



June 12, 2014 – ODDO Securities, 9th Environment Forum in Paris

Sustainability in our business

Agenda

Overview: ABB and sustainability

Resource efficiency

Sustainability risk management

Ethics and integrity

A global leader in power and automation technologies

Leading market positions in main businesses

~150,000
employees



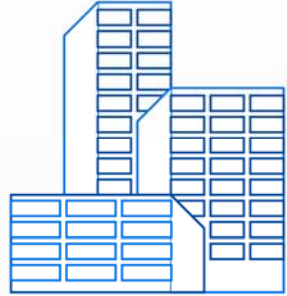
\$42 billion
In revenue
(2013)



Present
in
+100
countries



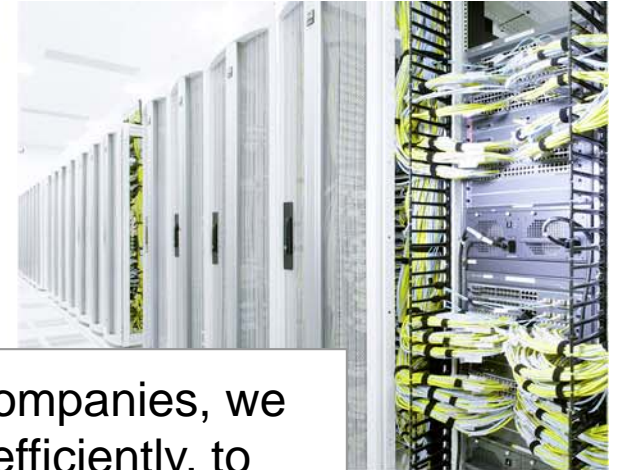
Formed
in
1988



merger of Swiss (BBC, 1891)
and Swedish (ASEA, 1883)
engineering companies

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.



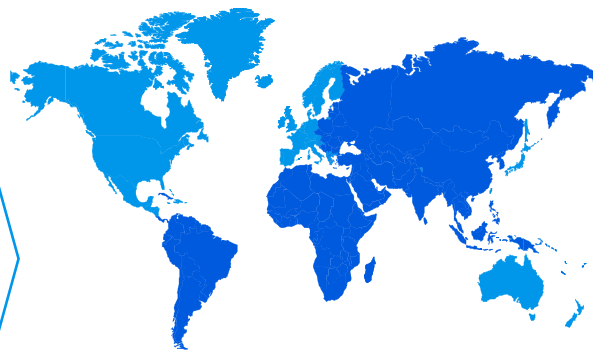
Power and productivity for a better world

Our contribution

Sustainable products and technology ...

- Industrial automation products and systems that use less energy and raw materials
- Power transmission and distribution solutions to deliver electricity more reliably, with lower losses and less environmental impact

... delivered globally



Approx. share of total revenues 2012

52%	48%
Mature markets	Emerging markets

... with strong processes

- Profitable growth
- Resource efficiency
- Social progress
- Ethics and integrity

Benchmarked internally and externally



FTSE4Good

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

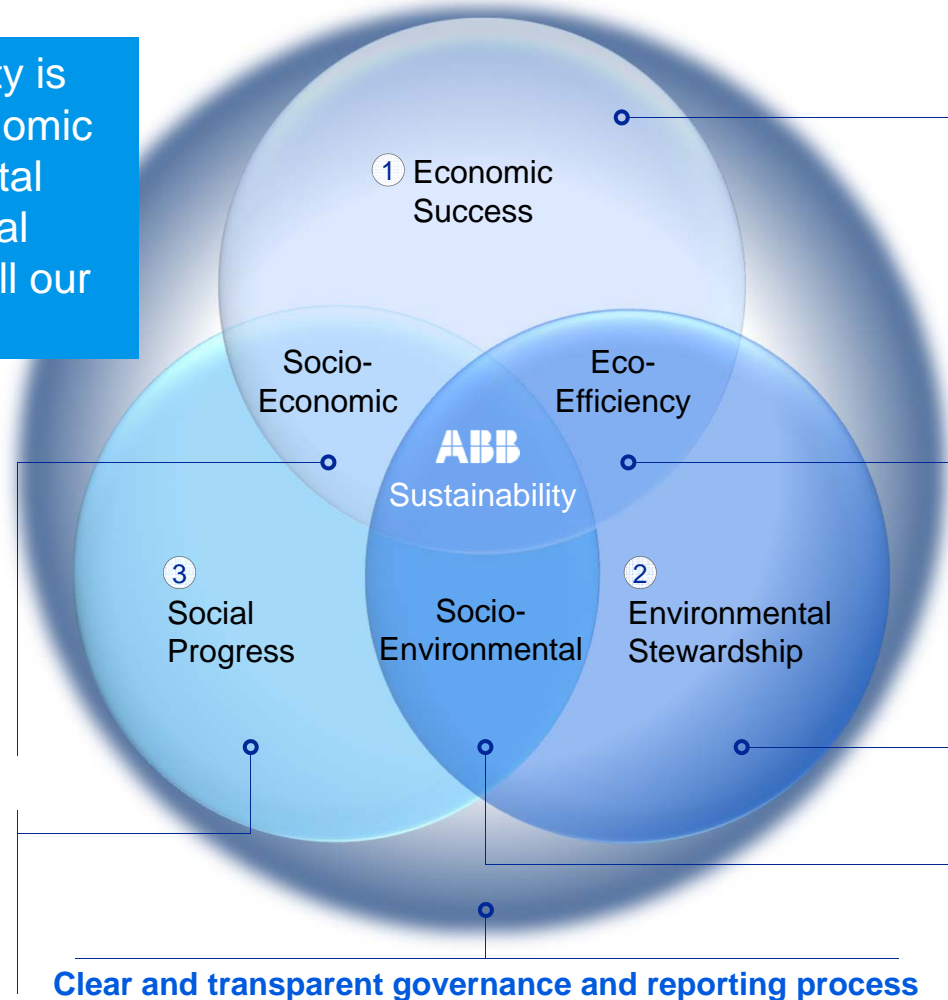
Framing megatrends: Resource economics, urbanization, digital, transportation and mobility, 'green', electrification, emerging economies

Sustainability

What it means to ABB

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

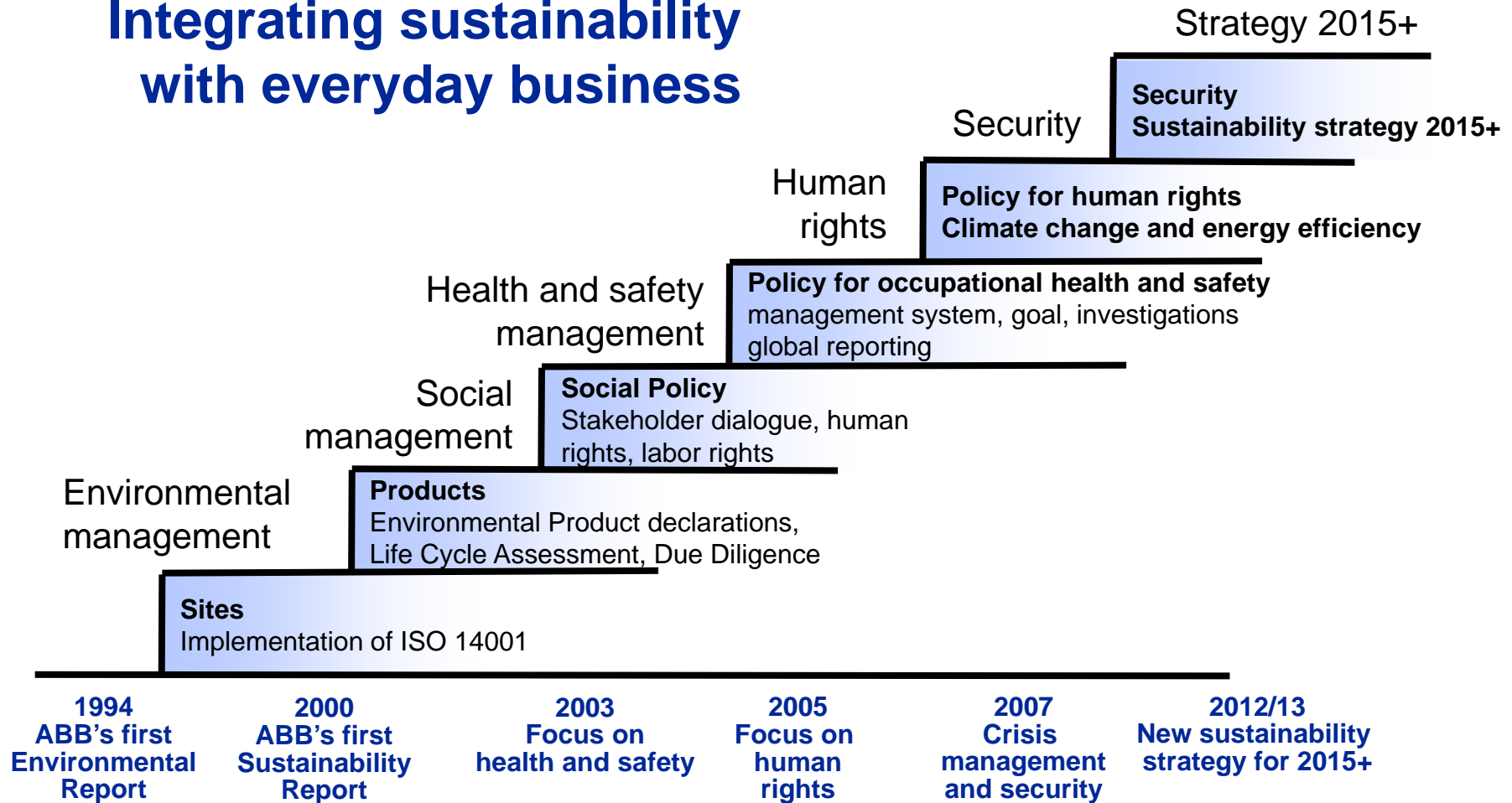
- Health & Safety
- Job creation
- Business ethics
- Security- and crisis management
- Social investments
- Learning & Development
- Local economic impacts
- Employment and labor relations
- Human rights
- Diversity and inclusion
- Community involvement



- 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

Sustainability at ABB 1994-2014

Integrating sustainability with everyday business



Sustainability Strategy 2015+

Goal

- By 2015 and beyond, ABB will be a leading contributor to a more sustainable world and will be recognized as a top-performing company in terms of sustainable business practice.

Strategy

- We work with all parts of business to embed sustainability considerations and values across ABB's value chain

Governance

- Governance Board (entire Executive Committee) reviews progress on annual basis
- Executive Committee member responsible for sustainability
- External stakeholder engagement

Group Sustainability Objectives 2014-2020

Products & services

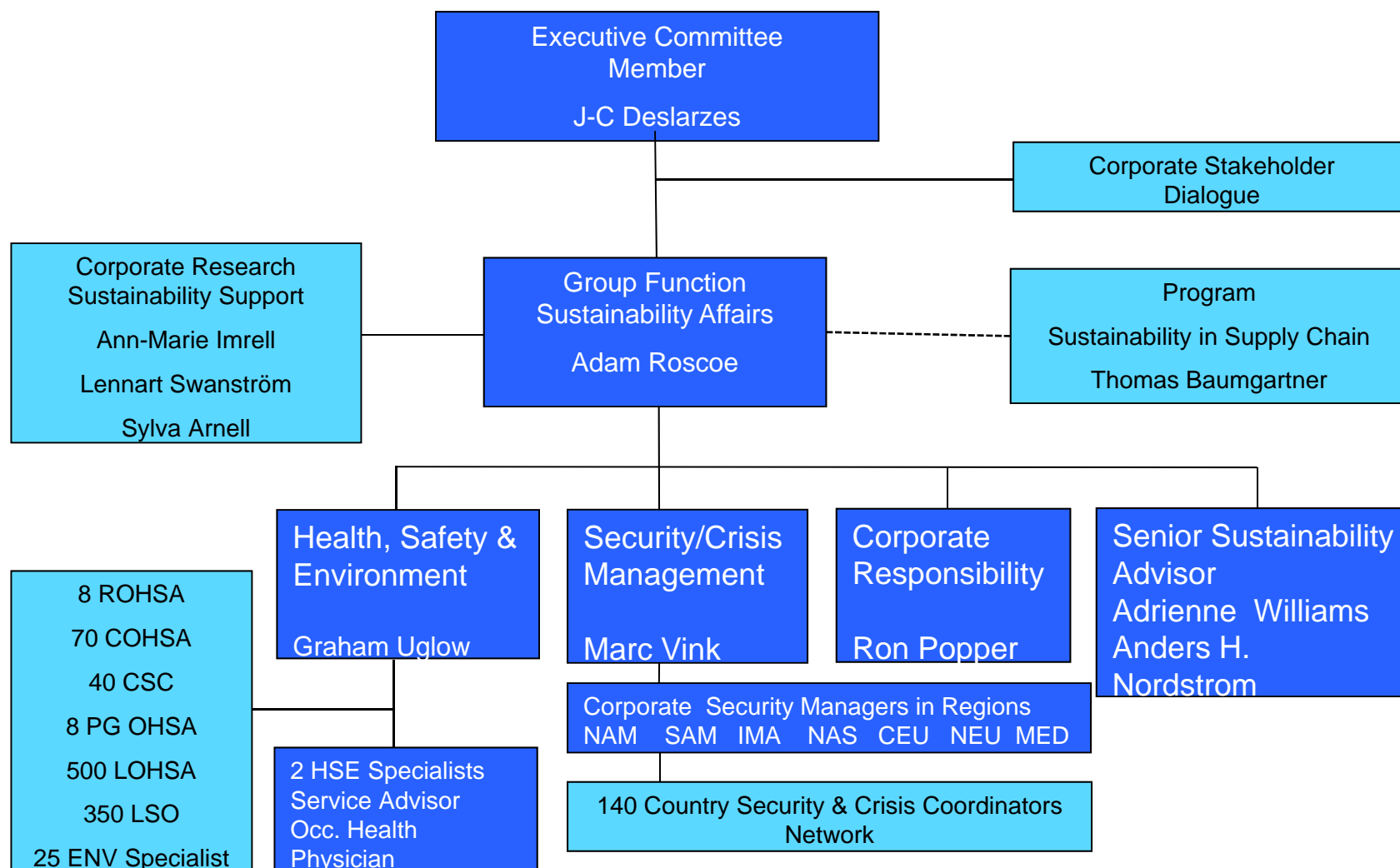
Responsible relationships

Responsible operations

Right resources

1. **Products and services for a better world:** 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
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
3. **Safe and secure operations:** Safety is a core value. All ABB operations have an excellent health, safety and security culture embedded in day-to-day business, targeting zero incidents
4. **Integrity:** ABB has a strong and consistent reputation as a world leader in integrity and ethical business practices
5. **Human Rights:** Human rights issues are well understood and managed in all ABB operations along the value chain
6. **People and Society:** ABB attracts, retains and develops 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
7. **Responsible Sourcing:** Social and environmental risks and impacts of sourcing practices are well understood and managed
8. **Resource efficiency:** Materials and water use is optimized. Facilities in water stressed regions to reduce water use by 25% by 2020. We target zero waste
9. **Right materials:** We aim for materials that are long-term sustainable. Hazardous substances are used in closed loops or not at all

Sustainability Organization



Glossary: ROHSA:- Regional OHS Advisor, COHSA - Country OHS Advisors, CSC - Country Sustainability Controller, PG OHSA - Product Group OHS Advisors, LOHSA- Local OHS Advisor, LSO – Local Sustainability Officer, ENV - Environmental

ABB's sustainability priorities

Supporting business development and resilience



- Energy efficiency and climate change
- Product innovation
- Occupational health and safety
- Managing our environmental impact
- Sustainability in supply chain
- Human rights
- Operations in sensitive countries
- Security of personnel and assets
- Working in communities

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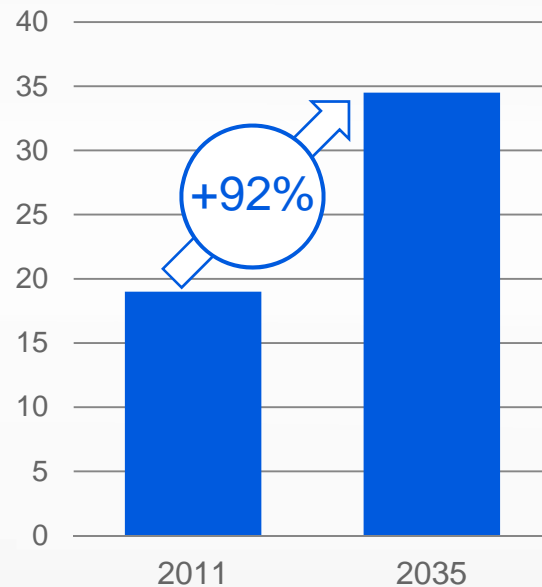
Tackling society's challenges on path to low-carbon era

Helping customers do more using less

Rise in electricity demand by 2035 (under current policies)

Source: IEA, World Energy Outlook 2013

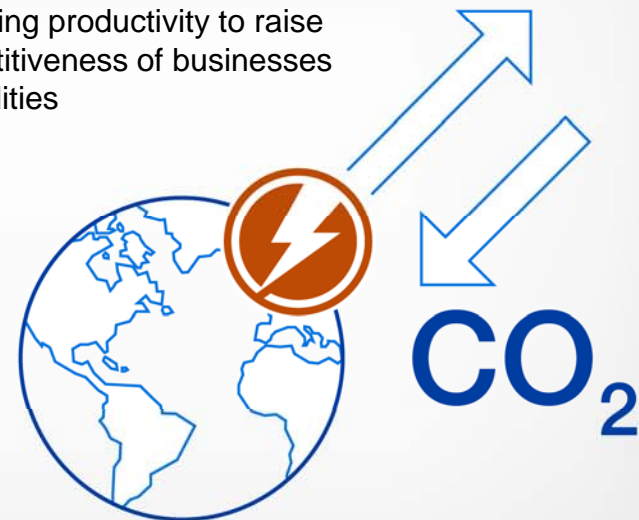
In thousand Terawatt-hours (TWh)



Electricity demand is calculated as the total gross electricity generated less own use in the production of electricity and transmission, and distribution losses.

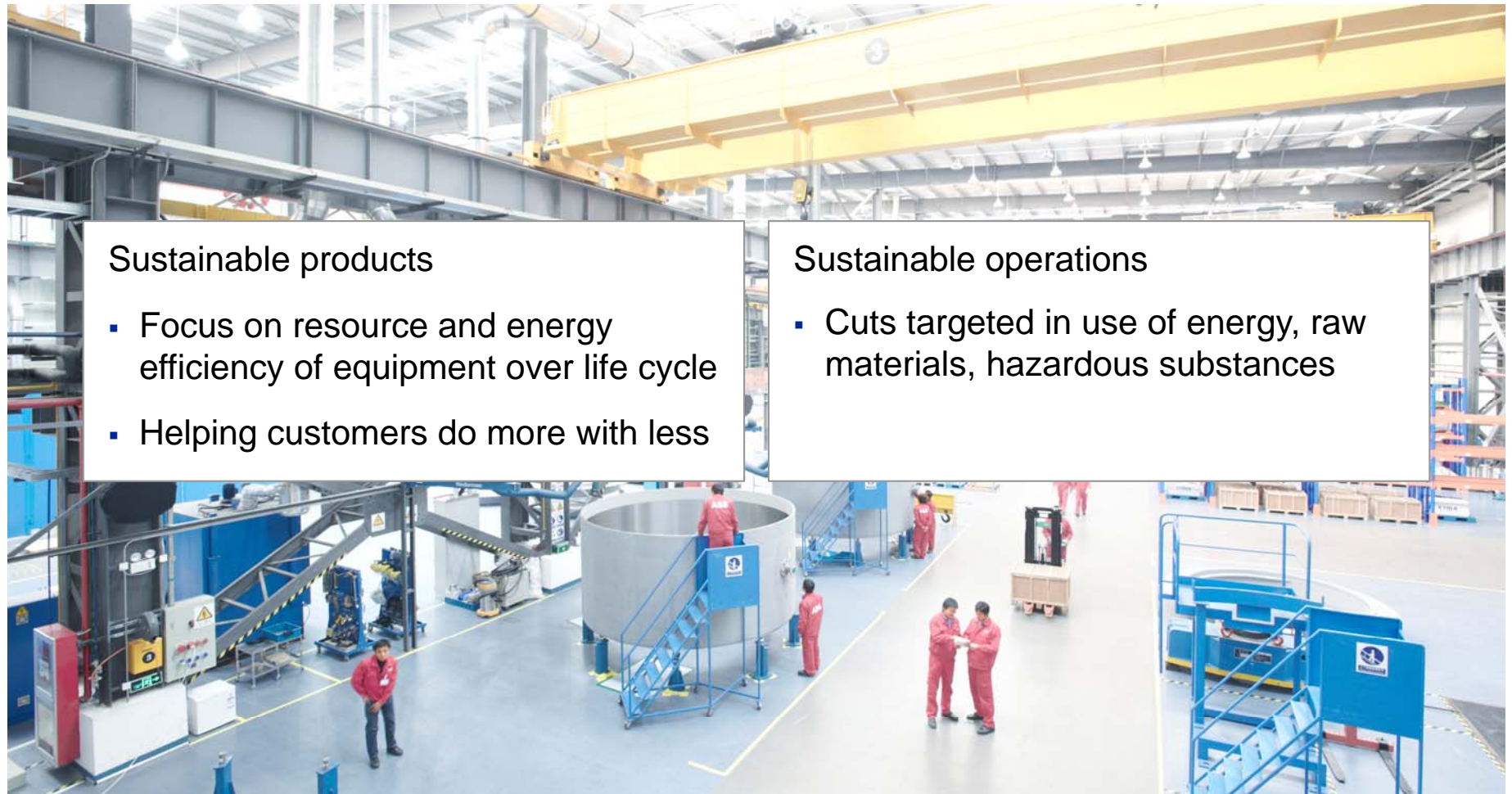
ABB power and automation solutions are:

- Meeting rising demand for electricity
- Increasing energy efficiency and reducing CO₂ emissions
- Improving productivity to raise competitiveness of businesses and utilities



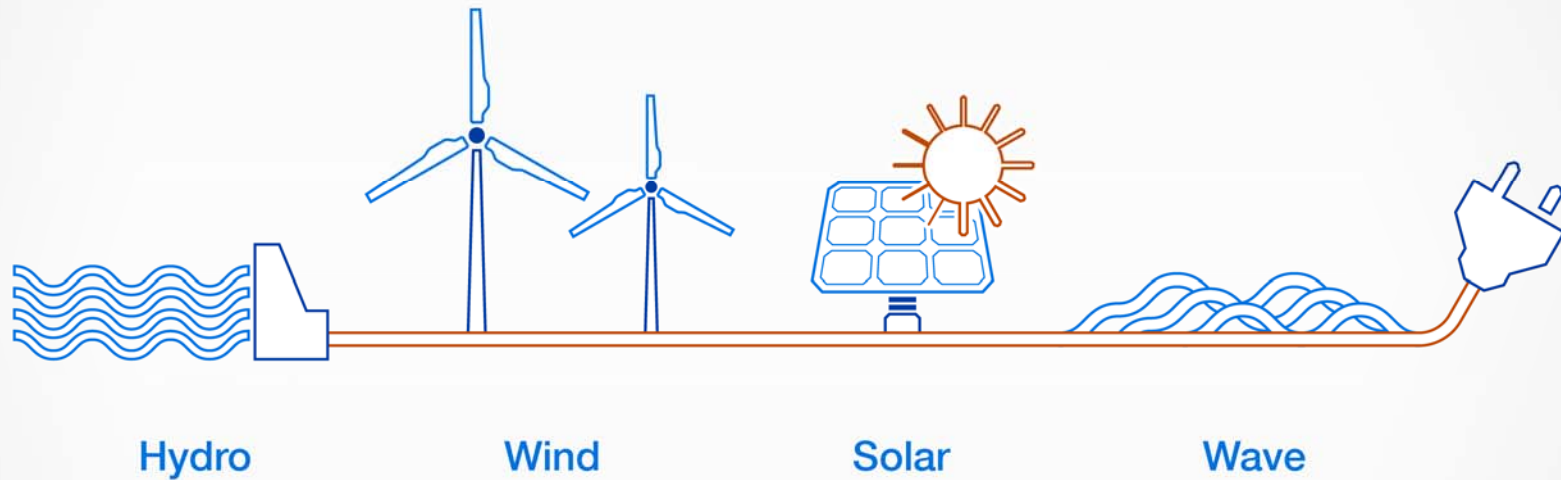
Developing sustainability of products and operations

Lowering environmental impact and costs



Renewable energy

Key growth driver for both power and automation



Sustainability - part of our business

Energy and resource efficiency



Energy and resource efficiency are integrated into our technology and what we offer customers

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

Sustainability in acquisitions

Power-One and ABB create strong solar inverter leader

Application

Utility-scale



Commercial



Residential



Comprehensive offering for solar inverters and solutions

Power-One complements ABB with the most extensive portfolio of products in the industry today

Global reach to address rapidly developing markets

ABB's established presence in more than 100 countries ensures "first to market" benefits

Bringing competencies together to create a global solar PV inverter leader

Power-One: Inverter technology leader with fastest time to market track record

ABB: A bankable global leader in power electronics and smart grids



Sustainability - part of our business

Building world's largest nationwide network of EV fast-charging stations in Netherlands



- >200 electric vehicle fast-charging stations
- Able to charge in 15-30 minutes
- Value-based services for uptime and reliability management
- Cloud connectivity allows user-friendly payment
- Compatible with all major car brands
- First chargers for delivery in Autumn 2013
- Stations expected to be completed by 2015

Fast-chargers to be separated by max.
50 km along all highways in the Netherlands

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

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

Research and Development

HSE checklists integrated into process



- Checklist supports early identification of relevant HSE aspects in R&D projects
- Included as requirement in Gate Model
- Five checkpoints
 1. Prohibited or restricted substances
 2. HSE-related legislation
 3. Identification of risks during manufacturing and operation of product
 4. Resource consumption
 5. Recycling / end-of-life

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Sustainability risk management, enabling business

Priority areas



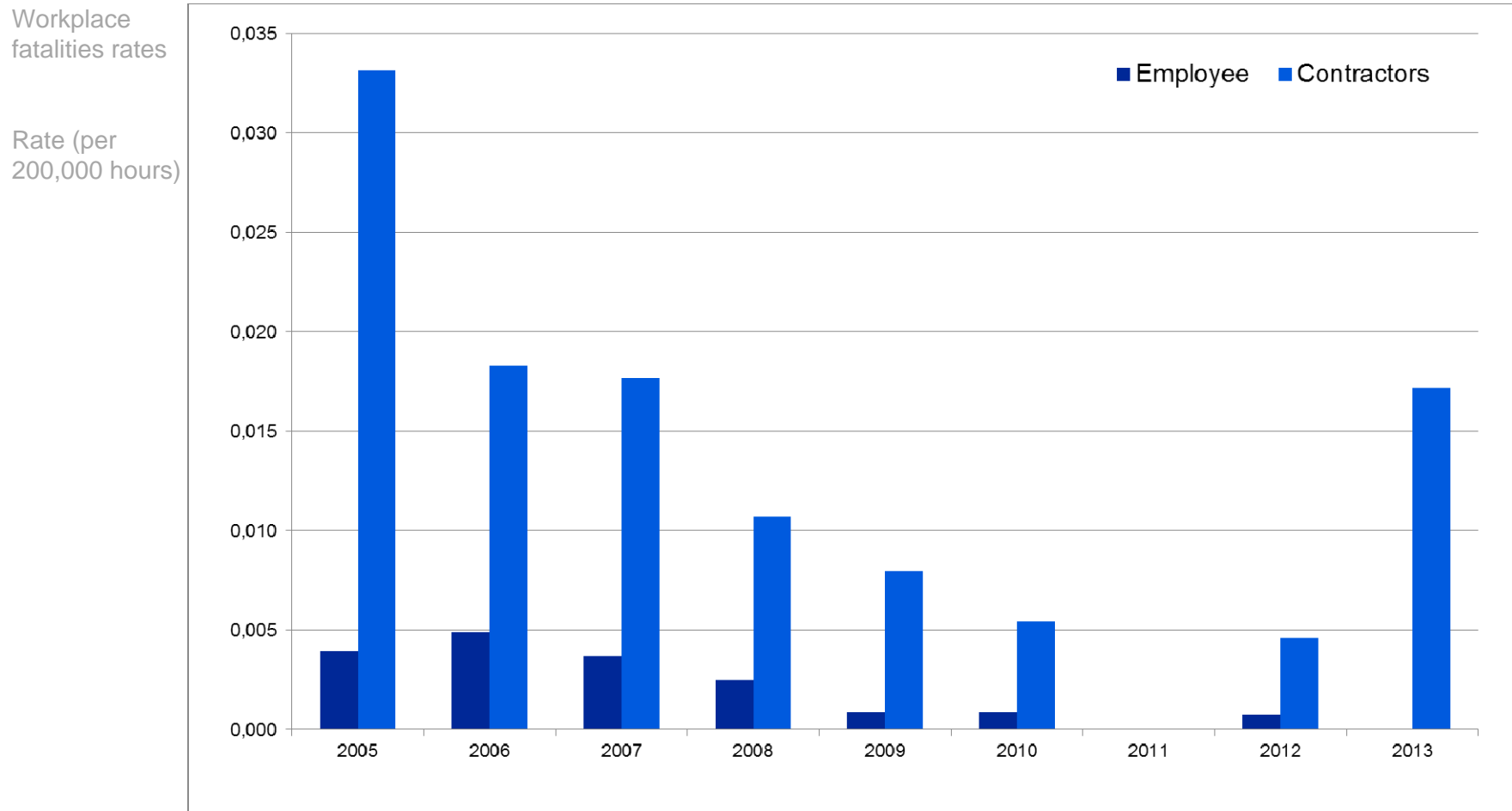
- Improve health and safety at project sites/own facilities
- Strengthen understanding and monitoring of sustainability risks in supply chain
- Mitigate security risks to our people, installations and assets,
- Identify and mitigate potential human rights risks

We do this through

- Being embedded in business processes (Supply chain, risk reviews, M&A)
- Global training programs (OHS, security, human rights)

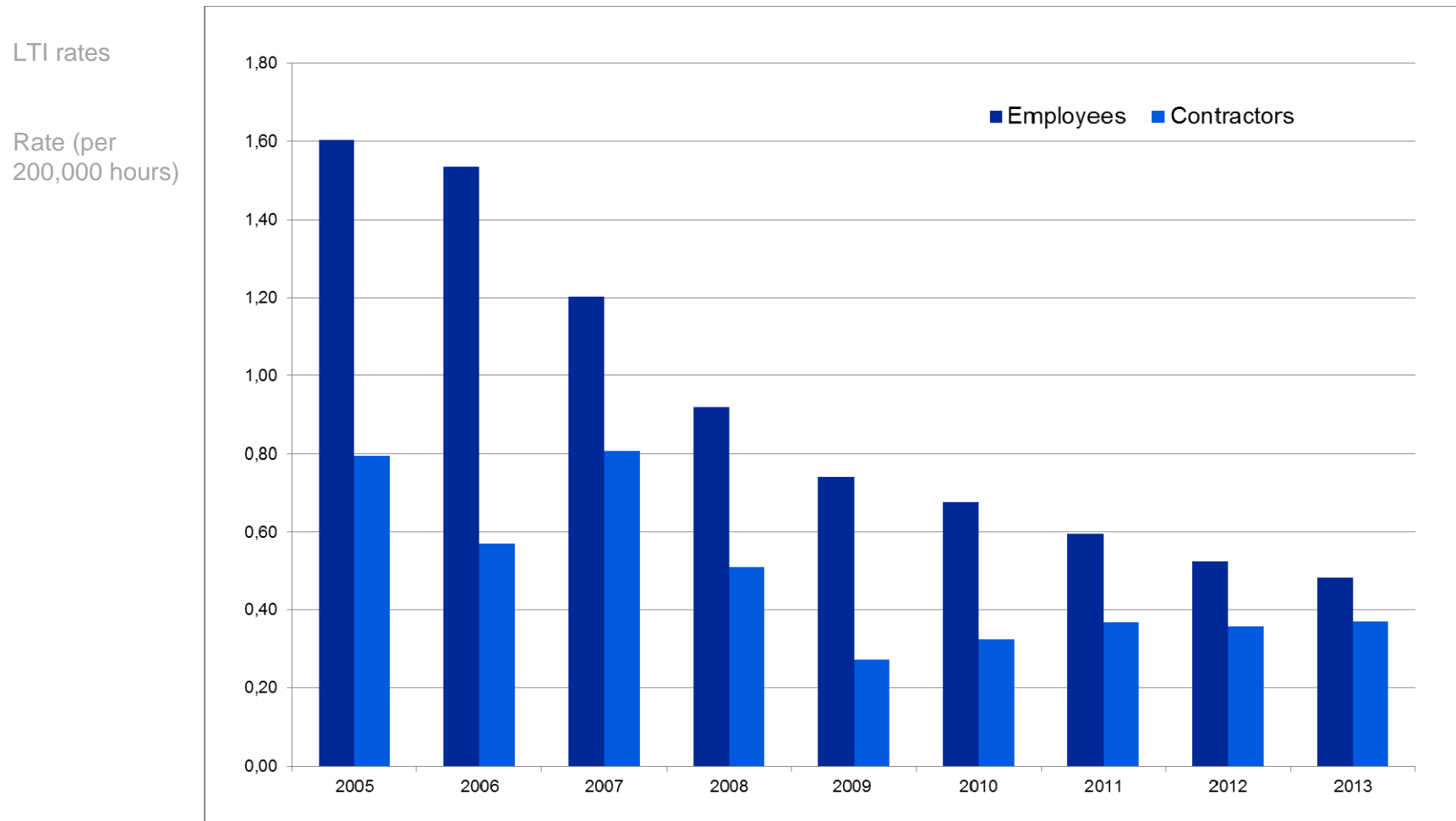
OHS Performance

Fatal Incident Trends 2005 – 2013



OHS Performance

Lost Time Incident Trends 2005 – 2013



Sustainability in supply chain

Our aims



ABB supply chain goals and activities

- Promote safe and healthy working environment according to internationally recognized standards throughout supply chain
- Disseminate best practice to suppliers and enable sharing via cooperation programs
- Supplier development and training as well as audits
- Intensify internal and external awareness and understanding of sustainability obligations

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

Managing involvement in sensitive countries/projects



Internal directives and instructions cover

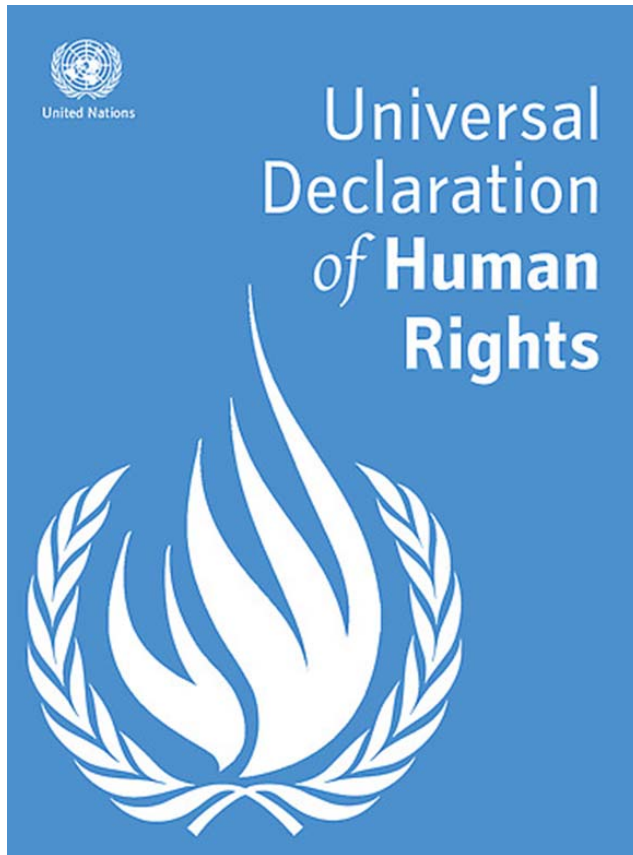
- Which countries ABB does business in and under what conditions; approvals processes
- Assessment of sensitive countries takes into account financial, legal, security and reputational factors among other criteria
- Due diligence done on business partners in designated high-risk countries

Due diligence

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

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

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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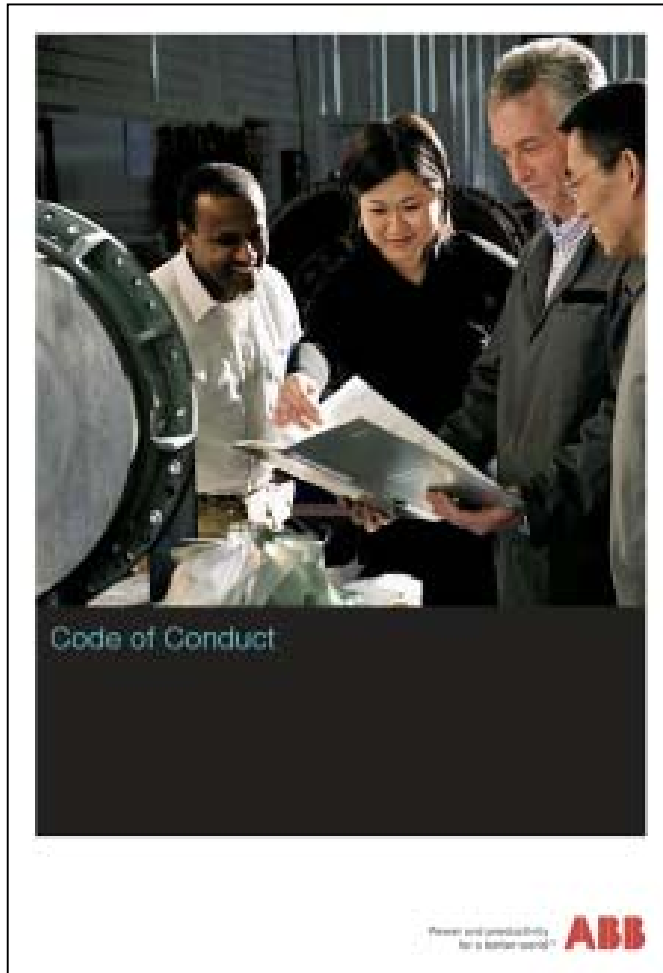
Resource efficiency

Sustainability risk management

Ethics and integrity

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

Conclusion: Delivering sustainable solutions globally

Embedding sustainability into all aspects of business

- A broad portfolio of sustainable products and technologies in power and automation
- Delivered through a strong global network
- Sustainability is measured and benchmarked ...
- ... and embedded into our
 - Products and their development
 - Business processes
 - Sites and activities
 - Corporate culture

Sustainability generates value for all of ABB's stakeholders

Swiss Sustainability Leaders SRI Conference 2014

Save the date

Date:

Monday, November 17, 2014, ca. 09.00 – 17.00

Location:

Roche Forum, Conference Facilities in Buonas,
Canton Zug, Switzerland ([website](#))

Presenters:



Set-up:

Presentations, Panel discussions on relevant topics
plus 1-1 meeting / small group meetings

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