit our website at www.abb.com/investorcenter

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