

ABB Group Sustainability Performance 2010 Challenges and opportunities

Power and productivity
for a better world™



This is ABB

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

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

We report our sustainability performance according to the Global Reporting Initiative's (GRI) indicators. Our self-declared level of application of the GRI Guidelines is B. The GRI indicator numbers are shown alongside each item and a table of numerical performance indicators covering the last three years is included ([pages 33–36](#)). These indicators have been verified by the independent verification body Det Norske Veritas.

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 117,000 people.

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While this report provides certain information with respect to ABB products, services, technologies and standards of conduct, its contents must not be construed as constituting an expressed or implied warranty or representation.

Embedding sustainability in our business

ABB took further steps to embed sustainability in our business processes and operations in 2010, and laid the groundwork for further integration in the coming years.

We continued to work on achieving the [sustainability targets](#) that we set for 2010/11, and undertook a major survey of internal and external stakeholders to better understand changing sustainability expectations and drivers, and ways in which we can further integrate other sustainability aspects into the business in future.

The [survey](#), which involved interviews and questions to more than 500 people, was designed not only to identify strengths and weaknesses, but also to understand how to position sustainability within the enterprise.

We reached one conclusion a long time ago. Companies that are serious about sustainability need to stop speaking of it as though it is separate from the business. A company's sustainable approach and performance has an impact on the bottom line. Failure to manage sustainability risks – and the failure to take advantage of sustainability opportunities – can adversely affect performance, results and reputation.







Ideally, business and sustainability become seamless and indistinguishable. We are not there yet in ABB, but are working hard to embed core sustainability issues – environmental, health and safety, security, social and human rights considerations – into key business processes.

What do we mean by integration into the business? Here are some examples from 2010.

- As part of our efforts to strengthen the performance of our supply chain, we developed a Supplier Sustainability Development Program in 2010, which aims to develop suppliers into strategic business partners who share our commitment to sustainability. The program is based on monitoring and auditing suppliers, along with training suppliers and ABB personnel, and is supported by a dedicated sustainability expert within the Supply Chain Management function along with a diverse, cross-functional reference team.

- Sustainability experts are now engaging at an even earlier stage with business colleagues in managing risk. For example, potential sustainability implications for projects that may be pursued are reviewed at quarterly meetings with two key divisions; the mergers and acquisitions team now holds regular consultations about potential target companies with the head of environmental affairs who – depending on the nature of the target – brings in colleagues with security, human rights and health and safety expertise to input into the process.
- Health and safety experts work actively with business units to integrate best practice into daily work and processes. For example, the “Energizing Safety” program was run in 2010 for the Substations business unit, and specific OHS instructions were implemented in the Transformers business unit. We also work with contractors in a number of countries, including India and South Africa, to raise awareness and performance.
- Environmental considerations take many forms: Energy efficiency has been built into our real estate management criteria; our own factories and processes are developing programs to ensure cuts in energy use in the most energy-intensive plants; and, with support from our experts, the Transformers business unit has established a Volatile Organic Compounds reduction program.
- Our security network is active around the world in assessing threats in high-risk countries and at project sites to enable our business to operate securely, or to suggest measures which need to be factored in by managers.

These are just a few examples of the way in which sustainability considerations are already woven into the fabric of ABB's business. There are many such examples but we are aware that much work remains to be done before sustainability considerations are an automatic reflex throughout the organization. That work is ongoing, and will be guided by the stakeholder inputs we received during 2010.

Sustainability objectives 2010/11	Overview of progress at end of 2010	Status of completion
1. All sites to reduce use of energy by 2.5 per-cent annually	<ul style="list-style-type: none"> – Energy audits conducted or planned in 23 most energy-intensive production sites – Energy savings in buildings programs developed in top 20 coun-tries, representing more than 80 percent of ABB real estate – Program to develop Group-wide approach to energy efficiency in buildings and production established, coordinated with Group Functions Real Estate, Operational Excellence and Sustainability Affairs 	
2. Develop guidelines to monitor the environ-mental impact of transport of goods	<ul style="list-style-type: none"> – Pilot projects under way in Italy, Saudi Arabia, United States – Key Performance Indicators developed – Carbon dioxide emissions from cross-border transportation collected and evaluated – Draft guidelines developed and due to be tested in 2011 	
3. Monitor and reduce environmental impact from business air travel	<ul style="list-style-type: none"> – Data collection and methodology for emissions calculation estab-lished and tested; first data collection accomplished – Review of reduction possibilities commenced 	
4. Phase out the use of hazardous substances in ABB's products and processes	<ul style="list-style-type: none"> – Status investigated of use/phasing out of hazardous materials in countries/local business units. – Volatile Organic Compounds (VOC) reduction program established in Power Products division, which is responsible for more than 70 percent of Group VOC emissions – Group-wide list of restricted substances updated; program to en-hance implementation under way 	
5. Ensure that environmental and health and safety aspects are considered in product development	<ul style="list-style-type: none"> – Survey among product and project managers of current practices completed; program to further embed sustainability aspects in development 	
6. Early assessment of social, security, OHS and environmental risk in ABB's project risk management process, to better manage sensitive projects	<ul style="list-style-type: none"> – Quarterly meetings with two divisions (Process Automation and Power Systems) to identify potential risks at the project pursuit stage rather than at the later stage of tendering, with ongoing in-volvement of sustainability and security experts in project risk reviews and evaluation – Ongoing training for business managers and key functions to raise awareness of potential security and health and safety risks, as well as global human rights training program rolled out in 2010 	

Sustainability objectives 2010/11	Overview of progress at end of 2010	Status of completion
7. Due diligence on all security companies according to ABB standards	– After initial trials, global program to assess security companies piloted in Sweden. Most of global roll-out expected in 2011	
8. Ensure rapid response capability and enable ABB in risk-rated countries to prepare and respond to potential threats	<ul style="list-style-type: none"> – Launch of ABB threat map and new security Web site which helps company to prepare for, or mitigate, potential threats – Crisis workshops and exercises in 18 countries involving 450 employees – Facility Security project prepared with Group Functions Real Estate and Supply Chain Management. Launch in 2011 	
9. Develop ABB travel security system into a more supportive system for ABB	– Improvements to travel security system completed in 2010. System now includes all main threat areas, including maritime threats, plus supporting documentation for travelers	
10. Occupational Health and Safety Plan 2008–2011 continues, as approved by Executive Committee	<ul style="list-style-type: none"> – Training and improvement programs in Power divisions with high-voltage audits, medium-voltage safety training sessions in different countries, and Energizing Safety initiative for substations – Framework strategy for Process Automation division developed focusing initially on four business units (Service, Marine, Metals/Minerals and Turbocharger service) – New leadership training program launched in 2010 targeting senior business managers. New safety behavioral program also launched 	
11. Increase monitoring of key potential and existing suppliers so that ABB is not complicit in any social, environmental, human rights or health and safety abuses	<ul style="list-style-type: none"> – Project to monitor suppliers in high-risk production extended in 2010 – Supplier Code of Conduct, defining the minimum sustainability standards for any company wishing to sell to ABB, introduced and sent to top 1,000 suppliers (representing more than 50 percent of ABB's annual purchasing volume); being cascaded to remaining suppliers via local ABB organizations – Training of more ABB auditors under way 	
12. Extend social, environmental, human rights, and health, safety and security risk assessment in mergers and acquisitions (M&A) processes.	<ul style="list-style-type: none"> – Sustainability checklists for M&A process updated in 2010; sustainability workstream now embedded in due diligence processes – Regular consultations between M&A and sustainability experts established to identify potential risks at early stage of feasibility evaluation 	

Governance and integrity

The way we run our business

(includes GRI standard disclosures 3.6, 3.9, 4.1, 4.8, 4.9, and 4.12)

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

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

Statement of business principles

Our behavior, in our teams, with customers, other business partners and in the communities where we operate, is guided by our business principles – responsibility, respect and determination.

Standards of business conduct: ABB integrity program

ABB sets high standards of integrity, which are expected of every employee and in every country where we do business. We use a systematic approach, supported by tools and processes and a zero tolerance policy for violations.

Integrity is driven by the businesses with division heads and financial controllers regularly reviewing and reporting on integrity developments. The divisions' business performance evaluations also include consideration of integrity.

The ABB Code of Conduct is the integrity framework that describes the behavior expected of employees and stakeholders, based on the ABB principles of responsibility, respect and determination. It contains practical instructions to help employees in their day-to-day work and is underpinned by standards and policies covering issues such as corruption and illegal payments.

The Code of Conduct has been translated into 45 languages. All current and new employees are required to take Code of Conduct face-to-face and e-learning training, and to acknowledge their commitment to adhere to the Code of Conduct. Managers also have to re-acknowledge the Code of Conduct on a regular basis.

Multiple channels are available to all employees to report integrity concerns. A multilingual Business Ethics Hotline is available 24 hours per day, seven days per week, run by a third party. Calls are treated confidentially and people with information can choose to remain anonymous. A Stakeholder Hotline is available to our external business partners.

ABB also has an Ombuds program as an additional route for compliance reporting. The ABB Ombudspersons are respected, experienced business colleagues available for discussion and to provide confidential guidance.

ABB investigates all potential integrity concerns and cooperates fully with law enforcement agencies. There is a strict zero tolerance policy for violations of the law or the ABB Code of Conduct, which is enforced through systematic disciplinary actions.

Overall, the ABB integrity program is supported by a team of some 290 employees, full-time and part-time, at headquarters and around the world.

Other policies, principles and procedures

We have also implemented environmental, social, human rights, and health and safety policies and a Supplier Code of Conduct. These [policies](#) include references to international standards to which they relate. For example, the human rights and social policies draw on the Universal Declaration of Human Rights, the ILO Core Conventions on Labor Standards, UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Social Accountability 8000 standard.

Sustainability governance

Ultimately, every ABB employee is responsible for sustainability. The commitment of line managers to implement our objectives is key to achieving ABB's sustainability and business goals.

Accountability for the sustainability performance of ABB lies within the brief of Gary Steel, member of the Group Executive Committee (EC). The ABB Sustainability Affairs organization, covering health and safety, environment, corporate responsibility and security and crisis management, reports directly to the EC member.

A network of sustainability specialists worldwide reports to the Sustainability Affairs management team. In countries where ABB entities have or could have significant sustainability impacts, we have appointed country sustainability controllers, country health and safety advisors and country security managers responsible for ABB's sustainability management program and for gathering the data consolidated in this report. Where needed, regional responsibilities have also been assigned.

The country and regional specialists are supported by local sustainability officers and health and safety advisors. Overall, the ABB sustainability network is supported by a team of some 800 employees, full-time and part-time, at headquarters and around the world.

Sustainability risks and opportunities are also investigated in coordination with business divisions and other Group functions, e.g. Mergers and Acquisitions (due diligence), Real Estate and Insurance (real estate liabilities, security and site risk), Internal Audit and ABB's bid evaluation committee (customer and project risk assessments).

ABB's formal sustainability reporting system covers all ABB Group companies, wholly owned subsidiaries and majority-owned joint ventures worldwide that have significant sustainability impacts. We use three computerized 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 site and a monthly health and safety report from every country.

The data relating to social performance covers 95 percent of ABB employees, whereas data relating to environmental performance covers 87 percent of employees. The environmental performance of the remaining 13 percent of employees, located in non-manufacturing entities without significant impacts, is covered by estimated data.

Externally developed charters, principles and initiatives

ABB subscribes to externally developed charters and principles for sustainability management. Applying such principles is helping ABB to make progress in core areas. These charters and principles include the International Chamber of Commerce Business Charter for Sustainable Development which ABB signed in 1992, and ISO 14000 standards and technical reports.

ABB has adopted ISO 14001 for environmental management systems; ISO/TR 14025 for Environmental Product Declarations; ISO 14040-45 for Life Cycle Assessments; and ISO 19011 for environmental auditing of organizations.

ABB has incorporated the principles of OHSAS 18001, the International Labour Organization (ILO) guidelines on occupational health and safety management systems, and the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases into its health and safety program.

ABB facilities are encouraged to implement integrated management systems for environmental and quality issues, and for occupational health and safety. Around 240 sites now use integrated systems, many of which have been externally certified.

ABB is a signatory to the World Economic Forum's "Partnering Against Corruption Initiative" (PACI), signed by 128 companies committed to strengthening efforts to counter corruption and bribery. ABB was one of 10 companies to also sign the forerunner of this initiative at the WEF's annual meeting in 2004 in Davos, Switzerland.

In addition, ABB has taken note of ISO 26000 on social responsibility, using its recommendations to assess expectations of corporate behavior.

As a founder member of the United Nations Global Compact, ABB has been closely involved in its development. ABB's human rights understanding and work benefits from involvement in such organizations.

Other GRI indicators

SO2 Business units analyzed for corruption risks

ABB's internal auditors carry out an annual risk assessment as the basis for their audit planning for the following year. Anti-fraud risk assessment is part of this. ABB's internal auditors also carry out anti-bribery compliance reviews of business units and countries globally. In these reviews, ABB's internal auditors review business processes, accounts and balances, and test transactions to assess robustness of controls and identify possible violations of ABB's anti-bribery procedures. In addition, every significant project is included in a risk review process, which also covers corruption risk considerations.

SO3 Employees trained in anti-corruption procedures

Substantially all employees have completed training on ABB's Code of Conduct. In addition, approximately 95 percent of all employees have received training on anti-corruption procedures.

In 2010, ABB expanded its Ombuds program to additional countries, now covering 26 countries with more than 40 Ombudspersons.

SO4 Actions taken in response to corruption

ABB applies a strict zero tolerance policy to combat corrupt payments. Every incident is sanctioned, and may include termination of employment. In 2010, ABB identified one new incident of corruption of a government official, still under investigation at year-end. During the year, no employee was dismissed or disciplined for incidents of corruption.

SO5 Public policy and lobbying

ABB provided input to the European policy process on transmission, distribution and on smart grid technologies, as well as on all aspects of resource efficiency and industrial competitiveness. ABB made a strong case for the further integration of the European energy market and for the necessary interconnections. ABB supported the pursuit of ambitious binding targets for renewable energy sources, as well as their integration in the power grids in European Union energy policy. ABB helped advance and create the necessary regulatory environment for offshore wind and solar energy projects and lobbied for the promotion of available "green" technologies through procurement and in international agreements to achieve a low carbon economy.

In the United States, election results in 2010 changed the make-up of Congress, which will have a significant effect on energy and climate policy discussions. ABB continues to promote the benefits of incentivizing technology applications in both the energy and efficiency policy areas and plays an active role in the Business Roundtable organization.

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 with the approval of the Chief Compliance Officer. In 2010, ABB Inc in the United States made employee-raised donations through its Political Action Committee (PAC).

SO7 Legal actions for anti-competitive behavior

ABB has been cooperating with various antitrust authorities regarding their investigations into certain alleged anti-competitive practices in the gas insulated switchgear business, the power transformer business, the cables business, and the flexible alternating current transmission system (FACTS) business. 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.

Compliance – society

SO8 Significant fines and sanctions for non-compliance with laws and regulations

On September 30, 2010, ABB announced settlements of anti-bribery investigations conducted by the U.S. Department of Justice ("DOJ") and the U.S. Securities and Exchange Commission ("SEC"). ABB Ltd and ABB Inc paid a total of \$58.3 million in disgorgement, prejudgment interest and penalties to the DOJ and the SEC to resolve charges arising from the anti-bribery investigations. ABB cooperated fully with the DOJ and SEC and has put in place a global comprehensive compliance and integrity program and will report on its continuing compliance efforts and the results of the review of its internal processes through September 2013. 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.

PR4 Non-compliance concerning product information and labeling

During 2010, ABB received one injunction in Hungary related to the obligation to provide manuals both in original language and in Hungarian translation. The required documents and manual were immediately translated from English to Hungarian and no fine was levied.

PR8 Complaints regarding breaches of customer privacy

No complaints regarding breaches of customer privacy were received during 2010.

Compliance – product responsibility

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

We identified one injunction received during 2010 related to product labeling, as reported in PR4 above. The complaint was resolved and no fine was levied against the company.

Stakeholder relations

Listening and learning

(includes GRI indicator PR5, and GRI standard disclosures 2.10, 4.14–4.17)

Stakeholder engagement is essential to understanding trends and performance improvement. In 2010, we held our widest-ever sustainability stakeholder survey of internal and external perceptions of our sustainability performance, the changing expectations of the company, and potential improvements for ABB.

Data was collected via interviews and written questionnaires from about 400 employees, including 25 top executives and representatives from different businesses, functions and regions. In addition, questionnaires were sent to dozens of external stakeholders, including customers, suppliers, investors, governments, academics and students, and a number of specialists involved in key areas of ABB's sustainability focus – the environment, climate change, human rights, health and safety, and security.

A benchmarking survey of competitors was carried out from open sources to determine how we perform and are perceived. The results are being assessed and follow-up actions are being developed in 2011.

Overall, ABB seeks to engage with organizations or individuals who may be affected by our business operations, and whose actions may, in turn, affect ABB. In addition to our surveys, ABB engaged with a wide variety of stakeholders around the world in 2010. Some of the meetings were formal round-table discussions or many were face-to-face meetings with specialists.

The most frequent discussions reported in 2010 involved customers and suppliers, as well as ABB employees. There were also meetings with politicians, unions, NGOs, media representatives and academics at a community, national and corporate level.

Among the most common themes raised during the discussions were ways of raising social performance throughout the value chain, ongoing efforts to improve the company's health and safety record, ways of reducing environmental impact through energy-efficient products and systems, and other issues such as diversity and community engagement.

In Europe alone, stakeholder engagement took on many forms in 2010: In Germany, for example, a forum was held with business representatives, politicians and journalists on how innovation in power supply can help mitigate climate change; in the Finnish city of Vaasa, where ABB is a major employer, our management meets officials from the city and

surrounding municipalities every year to outline and discuss the company's performance and situation. In Hungary and the Czech Republic, ABB engages with customers and contractors on ways of improving health and safety performance. And in Sweden and Switzerland, there is strong interaction with universities on a range of issues – from research projects to teaching students about the corporate responsibility to respect human rights.

ABB also participates in and learns from involvement in a number of multi-stakeholder organizations. We are members of the World Business Council for Sustainable Development's electricity utilities working group, and participate in the energy and climate focus area. At the United Nations Global Compact, we are members of the human rights working group, as well as participating in initiatives in the local networks.

In recognition of our stakeholder and community engagement activities, ABB won 16 awards worldwide in 2010. They included awards for corporate social responsibility activities in China, health and safety performance in different countries, environmental protection and new initiatives in the United Arab Emirates, an HIV/AIDS education program in South Africa, and an honor for the best corporate working environment in Saudi Arabia.

Customer relations

Throughout 2010, we explored how to better measure and monitor customer satisfaction in a way that is also straightforward for the customer and easy for our managers to interpret, track and act upon. The outcome is a simple metric that has become one of the key performance indicators that we will monitor in 2011.

This new metric is part of ABB's overall commitment to building a culture of quality and continuous improvement that drives growth through customer loyalty.

Customer representatives systematically share the results of the surveys with their customers to create action plans to prioritize improvements or to leverage customer loyalty. Further investigation to examine the root cause of any customer dissatisfaction and the subsequent follow-up action are managed through local quality management systems.

ABB compiles, validates, tracks and analyzes all customer complaints in a single, global system that helps resolve problems quickly and efficiently. This system – the Customer Complaints Resolution Process (CCRP) – also provides valuable pointers for improvement.

Other GRI indicator

4.13 Memberships in associations

Listed below are some of the principal associations and initiatives with which ABB is involved in the area of sustainability:

- Chalmers University of Technology, CPM, Sweden
- CSR Europe, Belgium
- Global Business Initiative on Human Rights, U.K.
- Global Reporting Initiative, GRI, Netherlands
- Hunger Project, Switzerland
- Institute for Human Rights and Business, U.K.
- International Committee of the Red Cross, ICRC, Switzerland
- International Institute for Management Development, IMD, Switzerland
- Swedish Standards Institute
- oikos International, Switzerland
- Pew Center on Global Climate Change, U.S.
- Transparency International, TI, Germany
- United Nations Global Compact, U.S.
- World Business Council for Sustainable Development, WBCSD, Switzerland
- World Childhood Foundation, Sweden
- World Economic Forum, Switzerland
- WWF, Switzerland

Risk management

Adding business value

(includes GRI standard disclosure 4.11)

ABB recognizes that good risk management is essential to business success. There are many different aspects to risk management – and on the sustainability side, considerable efforts have been made in recent years to ensure improvements in environmental, health and safety, social, human rights, and security risk analysis and performance.

Overall, ABB has a global integrated risk management process. Once a year, the executive management and the Board of Directors perform a risk assessment in accordance with the company's risk management processes and take appropriate actions where necessary.

We take a comprehensive top-down and bottom-up approach to Enterprise Risk Management (ERM). The process directly involves group functions, regions, country management, divisions and large global business units, and is supported by a common ABB risk catalogue and training for the participating entities. The number of participating entities increased in 2010.

The common risk catalogue specifically includes consideration of external, strategic and operational risks, including the legislative environment and topics related to climate change. Participating entities are expected to organize ERM round tables where risks are identified and reported along with a detailed risk description, the likelihood of such risks occurring, the potential impact on profitability, and mitigation plans. The risk management approaches of Group ERM and Internal Audit are aligned. The Group ERM team consolidates results, which are discussed and analyzed at the Group level.

We have integrated Group-wide sustainability criteria into our risk assessment process for projects, our supplier selection guidelines, and a mergers and acquisitions checklist, as part of our ongoing efforts to minimize risks and potentially negative impacts.

The company seeks to identify potential risks at an early stage and where appropriate carries out due diligence on environmental, social and human rights, health, safety and security issues. The risk review process for projects may also require an environmental or social impact assessment carried out by or for the customer for the overall project. These impact assessments should be transparent, and in compliance with applicable regulations and international agreements.

As part of efforts to identify and, if appropriate, mitigate potential risks at an even earlier stage than at present, members of the sustainability management team have started working

with key divisions to input sustainability perspectives as early as possible in the business process. Some projects are now being looked into at the pursuit – rather than pre-tender – stage. This work is part of our sustainability objective to assess potential risk as early as possible in the business process.

Similarly, regular consultations between mergers and acquisitions and sustainability experts have been established to identify risks at an early stage of project evaluations for both acquisitions, investments and divestments.

Sustainability due diligence is regular and can take many forms: In 2010, environmental specialists were involved in acquisitions as well as project assessments; security at a number of production sites and buildings in areas of high risk was reviewed and enhanced; and, as part of the process for identifying risks, the social, environmental and human rights aspects of a potentially large power infrastructure contract were investigated on the ground over an extended period. There are many such examples.

Effective risk management on sustainability issues supports business goals and continuity; failure to understand and manage such risk at an early stage can lead to additional cost and reputation damage.

One area of major improvement in recent years has been security and crisis management. Our global security team has strengthened its presence in risk-rated countries to ensure security for ABB employees and contractors, to develop a robust rapid response capability and to enable ABB to carry out business operations in challenging security environments.

Our security experts have put in place a number of systems for secure and safe travel, which includes the capability to respond to medical and security incidents. The travel security system is integrated into daily business procedures, and into the ABB crisis management system. Further improvements were made in 2010 as part of ABB's objective on the issue.

Security and crisis management exercises were held for 450 managers in 18 countries in 2010 to raise awareness of potential risks and to ensure employees know how to respond to potential threats and incidents.

One of the main challenges – from a sustainability perspective – in a multinational company is to ensure employees are fully aware of the multitude of risks they may face as part of daily business life, and the processes and procedures already in place to avoid and mitigate them. ABB is working hard in different areas to anticipate and mitigate risks of all kinds.

Innovation

Sustainability is key to success

Innovation is crucial to ABB's success in our markets, and to meeting customer needs while lowering environmental impact. We continuously seek to further strengthen and expand our product portfolio, creating the technologies, products and solutions that will improve the productivity, efficiency and flexibility of our customers' operations.

ABB's research and development departments worldwide employ some 6,000 highly skilled people in different businesses and at seven corporate research centers. Spending on order and non-order related research and development in 2010 was \$1.34 billion, representing 4.2 percent of revenues.

When developing new products, ABB designers follow sustainability guidelines applicable to each phase of the process. These include, for example, standardized Life Cycle Assessment procedures, a handbook for environmentally aware design, a health and safety checklist to identify potential risks, and a list of prohibited and restricted substances to ensure our sustainability objectives are also embedded into product development.

One area that has led to huge changes in recent decades is power electronics. Compact and reliable semiconductor devices are permitting electrical power to be converted with an unprecedented degree of flexibility, efficiency and controllability. ABB's award-winning drives and converters are contributing to these advances.

Motors are important to virtually all manufacturing processes, and are customized for numerous different applications. In the oil and gas extraction industries, for example, sparks, hot surfaces or high electrical fields are all potential threats to safety. ABB's large synchronous and induction motors have been developed to operate to stringent safety requirements and guarantee spark-free operation.

In the area of power transmission, ABB achieved a significant milestone in 2010 with the commissioning of the Xiangjiaba-Shanghai project in China, the world's first UHVDC (ultrahigh-voltage direct current) transmission link to go into commercial operation. The new link helps to meet the electricity needs of about 24 million people, based on local consumption, and sets a new benchmark in terms of voltage levels and transmission capacity. The high-capacity power link occupies less space than the existing system, with transmission losses under seven percent, considerably less than the existing system. The electricity saved is equivalent to the power needs of around one million people in China.

Cooperation to achieve better results

As well as conducting research in our own laboratories, ABB collaborates with over 70 universities and research institutions across the world. In Finland for example, ABB is one of the founders and an active member in the strategic center for science, technology and innovation in the energy and environmental sector (CLEEN Ltd.). CLEEN facilitates cooperative knowledge building and the creation of innovative solutions that are beyond the R&D capability of a single company or area of industry. Efficient energy use, distributed energy systems, energy markets and smart grids are major areas of research.

ABB Technology Ventures grows our business

The third pillar of ABB's technology edge is the corporate venture capital unit, ABB Technology Ventures (ATV). ATV investments are used to build technology leadership strategically and drive growth. In 2010, we invested in the California-based Trilliant, which provides smart grid communications infrastructure that enables improvements in energy efficiency and grid reliability, and we also entered the market for U.S. electric vehicle infrastructure through a stake in ECOtality.

Other equity investments were in renewable energy companies such as Pentalum Technologies, which is developing wind-sensing technology for control and optimization of wind turbines and wind farms, and Aquamarine Power, which has technology to convert energy captured from waves near shore into electricity. These investments ensure that ABB is well positioned as these markets develop.

GRI indicators

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.

PR2 Number of non-compliance incidents relating to product 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. No such incidents were reported for 2010.

PR3 Product and service information

ABB's goal is to produce Environmental Product Declarations (EPDs) for its 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 also contain recovery, recycling and disposal instructions for when the product has completed its useful life. The EPDs are published on ABB's Web site 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.

PR6 Adherence to marketing communication regulations 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.

Energy efficiency and climate change

Lowering emissions and raising performance

(includes GRI indicators EC2, EN5, EN6, EN7, EN18)

ABB has been in the energy business for 120 years. Our technologies are used along the entire energy value chain, from the extraction of resources and their transformation into electricity, liquified natural gas or refined petroleum products, to their efficient use in industry, transportation and buildings. We help our customers to use electrical power effectively and to increase industrial productivity in a sustainable way.

The link between energy efficiency and mitigating climate change is clear. According to the 2010 World Energy Outlook, published by the International Energy Agency, more than 70 percent of projected CO₂ emission reductions by 2020 can be delivered by energy efficiency. A combination of energy efficiency measures and renewable power generation could deliver almost 70 percent of the required emissions reduction over the next two decades.

ABB has identified mitigation of climate change and energy efficiency as key drivers for all parts of our business and we are positioning our business to take advantage of these opportunities and to mitigate any related risks. Our large portfolio of products and services help our customers in the utility and industry sectors save energy and reduce greenhouse gas emissions.

For example, our advanced industrial information technology for the control and optimization of integrated systems, electrical power grids, buildings and industrial processes saves energy and reduces emissions. The interconnection of power systems with high-voltage direct current technology makes large savings through a more even distribution of loads and a more efficient use of primary energy resources, thereby reducing CO₂ emissions. It also enables large-scale integration of renewable energy into the power grids.

While motor-driven applications consume two-thirds of electricity in industry and one-quarter of all the electricity used in the world, drives control less than 10 percent of the motors. ABB's high-efficiency motors and variable-speed drives for motors contribute to large emission reductions. The worldwide installed base of ABB drives saves electricity equivalent to the annual consumption of more than 54 million European Union households. Optimizing motor-drive systems worldwide could save power equivalent to the annual output of 250 nuclear reactors.

Reducing emissions through a novel, stable supply of power

Using ABB technology, Statoil's Gjøa platform has become the first floating platform in the North Sea to be supplied with power from shore. When electrical power was connected in July 2010, the platform started to use the world's longest alternating current cable from land to a floating installation.

The nearly 100-kilometer long cable makes it possible to supply the platform off the coast of Sogn and Fjordane County with renewable energy from the Norwegian electricity grid, and means the platform will cut its carbon dioxide emissions by 210,000 tons per year at full production. A traditional solution with power generated by gas turbines on board would have generated emissions equivalent to 100,000 cars every year.

The technology used for power supply to platforms from land has been developed in close partnership between Statoil and ABB. In addition to the power cable, ABB also supplied the high-voltage equipment for the platform, developing compact electrical solutions for transformers and engine drives in order to save space on board.

Working with partners to build capacity

In practice, however, it can be challenging to capture the benefits of new and existing technologies. Governments, businesses and individuals all play a role, but there's no easy way to coordinate their actions. Barriers to investing in energy efficiency can include lack of knowledge, unwillingness to change behaviors and practices, and a reluctance to absorb the upfront cost of retrofitting equipment or installing new technology before older technology has reached the end of its productive life cycle.

ABB in China works with a range of partners to overcome these barriers through energy efficiency training. ABB entered into a strategic partnership with Guangdong Province as early as 2006, and has so far delivered energy efficiency training in six Guangdong cities to more than 1,000 enterprises. At the end of 2009, ABB signed a three-year strategic framework agreement with the Ministry of Industry and Information Technology addressing energy efficiency. The two parties work closely together to organize energy efficiency seminars, technology training and consultancies to help enterprises achieve systematic energy conservation and emissions reductions.

In 2010, ABB partnered with the Beijing Energy Conservation and Environmental Protection Center and the global conservation organization WWF to launch a high-level training program on energy efficiency management. The course, "Low Carbon Management Skills and Technology Applications for Enterprises," is offered to enterprises nationwide and is recognized

as part of the Continuing Professional Education program by the Ministry of Human Resources and Social Security.

ABB executives also take part in global initiatives on energy efficiency and climate change. For example, we are a co-chair of the World Business Council for Sustainable Development's electricity utilities working group, and participate in the energy and climate focus area.

Energy efficiency begins at home

At ABB, we aim to steadily increase the efficiency of our own operations, including through the use of our own products. We have set ourselves the target of reducing the energy we use as a company by 2.5 percent per employee per year for 2010 and 2011. To implement the objective, our 23 most energy-intensive production sites are required to conduct energy audits and all sites are required to develop an energy saving program.

As approximately 50 percent of energy is consumed in our buildings, we have set a supporting objective to improve energy efficiency in buildings by 2.5 percent. During 2010, energy savings in buildings programs were developed in our top 20 countries, representing more than 80 percent of ABB real estate. Underpinning this effort, our Green Building Policy was formalized as a mandatory Group Directive and a cross-functional work program, involving Real Estate, Operational Excellence and Sustainability Affairs, was established to develop a common, practical approach to energy efficiency in production processes and in buildings.

As our 2010 results show, there are still improvements to be made. Electricity consumption remained steady, but primary energy consumption increased, driven in part by the need for diesel-fueled back-up power generation in India. With no significant change in global employee numbers, our energy consumption per employee therefore increased slightly from 2009.

We have made good progress in developing key performance indicators to monitor the environmental impact of transport of goods. Pilot projects are under way in Italy, Saudi Arabia and the U.S. to help us understand how these indicators can be applied practically for both domestic and international transport. Draft guidelines have been developed and are due to be tested in 2011. Carbon dioxide emissions from cross-border transportation have been collected and are being reviewed.

For business air travel, we have established the means for data collection and the methodology for emissions calculation, based on the U.K. Department for Environment, Food and Rural Affairs and Department of Energy and Climate Change methodology. Our first data collection, covering 2010, is presented in the greenhouse gas emissions table below.

Concrete action to reduce our emissions

ABB in Italy is pursuing energy efficiency in buildings both at design stage and during refurbishments. The new building hosting ABB's business in Genoa was designed with both passive and active energy saving in mind. Walls and surfaces are insulated to minimize heat dispersion, while a range of technologies recover heat, manage lighting, harvest solar energy, and control ventilation to ensure energy conservation. Similar strategies applied to ABB's existing Santa Palomba site near Rome will avoid 147 tons of CO₂ emissions per year, with a payback time of approximately one and a half years.

The Real Estate organization in ABB Germany was given an award by the Deutsche Energie-Agentur – the German Energy Agency – for its sustainable implementation of ecological real estate management. The main office in Mannheim, the Wabenbau, is one of the projects where ABB has achieved energy savings of 44 percent and a CO₂ emission reduction of 550 tons by restructuring the building. Other ABB sites in Hamburg, Heidelberg, Ladenburg, Lüdenscheld, Mannheim and Ratingen have also been recognized for their achievement of energy savings of 24 percent, CO₂ reduction of 1,956 tons and a cost reduction of almost \$800,000 annually.

Energy and climate performance: Other GRI indicators

EN3 Direct energy use by ABB (Gigawatt-hours – GWh)

Primary fuel	2010	2009	2008
Oil (11.63 MWh/ton)	114	87	104
Coal (7.56 MWh/ton)	0	0	0
Gas	427	415	416
Total direct energy	542	502	520

EN4 Indirect energy use: Consumption and losses at utilities (Gigawatt-hours – GWh)

Energy source	2010	2009	2008
District heat consumption	223	259*	250*
District heat: Losses at utilities	33	39	37
Electricity consumption	1,335**	1,321*	1,323*
Electricity: Losses at utilities	1,844	1,824	1,627
Total indirect energy	3,436	3,442	3,237

* The figure is based on reported data from 85 percent of employees and an assumed energy use of 3 megawatt-hours (MWh) per employee for district heat and 12 MWh per employee for electricity for the remaining 15 percent of employees.

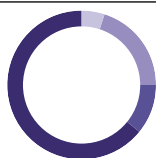
** The figure is based on reported data from 87 percent of employees and an assumed energy use of 12 MWh per employee for electricity for the remaining 13 percent of employees.

Megawatt-hours (MWh) per employee

2010	18.0
2009	17.9
2008	17.5

Direct and indirect* energy use by type for 2010

Oil 5%
Gas 20%
District heat* 11%
Electricity* 64%



* Not including losses at utilities.

Direct energy use increased by about eight percent during 2010, driven in part by the need for supplementary on-site power generation in India. Electricity consumption remained steady. For 2010, we did not assume additional district heating consumption for the 13 percent of employees not covered by the reported data, as most are located in regions not using district heating, contributing to an apparent decline in district heat consumption.

The pattern of energy consumption was relatively unchanged during 2010, but energy consumption per employee increased slightly. We expect to see further improvements in energy efficiency as production volumes rebound and energy savings programs gain traction.

EN16, EN17 Greenhouse gas emissions (kilotons CO₂ equivalents)

EN29 Significant environmental impacts of transportation (kilotons CO₂ equivalents)

	2010	2009	2008
Scope 1			
CO ₂ from use of energy	117	107	112
SF ₆	247	263	406
CO ₂ from transport by own fleet	350*	350*	350*
Scope 2			
District heat consumption	49	57	55
District heat: Losses at utilities	8	9	8
Electricity consumption	293	290	287
Electricity: Losses at utilities	405	400	397
Scope 3			
Air travel**	645	N/A	N/A

* Estimated figures.

** Note that this data is not included in the scope of the DNV assurance process.

Emissions of SF₆ continued to decline as we pursued emission reduction programs at different sites. However, challenges remain to ensure appropriate handling procedures at both ABB and customer sites.

We are working to improve our data collection around transport emissions, from our own fleet, from transport of our goods by external suppliers and from business air travel. In 2010, we made the first calculation of greenhouse gas emissions from business air travel and we are now reviewing the first data on international transport of goods.

Environmental responsibility

Improving our performance, helping customers reduce their impact

(includes GRI indicator EN26)

Environmental impact occurs in all phases of a product's life cycle – from manufacture and transportation to customer use and final recycling and disposal. ABB has been working for many years to manage our impacts, both within our own plants and offices, and those caused by our products.

To ensure continual improvement, we require all manufacturing and service facilities to implement environmental management systems according to the ISO 14001 standard. For non-manufacturing sites we have implemented an adapted environmental management system to ensure management of environmental aspects and continual improvement of performance. Almost all of these approximately 360 sites and offices currently work in compliance with the requirements of the standard and our environmental management program now covers operations in 59 countries.

ABB's management systems are underpinned by intranet-based tools and procedures. Our "Sustainability Toolbox" contains information to support the development of eco-efficient products and processes, and the implementation of ABB's sustainability objectives for 2010 and 2011.

Product development

ABB has Group-wide mandatory sustainability checks in place, which are applied in the development of new products and projects. This GATE model requires consideration of an environmental and health and safety checklist that provides guidance on how to reduce the use of hazardous substances, avoid other environmental and health risks, minimize consumption of resources, and design for recycling and easy end-of-life treatment. One of our sustainability objectives is to reinforce the full application of these checklists in product development.

To determine how well and how widely the checklist is used, we conducted a survey in 2010 among product and project managers of current practices. We are using this feedback to improve presentation and communication of the checklist, and to further embed sustainability aspects in product development.

ABB is developing Environmental Product Declarations to communicate the environmental performance of our core products over their complete life cycle. Declarations are based on Life Cycle Assessment studies, created according to the international standard ISO/TR 14025. More than 70 declarations for major product lines are published on our Web site (www.abb.com).

Hazardous substances

ABB is committed to phasing out the use of hazardous substances in our products and processes, where technically and economically feasible. We have developed lists of prohibited and restricted substances to guide this process and update them regularly, in line with developments in international regulations. Based on feedback from those using the lists, we have commenced a program to enhance the usability and application of the lists.

During 2010, we further investigated the use of hazardous materials and the status of phase-out programs in countries and business units. Alongside local, plant-specific programs, some business units (BU) have established global BU focus programs. For example, the Transformers BU in the Power Products division has established a Volatile Organic Compounds (VOC) reduction program.

VOC can react with other pollutants and sunlight to form ground-level ozone and are also one of the causes of summer smog. Conventional paints emit VOC and the main sources in ABB operations are the paint shops for transformers and motor manufacturing. The Power Products division accounts for more than 70 percent of the Group's VOC emissions.

VOC reductions can be achieved by changing to water-borne, high solid, powder paints or by installing special equipment such as carbon filters. Building on 10 years' experience with reduced VOC paints on some of our power transformers, and in cooperation with qualified global suppliers, ABB Corporate Research Center has now developed reduced VOC painting systems based on the ISO standard 12944-2.

ABB transformers are designed to last many years in various environments. Their location can range from a clean, heated, indoor installation to open deck installations offshore. By using ISO 12944-2 it will be possible to standardize the available paint systems across all manufacturing sites globally and to ensure performance in different installation environments. Sub-suppliers of painted parts will also be required to use comparable low VOC systems.

ABB is now introducing these systems as a standard for all our transformers. By switching our transformer manufacturing plants to lower VOC painting systems, ABB will reduce solvent emissions and also lower the energy consumption and costs involved in the application and drying of paints.

Waste and recycling

The main waste streams at ABB organizations are metal, wood, paper, oil and plastic. We aim to reduce the amount of waste sent to landfill and to increase our use of materials which are recycled or made available for reuse.

At Ludvika in Sweden, ABB's Full Service team has developed a site-wide concept for handling waste products. Careful sorting of different types of waste, better management of waste contracts and addressing waste transportation have brought significant improvements and lower costs.

The process has not been without its challenges, however. Changing behaviors and attitudes was critical to success, and was achieved step by step, through committed leadership, appropriate training and the creation of a better work environment.

The improved handling generates an economic gain of more than \$1 million per year and environmental benefits in the form of a 25 percent increase in recycling of materials, a 75 percent reduction of waste transportation, and a 33 percent reduction of incineration waste.

In May 2010, the ABB New Berlin Campus Green Team in the United States started collecting and recycling clear plastic wrap, clear plastic bags and clear bubble wrap, in addition to the plastic drive covers already being recycled. More than 3,000 kilograms of plastic wrap, bags, bubble wrap and drive covers were recycled, and over \$500 collected. The funds were donated to the Schlitiz Audubon Nature Center to continue the legacy of environmental education and stewardship.

ABB provides an extensive range of maintenance, repair and refurbishment services to help customers minimize costs and lengthen the life cycle of their products. These services cover control systems, as well as diverse products such as drives, robots, analytical instruments and transformers.

For example, as part of the "green transformer" program, ABB offers transformer remanufacturing and engineering services to reduce waste, recycle components and extend useful life. ABB can certify aged transformer components, typically the transformer tank and core, for re-use and replace the rest of the components with modern technology. The remanufactured transformer has the same life expectancy as a new transformer. ABB also offers a process that cleanses and extends the life of transformer oil instead of replacing it. This eliminates the need for new oil and the need for disposal of old oil.

Water

In order to better understand the impacts of ABB's water withdrawals, we have used the World Business Council for Sustainable Development Global Water Tool to characterize the renewable water resource availability in the countries and watersheds in which we operate. We have classified water resources according to the Food and Agriculture Organization methodology.¹

At a country level, 10 sites are located in extremely water-scarce countries, nine sites in water-scarce countries and 33 in water-stressed countries. When considering watersheds, 41 sites are located in extremely water-scarce watersheds, 46 in water-scarce watersheds and 64 in water-stressed watersheds.

We are now mapping reported water withdrawals for the sites classified above and will use this information to help us determine appropriate activities at site and Group level.

Thanks to a wide products and solutions portfolio, we provide our customers with enhanced performance, efficiency and reliability in water management. ABB's goal is to optimize the employment of water and energy resources to manage the integrated water cycle.

For example, we have developed a Water Leak Management solution that allows users to better monitor and manage losses throughout the distribution network. The solution uses flow and pressure data to identify new losses. In Thailand, ABB supported Bangkok Metropolitan Waterwork Authority (MWA) in managing the health of its wide and complex water distribution network. MWA is now able to monitor the network's performance and to determine non-revenue water levels, to detect bursts more efficiently, to differentiate between background leakage and bursts, and to develop appropriate repair strategies.

¹ Food and Agriculture Organization of the United Nations (FAO) (2003). *Review of world water resources by country. Water Reports 23*. Rome. According to this methodology, a watershed is considered water stressed if the total actual renewable water resources (TARWR) is below 1700 m³ per person and year, water scarce if below 1000 and extremely water scarce if below 500.

Environmental performance: Other GRI indicators

EN1 Use of hazardous substances (tons)

	2010	2009	2008
Phthalates – softener for PVC	31	16	25
PBB and PBDE – flame retardants in plastics	0	3.1	2.3
Lead in submarine cables	3,632	3,600	6,596*
Organic lead in polymers	52	24	36
Lead in other products, e.g. backup batteries and counter-weights in robots	265	313	354
Cadmium in industrial batteries delivered to customers	1.7	2.2	2.0
Cadmium in rechargeable batteries	5.9	4.7	6.4
Cadmium in lead alloy	2.7	2.5	5.3
Cadmium in other uses	0.18	0.05	n.a.
Mercury in products delivered to customers	0.038	0.011	0.015
SF ₆ insulation gas (inflow to ABB)	968	962	987
SF ₆ insulation gas (outflow from ABB)	959	951	969

* Increase due to higher business volume

Water

EN8 Water consumption

EN9 Water sources affected by withdrawal of water

EN10 Water recycled and reused

EN21 Total water discharge by quality and destination

EN25 Water bodies/habitats affected by water discharges and runoffs

Water withdrawals (kilotons)

	2010	2009	2008
Purchased from water companies	3,300*	3,300*	3,100
Groundwater extracted by ABB**	2,700	2,900	2,700
Surface water extracted by ABB**	2,900	2,700	2,800
Total water withdrawal	8,900	8,900	8,600
Water saved through recycling and reuse (kilotons)	3,000	800	900

* The figure is based on reported data from 87 percent of employees and an assumed water consumption of 10 tons/year/employee for the remaining 13 percent of employees.

** Estimated (rounded) figures

ABB's manufacturing processes do not use significant amounts of water, with extractions of groundwater and surface water used mainly for cooling purposes. None of these extractions caused significant changes to the water sources.

Approximately two-thirds of ABB's manufacturing sites use water for process purposes. Thirty percent of the sites using process water use closed-loop processes, mainly for cooling systems, surface treatment processes and the production of

electrical insulation paper. Excluding cooling water returned to the source of extraction, the use of closed-loop processes and reuse of waste water in other ways saved approximately 3,000 kilotons of water in 2010. In China, South Africa, Colombia and India, for example, water treated in ABB's own treatment plants is reused for local irrigation and in sanitary services.

About 84 percent of plants discharge process water to the public sewers. About 13 percent discharge decontaminated process water via their own treatment plants. The remainder use water from local water sources, mainly for cooling water systems and test plants, which is then returned to these local water sources without any contamination. Two sites with their own treatment plants consider that their discharge of water affects the recipient, as the receiving bodies are near-permanently dry riverbeds.

Biodiversity and conservation

EN11 Land used in protected or high biodiversity value areas

EN12 Significant impacts on biodiversity in protected or high biodiversity value areas

EN13–15 Biodiversity and protected habitats

ABB's manufacturing and workshop facilities are not located in, or adjacent to, protected areas or areas of high biodiversity value, as defined in internationally recognized listings or national legislation or internationally recognized listings such as the International Union for Conservation of Nature Protected Areas Categories 1–4, world heritage sites or biosphere reserves. Nonetheless, ABB works to rehabilitate our own sites and some of our operations are working with partners to contribute to local biodiversity. For example, ABB in Taiwan focuses on wetland conservation, partnering with the Guandu Nature Park and Chouchai Wetland Park. Both parks are significant habitats and breeding grounds for a wide variety of bird species and ABB supports the rehabilitation and maintenance of these valuable sites.

At Grave Mountain in Georgia, U.S., ABB has made significant progress in rehabilitating a kyanite mine opened in the 1960s. The mining process created tailing ponds that could not support vegetation/ecological habitats, and also created acid mine runoff. Four tailings ponds covering 40 hectares of land have been rehabilitated.

Four series of wetlands were constructed to treat the acid mine runoff using a cutting edge approach. Through the addition of limestone and mushroom compost, water quality has been improved and natural plant life encouraged to return. The acid runoff from the mine now flows into the wetland where it is passively treated. The water discharged at the outfall is of good quality and does not disturb the downstream ecology. Today the mine is a showcase for responsible and sustainable mine reclamation.

Air emissions

EN19 Emissions of Volatile Organic Compounds (tons)

	2010	2009	2008
Volatile Organic Compounds (VOC)	786	782	909
Chlorinated Volatile Organic Compounds (VOC-Cl)	11	5	6

The major constituents of VOCs and VOC-Cl are xylene, thinner and perchloroethylene. Increases in 2010 were due to increased business volume involving certain processes. We expect to see reductions in VOC as the ABB low VOC paint program is implemented in the Transformers business unit.

EN20 Emissions of NO_x and SO_x (tons SO₂ and NO₂)

	2010	2009	2008
SO _x from burning coal	0	0	0
SO _x from burning oil	84	64	76
NO _x from burning coal	0	0	0
NO _x from burning oil	63	48	57
NO _x from burning gas	92	90	90

These figures are for fossil fuels consumed in ABB premises for heating and process purposes.

Waste and recycling

EN2 Percentage of materials used that are recycled input materials

EN22 Waste

EN24 Handling of hazardous waste

EN27 Percentage of products reclaimable after use

Waste generated (kilotons)

	2010	2009	2008
Scrap metal sent for recycling	135*	71	92
Other waste sent for recycling	44	46	47
General waste sent for disposal	38**	29**	35
Hazardous waste	9	6	7
Total waste	227*	153	182

* 51 kilotons are scrap metals from several locations in South Africa that have now been consolidated to one site.

** The figure is based on reported data from 87 percent of employees and an assumed waste output of 0.33 tons/year/employee for the remaining 13 percent of employees.

In 2010, 79 percent of total waste was sent for recycling. In-house recycling, mainly of thermoplastics and packaging material, reduced the amount of waste by approximately 3.5 kilotons. Additionally, the lead used as counterweights for robots and the cadmium used in industrial batteries are recycled materials.

In 2010, ABB sent approximately nine kilotons of hazardous waste for disposal, up some 50 percent from 2009 mostly due to increased business volumes and plant refurbishments and consolidation. This waste was mostly used for heat re-

covery at specialized plants. ABB follows legal regulations to transport and dispose of hazardous waste only through of- ficially authorized disposal agents.

ABB products contain mostly steel, copper, aluminum, oil and plastics. Approximately 90 percent of the material is reclaim- able after the end of a product's useful life. ABB enhances the ability to recycle by designing products that can be dismantled more easily, and by providing users with recycling instructions.

Environmental incidents and penalties

EN23 Numbers of significant spills

EN28 Significant fines for non-compliance

Number of incidents

	2010	2009	2008
Oil spills	4	3	6
Chemical spills	0	0	1
Emissions to air	0	1	2
Others	3	0	3

Incidents were analyzed and adequate decontamination pro- cedures were implemented to prevent any permanent con- tamination of soil and water due to these spills. Corrective ac- tions, such as improved control systems, have been taken to reduce the risk of future spills.

During 2010, a \$50,000 penalty was imposed for a spill from a coating process that occurred at a U.S. facility in 2009. The coating process has now been discontinued at that site.

EN30 Environmental protection expenditure and investments

For 2010, ABB's expenditure on environmental management throughout its global sustainability affairs network was as follows:

Expenditure on environmental management	\$ millions
Group level	10,250
Country level	5,100
Site level	3,850
Total	19,200

ABB limits the accounting of sustainability to the costs of im- plementing and maintaining environmental management sys- tems to ISO 14001, health and safety management systems to OHSAS 18001, and running the sustainability network, includ- ing personnel costs and the cost of developing sustainability tools, education and training.

This does not include costs related to improvement projects. For example, the decision to invest in a new manufacturing process is the result of integrating many decisions in addition to environmental considerations.

Our people

Investing in the future

(includes GRI indicator LA11)

ABB adopted an updated diversity and inclusion statement in 2010, strengthening our commitment to develop and retain people from all walks of life in a global company.

We recognize that a diverse and talented workforce, recruited globally, provides the quality and skills that create competitive advantage. Such diversity promotes both innovation and business success if allowed to flourish in an atmosphere of inclusiveness.

The [company's statement](#) – approved by the Group Executive Committee – was drawn up after widespread consultations, including 57 focus groups in 14 countries in all regions of the world.

Efforts are under way to increase diversity within the company. In some areas the evidence is palpable – there are, for example, people of 46 nationalities among the 650-strong workforce at the company's headquarters in Zurich. This is a sign of improvement; work in other areas continues.

Embedding diversity and inclusion is leading to changes in internal processes to better track and promote diversity. Regional diversity councils are also being formed to act as competence centers and address regional diversity challenges. The first such council will be in North America, and lessons learned will be transferred to other regions.

We continued to invest in 2010 in our ability to attract and develop the best people. There has, for example, been a major investment in talent processes – such as our global recruitment policy, our global Web-based recruitment tool for both internal and external talent, and our talent identification process – to better support the company's business requirements and provide the best opportunities for employees. The Talent Management process has now been embedded in all regions. It focuses on identifying those people with potential, building on their strengths, and supporting development activities so they have greater opportunities to advance within the company.

To support employees in their chosen careers there is also a series of Human Resources-led competence assessments and functional development programs in place. Assessment centers have been introduced for those wishing to become first line managers. The Talent Development Assessment helps employees identified as having strong potential to move into first line manager positions and takes them through a series of exercises to identify their current strengths and development needs.

A program of functional competence management has also continued to assess and develop skills in areas such as finance, project management, information systems and sales.

Programs are complemented by initiatives such as Global Mentoring which was launched in 2008 and focuses on current leaders helping to develop leaders for the future. About 130 mentors and 180 mentees have attended the program so far; in 2010, 102 mentoring pairs attended eight introductory workshops worldwide. Feedback confirms that mentoring supports the learning of both mentors and mentees.

ABB is regarded as an employer of choice among engineering students in a number of countries, including Switzerland and Sweden, and this is reflected in the continued popularity of ABB's two-year global trainee scheme which involves three or four six-month assignments in a wide range of countries and across multiple disciplines.

The number of global trainees doubled to 26 in 2010 compared to 2009 with an equal number of 13 men and women, and they came from twice as many countries – 20 in 2010 compared to 10 in 2009. They were selected for programs in finance, human resources, sustainability, marketing and sales, and sustainable energy futures.

A new Group recruitment policy, adopted in early 2010, focuses on ensuring that employees can move more freely within ABB and pursue vacant positions. All positions, except a small number in senior management, are now posted in a global online recruitment tool which supports greater transparency and encourages equal opportunity. The online recruitment tool also allows employees to track opportunities against their personal profile and post their Curriculum Vitae so it is available to the recruitment teams in every country. Managers are not allowed to block an employee's opportunity to advance.

As part of measures to increase global mobility, ABB increased the number of international assignments initiated in 2010 by 30 percent offering these both as development opportunities but also to meet the business needs within growing markets.

Despite the changing economic climate, ABB has continued to invest in leadership development programs. For the fourth consecutive year, there were three programs in the Senior Leadership Development Program in partnership with IMD business school in Switzerland. The Middle Manager Program is now running in all regions of the world, while the Manager Development Program for first line managers covered a further 745 managers in 2010.

ABB seeks to strengthen leadership at every level, and all employees are offered the opportunity to attend the three-day Leadership Challenge program which focuses on taking personal leadership, irrespective of the position or role in the company. About 42,400 employees have completed the course since it started in 2004.

One of the key focus areas for 2010 was [occupational health and safety leadership](#). A new program was launched to involve country managers and local business unit and division managers to highlight safety leadership as a management priority.

We believe in the need to invest in our employees. Strengthening diversity and inclusion, and increasing the opportunities for employee development, is part of our investment in the future success of the company.

Social Performance: Other GRI indicators

Employment

LA1 Full-time workforce by region

2.8 Scale of the reporting organization

Full-time employees by region	2010	2009	2008
Europe	58,800	60,600	62,100
The Americas	17,700	17,100	20,000
Asia	30,900	29,900	29,100
Middle East and Africa	9,100	8,500	8,200
Total	116,500	116,100	119,400

LA1 Part-time workforce by region

The following numbers of part-time employees are included in the total figures LA1.

For 2010, these figures are also shown as percentages of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Part-time employees by region	2010	2009	2008
Europe	3,133 5%	2,984	3,392
The Americas	143 1%	92	73
Asia	183 1%	268	138
Middle East and Africa	4 <1%	112	124
Total	3,463 3%	3,456	3,827

LA2 Rate of employee turnover by region

Rate of turnover of all employees, including part-time:

For 2010, the figures show the turnover number, as well as the percentage of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Turnover by region (all employees)	2010	2009	2008
Europe	6,351 11%	10%	10%
The Americas	2,567 16%	23%	19%
Asia	4,346 14%	11%	11%
Middle East and Africa	463 8%	5%	11%
Total turnover for whole Group	13,727 12%	12%	11%

Turnover of all female employees, including part-time:

For 2010, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Turnover by region (female employees)	2010	2009	2008
Europe	1,407 2%	1,439	1,307
The Americas	631 4%	635	450
Asia	1,060 4%	520	532
Middle East and Africa	51 <1%	19	128
Total turnover for whole Group	3,149 3%	2,613	2,417

LA3 Benefits provided to employees

As a multinational organization with operations in around 100 countries, ABB 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.

Labor/management relations

LA4 Employees covered by collective bargaining agreements

Approximately 64 percent of the company's employees are subject to collective bargaining agreements in various countries. Collective bargaining agreements are subject to various regulatory requirements and are re-negotiated on a regular basis in the normal course of business.

LA5 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 Euro-

pean Union, ABB is represented on the EU's European Works Council where such matters are discussed.

LA10 Training/LA13 Women in management positions

ABB has decided to report on the top 10 countries by employee numbers in this section, representing about 65 percent of Group employees. All countries reported figures for 2010 and the full list appears on the ABB Web site.

For the first time we have defined women in top management positions as women in Hay Grades 1–10, whereas previously top management was defined as country management plus the two levels below them. We can now compare figures from country to country on the same basis.

Women were appointed to a number of senior management positions in different parts of the world in 2010. These include the regional legal counsel for the India, Middle East and Africa (IMA) region, the heads of Communications in South America and IMA, the global and local group product managers for Power Products division, two senior finance positions in Northern Europe, and key Human Resources posts in China, Canada and Norway.

LA12 Employees receiving performance reviews

ABB has a Group-wide policy to review at least annually the performance of every employee, providing opportunities to discuss work achievements, set future objectives and provide feedback and coaching.

In 2010, ABB developed further its new online tool, covering 75,000 employees in 75 countries. The new system is part of Human Resources Group Tools that run on a common SAP platform and provides a new way of identifying talent within the organization, as well as managing performance and development. The roll-out of the new system was completed in January 2011.

LA13 Other indicators of diversity

As at December 31, 2010, ABB's Board of Directors had eight members, all men, of six nationalities, whereas the Group Executive Committee had 10 members, including one woman, of seven nationalities.

Diversity and equal opportunity

LA14 Ratio of basic salary of men to women

In ABB, salaries are decided according to the nature of duties performed.

Other performance indicators

Economic Performance Indicators

EC3 Benefit plan obligations

EC4 Government financial assistance

EC5 Wage level ratios

EC7 Local hiring procedures

As a multinational organization with operations at approximately 360 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.

	Average training hours per employee*			Percentage of women in management**		
	2010	2009	2008	2010	2009	2008
China	40	24	20	25%	–	–
Germany	16	15	16	4%	–	–
Sweden	10	10	17	22%	–	–
India	4	3	28	2%	–	–
United States	25	25	25	15%	–	–
Switzerland	20	20	17	7%	–	–
Finland	13	24	24	17%	–	–
Italy	17	10	10	7%	–	–
Brazil	26	28	31	7%	–	–
Czech Republic	10	13	22	19%	–	–

* The total training hours in some countries do not reflect the increased use of e-learning, which is not included in the figures.

** New definition for 2010, therefore 2008/2009 data not comparable.

Occupational health and safety

Working to meet tough challenges

Health and safety remains a key challenge for ABB, with about 117,000 employees working in diverse circumstances in around 100 countries, along with thousands of contractors.

Ensuring the safety and health of our people is a core priority for the Group, supported by behavioral and leadership training programs and further development of systems and standards throughout our operations.

Nonetheless, five employees and contractors lost their lives while working for ABB during 2010. Three of them died in incidents at project or customer sites, and two in road traffic incidents. More than 35 people were seriously injured during the year.

ABB has a target of zero incidents and injuries, and all such incidents are unacceptable.

During 2010, ABB implemented an occupational health and safety (OHS) strategic program "Reinvigorating Safety." Building on the existing requirement for formal country-level OHS strategic plans, a standard framework was established for 2010, including mandatory objectives to be accomplished by year-end.

One of the key focus areas for 2010 was OHS leadership. A new program was launched to involve country managers and local business unit and division managers to highlight safety leadership as a management priority. A training program focused on behavior was also launched in 2010. The "RU Safe" program aims to improve awareness of the potential for human error and of behavioral safety at every level.

Internal communication campaigns were launched to raise awareness on key topics such as electrical safety and road safety.

In addition, focused OHS programs to address specific areas of risk were successfully run in a number of ABB businesses. For example, health and safety audits were held as part of the "Energizing Safety" program for business unit (BU) Substations. Specific OHS instructions were implemented for BU Transformers, and the medium- and high-voltage businesses reviewed the risks for their activities. Power Product division's service team also commenced a focused OHS improvement program, addressing key service risks.

The Process Automation division took actions too: An expert team started to develop OHS instructions for specific global risks and tailored the group audit protocols to monitor performance. The divisions also worked with OHS experts to integrate health and safety considerations in the risk review process for acquisitions and project reviews.

In addition, the professional development program continued, with the second cohort of senior OHS advisors attending the ABB International Graduate Diploma, and running the first-ever International Construction Certificate course accredited by the National Examination Board in Occupational Safety and Health.

At Group level, we also offered incident investigation training sessions.

For 2011, the Group will continue to strive to improve safety leadership and behavioral safety. Work will continue to consolidate the improvements from the Power Systems, Process Automation, and Power Products divisions' focused initiatives, and migrate the lessons learned to other divisions and BUs. There will be a renewed focus on occupational health and occupational hygiene.

Occupational health and safety performance: GRI indicators

LA6 Percentage of total workforce represented in health and safety committees

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 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.

LA7 Injuries, lost days, diseases and fatalities

	2010	2009	2008
Employee work-related fatalities	1	1	*3
Incident rate	0.01	0.01	*0.03
Employee work-related serious injuries	15	27	*37
Incident rate	0.13	0.23	*0.32
Employee business travel fatalities	2	1	2
Incident rate	0.02	0.01	0.02
Employee business travel serious injuries	5	0	3
Incident rate	0.04	0	0.03
Contractor work-related fatalities	2	3	4
Contractor work-related serious injuries	16	11	16
Contractor business travel fatalities	0	0	1
Members of the public fatalities	0	0	1
Employee lost days due to industrial incidents	8,362	7,633	16,877
Employee occupational health diseases	13	47	102
Employee total recordable incident rate	13.48	14.32	18.93

* There is a change in the number of work-related fatal incidents and serious injuries for employees. An ABB employee who was seriously injured in a workplace incident in 2008 died in December 2010.

LA8 Programs in place regarding serious diseases

In four countries (Brazil, Mexico, Philippines and South Africa) ABB has programs in place to address HIV/AIDS.

At Group level, ABB has a program in place to deal with pandemic diseases, which has involved the development of pandemic plans and the appointment of pandemic coordinators for all countries. The pandemic plans are an element of a country's overall crisis response plans. ABB issued an online pandemic newsletter in 2010, which includes advice, hygiene recommendations and a description of symptoms of A/H1N1. The key reference point being used by ABB is the World Health Organization.

LA9 Health and safety topics covered in formal agreements with trade unions

This information is not recorded by the Group, but local legislation requires formal agreements in some countries such as Germany and South Africa. Group health and safety performance is reported annually by the head of Group Function Sustainability Affairs at a meeting with the European Works Council.

Human rights

Work in progress

(includes GRI indicator HR3)

ABB made progress in a number of areas in 2010 to ensure respect for human rights, but we acknowledge that challenges remain.

The company's proactive approach to human rights dates back several years. In 2007, ABB adopted a Human Rights Policy, followed by further moves to embed core issues and criteria into business decision-making processes such as the risk review for major projects, supply chain procedures and mergers and acquisitions checklists.

Success has been partial, and work is ongoing to ensure the implications of embedding human rights into business processes are fully understood and followed.

To this end, members of the Group sustainability management team started meeting key divisions on a quarterly basis in 2010 to identify projects at an early stage of pursuit to determine if there might be human rights, social, environmental or security risks or impacts. The aim is to carry out due diligence on potential risks at a very early stage – well before a project pursuit becomes a formal tender subject to risk review procedures.

We also launched a global human rights training program in 2010, designed to raise awareness of the risks and opportunities in the company's operations and activities. The first courses were held in Italy, a major European exporting country for ABB, followed by Egypt and Dubai in the United Arab Emirates where ABB's India, Middle East and Africa (IMA) regional headquarters is based.

Those attending included business and country management representatives, and members of functions such as Supply Chain Management, Legal and Compliance, Communications and Sustainability. The course, designed and delivered by internal experts, looks at stakeholders' human rights expectations, ABB's journey on human rights so far, how the company's business can impact human rights with case studies, supply chain issues and the company's community engagement programs. The course is scheduled to be held in other parts of the world in 2011.

In common with many other companies, ABB has been taking steps to strengthen the sustainability performance of its [suppliers](#). Among the measures taken in 2010: A new Supplier Code of Conduct defines the minimum standards for any company wishing to sell to ABB. The list of requirements includes human rights, labor rights and business ethics. It was distributed directly to ABB's top 1,000 external suppliers (rep-

resenting more than 50 percent of ABB's annual purchasing volume) and is being cascaded to the remaining suppliers via local ABB organizations. It will, over time, be included in all of ABB's supply contracts.

ABB has also committed to evaluating suppliers' performance through sustainability auditing. A series of pilot audits of various suppliers undertaking hazardous work in higher risk locations, was carried out by a third party company in 2010.

We have also been active externally in promoting corporate respect for human rights, attending and speaking at international meetings, taking part in podium discussions, and working with university students in Switzerland and Sweden. Our approach is relatively modest, given that the issue of fully integrating human rights into business operations is still work in progress.

ABB has followed, contributed to and learned from the work of the United Nations Special Representative for Business and Human Rights, Professor John Ruggie, over the past five years. The company welcomes the approach he has taken, and has begun assessing where improvements can be made to ensure we are better aligned with the recommendations Professor Ruggie will make formally in 2011.

As a founder member of the Global Business Initiative on Human Rights, ABB experts have been closely involved in strengthening its work, and in exchanges on the topic of corporate responsibility to respect human rights with business leaders in different parts of the world. We will take part in further meetings with regional business leaders in South America and Southeast Asia in 2011.

Human Rights performance: Other GRI indicators

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 with Myanmar or North Korea for several years. ABB completed its withdrawal from Sudan in June 2009, having taken no new business in the country since January 2007.

HR4 Non-discrimination violations

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. Six cases of discrimination and 18 of harassment were reported in 2010, resulting in a range of disciplinary measures.

HR5, HR6, HR7 Operations at risk

Freedom of association and collective bargaining, child labor, forced or compulsory labor

There were no ABB operations identified during 2010 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.

HR8 Training of security personnel in human rights

ABB sees the training of security personnel, as well as ABB country and regional managers, on the human rights dimensions of security work as important. It has been part of general security training in different parts of the world for several years. In 2010, the issue was part of a security and crisis management course for nearly 450 managers in 18 countries. In addition, a pilot course on facility security – which includes human rights guidelines for site guards – was tested in China, Germany, Singapore, South Africa and the United States and is due to be formally launched in 2011.

New Group-wide security guidelines are being drawn up, based on the Voluntary Principles for Security and Human Rights. They are due to be finalized in 2011. ABB already requires due diligence on all security companies according to ABB and international standards, and the new guidelines will establish standard operating procedures for security providers to include instructions on human rights issues.

In addition, ABB's country and regional security heads were informed at a meeting in late 2010 of growing stakeholder expectations that human rights need to be observed, and what kinds of human rights issues could arise in communities where ABB has operations or business activities. Security heads have also been made aware of the new International Code of Conduct for Private Security Providers launched in 2010.

HR9 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 2010.

Sustainability in the supply chain

Building a stronger base

(includes GRI indicators EC6 and HR2)

From raw materials to subcontractors, suppliers are a major part of ABB's value chain. ABB currently has tens of thousands of active suppliers who represent an extension of our own enterprise. This also makes them an important factor in our sustainability performance.

Supplier performance is increasingly important as we extend our global footprint into emerging markets, but this must go hand-in-hand with our commitment that these business partners work sustainably and to our standards.

ABB has applied sustainability management principles to our suppliers for some years now. The supplier qualification process includes consideration of environmental, health and safety, social and human rights policies, performance and improvement programs. Suppliers are required to identify the environmental aspects and the health and safety risks in the scope of their supply to ABB and on-site audits have been conducted by ABB personnel and by the suppliers themselves in a self-assessment process.

More than 50 percent of approximately 1,500 key suppliers are externally certified to ISO 14001 for their environmental performance and a further 11 percent have implemented "self-declared" environmental management systems. Additionally, more than 1,000 documented environmental audits of suppliers were performed during 2010.

ABB is now reinforcing this process with a Supplier Sustainability Development Program, with the goal to develop suppliers into strategic business partners who share our commitment to sustainability. The program is based on monitoring and auditing suppliers, along with training suppliers and ABB personnel, and is supported by a dedicated sustainability expert within Supply Chain Management. A diverse reference team from different functions, including Quality and Operational Excellence, Sustainability Affairs, Legal and Compliance and representatives from our businesses, helps to ensure that the program meets our sustainability standards and reflects ABB's business needs.

The program started late in 2009 and continued in 2010 with a series of pilot sustainability audits of ABB suppliers to road-test new, comprehensive Group-wide guidelines for auditors. The pilot audits were conducted by a third-party company and focused on suppliers in higher risk locations, producing commodities using hazardous processes, such as castings and forgings.

These pilot audits revealed a number of situations where ABB's standards were not met. They included excessive overtime, poor waste disposal practices, or a lack of appropriate protective equipment for workers. However, the majority of these suppliers were willing to either make immediate changes or develop corrective action plans in an acceptable time-frame.

The audit program continues to focus on those countries with a higher generic risk of compliance issues, and on suppliers undertaking hazardous processes. To further assist ABB in building our sustainability auditing expertise, third parties will continue to be involved in the audits for the coming years. To support improvement actions, ABB is currently developing training materials to instruct both internal personnel and suppliers.

The recently-released ABB Supplier Code of Conduct (SCC), which defines minimum standards for any company wishing to sell to ABB, underpins the development program. The code covers supplier performance in fair and legal labor conditions, occupational health and safety, environmental responsibility and business ethics. The SCC also requires suppliers to be responsible for the sustainability performance of the sub-suppliers they hire to provide direct or indirect goods or services to ABB. The SCC has been sent to ABB's top 1,000 suppliers and will, over time, be included in all global agreements.

We still have much work to do in building capacity both within our own organization and within our supply base. However, we have recognized the importance and value of this issue to the company's success, and are working to improve performance.

Working in the community

Supporting education and healthcare

(includes GRI indicators EC8, SO1 and EC9)

ABB works in a wide variety of ways to strengthen environmental, social and economic development in the communities where we operate.

From supporting schools in Brazil, India and South Africa, to charity fund-raisers in the United States and Canada, or helping disabled athletes at European Special Olympics, to an anti-desertification program in China, employees like to volunteer for worthwhile projects.

ABB's community engagement focuses on two core areas: Education and health care. In total, ABB employees and companies donated approximately \$7.5 million in funding and provided 2,200 man-days in volunteering time in 2010.

For ABB, community engagement goes beyond philanthropy. The company seeks to be welcome in the communities close to our operations, which is essential to a social license to operate and good for our business. Support for education projects not only raises standards but in some cases helps ABB to recruit qualified engineers and other staff.

We support schools, students and universities in different ways. There are schemes in countries such as Brazil, Colombia, India, Poland and South Africa to help schools in disadvantaged areas. In India, for example, we support six government schools close to our plants, building infrastructure and contributing to a scheme to provide a midday meal to the children.

There is clear business value in some of the programs. In Finland, for example, the company contributed \$1.4 million to four universities in 2010 as a way of ensuring that engineering graduates have the qualities required by industry. In Saudi Arabia, ABB holds annual training programs for students from vocational institutes and offers technical training to engineering students.

In other countries, such as China, needy engineering students receive financial support, while in Argentina, Egypt and Turkey the company has donated technology to university laboratories. This is also clearly a means of raising the company's profile among potential recruits.

At a corporate level, the ABB Jürgen Dormann Foundation for Engineering Education, extended its scope in 2010 to new countries to help electrical engineering students in need of financial support. Students from Brazil, Egypt and Vietnam have joined colleagues already on the program in India, China, Egypt, Mexico and Poland. A highly successful first

international meeting of students, which brought together some 30 scholars for a week of learning and exchange, was held in Switzerland in August 2010.

While there is no guarantee to students sponsored by the foundation of future employment at ABB, their progress is carefully monitored by ABB mentors. One of the first graduates – at AGH University of Science and Technology in Krakow, Poland – has already been given a part-time job at our corporate research center in the city.

Aside from education, ABB is involved in a range of community projects, many of them centering on healthcare. Employees in Canada and the United States raised more than \$1 million in 2010 through donations and charity events with much of the funds being distributed to hospitals and healthcare organizations. In South Africa, we support a project to help orphans of HIV/AIDS victims; in Egypt, the company provided the technology to air-condition a leading pediatric hospital in Cairo; and in the United Kingdom fund-raising efforts are focused on a cancer care charity.

Our volunteers also help people with intellectual disabilities at Special Olympics events in Germany, Italy, the United Kingdom and the United States. In Germany, for example, 150 employees took a week out of their holidays to support athletes at the Special Olympics in Bremen in June 2010, describing it as a very rewarding experience.

The nature of community support varies considerably. The company's largest financial contribution in China in 2010 went towards the reconstruction of a school destroyed in a devastating earthquake in 2008. Among the community initiatives in Brazil, left-over food from canteens at factories on the outskirts of Sao Paulo is delivered to a soup kitchen in an underprivileged area, providing 600 meals a day.

In some countries, volunteering efforts focus on ways of improving the environment. In China, for example, ABB is involved in tree-planting efforts as part of an anti-desertification project, and in the United Arab Emirates, volunteers work on several environmental projects, including recycling and tree-planting programs.

We also continued our corporate sponsorship agreements with a number of international organizations, including the Swiss-based International Committee of the Red Cross and the WWF. Three new projects were launched with the WWF – supporting access to electricity in remote areas of India and South Africa, and an energy-efficiency training program in China.

ABB's common efforts focus on our "Access to Electricity" rural electrification program in India and Tanzania which is strengthening the economic, social and environmental development of people in remote communities.

In Tanzania, ABB has partnered with local authorities and WWF to provide electricity to a village in the south of the country. The benefits of increased access to electricity have been marked and measurable. They include more schooling after dark, the health clinic being able to treat patients for more hours a day, and the start of new businesses such as an electric sawmill and an oilseed press which are raising incomes and supporting better environmental management. The size of the village has grown by 30 percent since the project began in 2004 – an issue that has also been carefully planned and managed.

In the Indian state of Rajasthan, ABB has partnered with an NGO and state authorities to bring distributed solar power to a widespread desert community. Some 8,000 people are benefiting from increased earnings because of the ability to work after dark, increased access to healthcare and more schooling. Tailors and weavers, for example, are earning up to 50 percent more because they can work at night, and the number of children attending school has doubled.

ABB produced a film highlighting the challenges and achievements of the two projects in 2010.

GRI standard disclosures

This section provides a selection of base information, defined by the Global Reporting Initiative Guidelines, comprising an organizational profile, report parameters, governance, commitments to external initiatives, stakeholder engagement and remaining sustainability performance indicators. Reference numbers are those used in the GRI Guidelines.

Organizational profile

2.1 Name of the organization

ABB Ltd is the parent company of the worldwide ABB Group.

2.2 Primary brands, products and services

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. ABB's products, systems, solutions and services are designed to improve the reliability of electricity supply grids, raise industrial productivity and save energy.

The Power Products division manufactures the key components to transmit and distribute electricity, such as transformers, switchgear, circuit breakers and cables. The Power Systems division offers turnkey systems for power transmission and distribution grids, and for power plants. These include complete substations, as well as high-voltage alternating and direct current transmission systems, together with their automation and network management systems.

The Process Automation division offers products and solutions for instrumentation, automation and optimization of industrial processes. The industries served include oil and gas, power, chemicals and pharmaceuticals, pulp and paper, metals and minerals, marine and turbocharging. Key customer benefits include improved asset productivity and energy savings.

The Discrete Automation and Motion division includes products and systems targeted at discrete manufacturing applications, such as robotics and programmable logic controllers (PLCs), and providing motion in plants, such as motors and drives. These businesses help customers to increase the productivity and energy efficiency of their assets.

The Low Voltage Products division manufactures low-voltage circuit breakers, switches, control products, wiring accessories, enclosures and cable systems to protect people, installations and electronic equipment from electrical overload. The division further makes KNX systems that integrate and automate a building's electrical installations, ventilation systems, and security and data communication networks.

ABB is a manufacturing and services group which outsources only some of its work (for example, information technology support infrastructure).

2.3 Operational structure of the organization

At the end of 2010, the ABB Group comprised five power and automation divisions named in 2.2 above, supported by staff functions (such as Sustainability Affairs, Corporate Communications, Controlling, Legal and Compliance, Human Resources, etc.), all reporting to a 10-member Executive Committee. The president of the Executive Committee is the Chief Executive Officer of the company. Also represented on the committee are the heads of the five divisions, the Chief Financial Officer and head of Global Markets, the head of Marketing and Customer Solutions, the General Counsel and the head of Human Resources, who is also the Executive Committee member responsible for Sustainability Affairs.

The ABB Group comprises primarily operating companies, subsidiaries and majority-owned joint ventures, located worldwide and employed about 117,000 people as of December 31, 2010.

2.4 Location of headquarters

The headquarters of the ABB Group is located in Zurich, Switzerland.

2.5 Countries where the organization operates

The ABB Group of companies operates in around 100 countries. ABB's largest operations are in Australia, Brazil, Canada, Czech Republic, China, Finland, France, Germany, India, Italy, Norway, Poland, Spain, Sweden, Switzerland, United Kingdom and United States.

2.6 Nature of ownership and legal form

ABB is listed on the SIX Swiss Exchange and the exchanges in Stockholm and New York.

As of December 31, 2006, Investor AB, Stockholm, Sweden, held 166,330,142 ABB shares, representing 7.2 percent of the company's share capital and voting rights. As of April 6, 2010, BlackRock Inc., New York, U.S., together with its direct and indirect subsidiaries, held 70,267,934 ABB Ltd shares, corresponding to 3.0 percent of total share capital and voting rights.

To the best of ABB's knowledge, as of February 28, 2011, no other shareholder holds 3 percent or more of ABB's shares.

ABB Ltd is the holding company for the entire ABB Group and is registered as a corporation (Aktiengesellschaft) in the commercial register of the Canton of Zurich, Switzerland.

2.7 Markets served

ABB's products, systems and services are supplied directly to many industries worldwide. These include electric, gas and water utilities, as well as a range of process, manufacturing and consumer industries, and the commercial and residential building sector.

ABB also serves the market through channels such as original equipment manufacturers, system integrators, distributors, and engineering, procurement and construction companies.

2.8 Scale of the reporting organization

See [Our people chapter](#) for data on employee numbers

Sales (revenues) for 2010: \$31,589 million
(\$31,795 million for 2009)

Sales by region	2010	2009	2008
Europe	39%	41%	45%
The Americas	20%	19%	18%
Asia	28%	27%	26%
Middle East and Africa	13%	13%	11%

See the ABB Group Annual Report for further details on financial results.

2.9 Significant changes in size, structure and ownership

There were no significant changes in size and structure during the fiscal year 2010. See also 3.8 Comparability.

As at January 1, 2011, ABB's Board of Directors comprised eight non-executive members, all men, of six nationalities.

As at January 1, 2011, the Group Executive Committee comprised the CEO, the Chief Financial Officer and eight other members, including one woman, of seven nationalities.

2.10 Awards received

See [Stakeholder relations chapter](#).

Report parameters

3.1 Reporting period

Calendar year 2010.

3.2 Date of previous report

March 2010, covering calendar year 2009.

3.3 Reporting cycle

Annual. Next report to be released in March 2012, covering calendar year 2011.

3.4 Contact point for the report

E-mail: sustainability.abbzh@ch.abb.com

Web address: www.abb.com/sustainability

3.5 Process for defining report content

ABB continues to report on the seven issues it considers material to its sustainability impacts, challenges and opportunities, namely: energy efficiency and climate change, managing environmental impacts, product innovation, health and safety, human rights, sustainability in our supply chain, and working in the community. The seven issues are not ranked in any order of priority.

Based on stakeholder consultations during 2010, we have now included more extensive reporting on governance and compliance, risk management, and ABB employee programs.

3.6 Boundary of the report

See [Governance and integrity chapter](#).

3.7 Limitations on the scope of the report

The report does not cover work carried out by ABB on our customers' sites. However, health and safety data covers all ABB employees wherever they work and all contractors for whom ABB is contractually responsible.

3.8 Comparability

The Sustainability Performance report covers all employees working in premises owned or leased by ABB. During 2010, ABB acquired Ventyx, an industrial software provider. Ventyx was included in the scope of 2010 sustainability performance reporting only as estimations for energy and water consumption, and waste generation per employee. ABB also acquired a further 23-percent stake in our Indian unit during 2010, which did not affect the comparability of data between this and the previous report.

The format adopted in the 2006 report to address the concepts contained in Version 3 of the GRI Guidelines, particularly the focus on those issues considered material to the sustainability impacts of the organization, has been maintained in this report to ensure consistency and comparability.

3.9 Data measurement

See the [Governance and integrity chapter](#).

3.10 Effect of restatement of information

Nothing significant has arisen during 2010 which would require a restatement of information provided in earlier ABB Sustainability Performance reports.

The number of ABB employees was around 117,000 in 2010, similar to 2009, and the number of manufacturing sites, workshops and offices covered by the sustainability management program was approximately 360 in 2010.

3.11 Significant changes

There were no significant changes during 2010 in the scope, boundary, or measurement methods applied in the report.

3.12 GRI content index

A table appears on page 38 of this report which identifies the page numbers of all the standard disclosure indicators required by the GRI Guidelines.

3.13 Independent assurance

ABB believes in the importance of independent external assurance to enhance the credibility of its sustainability report. ABB's main environmental and social performance indicators have been verified by the independent verification body Det Norske Veritas (DNV) through a review of information in the ABB sustainability performance database and interviews at various levels of the company prior to publication. Their statement appears on page 37 of this report.

Governance

Corporate governance is covered in detail in the ABB Group Annual Report. The GRI content index table on page 38 of this report gives cross-references to the appropriate parts of the corporate governance section, wherever relevant.

Summary of main performance indicators

GRI ref.	Indicator description	2010	2009	2008
Environmental				
EN1	Materials			
	Phthalates (tons)	31	16	25
	Brominated flame retardants (tons)	0	3.1	2.3
	Lead in submarine cables (tons)	3,632	3,600	6,596
	Organic lead in polymers (tons)	52	24	36
	Lead in other products (tons), e.g. backup batteries and counterweights in robots	265	313	354
	Cadmium in industrial batteries (tons)	1.7	2.2	2.0
	Cadmium in rechargeable batteries (tons)	5.9	4.7	6.4
	Cadmium in lead alloy (tons)	2.7	2.5	5.3
	Cadmium in other uses (tons)	0.18	0.05	n.a.
	Mercury in products (tons)	0.038	0.011	0.015
	SF ₆ insulation gas (inflow to ABB facilities) (tons)	968	962	987
	SF ₆ insulation gas (outflow to customers) (tons)	959	951	969
	No. of transformers with PCB oil in ABB facilities	3	6	7
	No. of capacitors with PCB oil in ABB facilities	0	0	9
	Mercury in instruments in ABB facilities (tons)	0.422	0.803	0.895
EN3	Direct energy consumption (Gigawatt-hours – GWh)			
	Oil (11.63 MWh/ton)	114	87	104
	Coal (7.56 MWh/ton)	0	0	0
	Gas	427	415	416
	Total direct energy used	542	502	520
EN4	Indirect energy consumption (Gigawatt-hours – GWh)			
	District heat consumption	223	259	250
	District heat: Losses at utilities	33	39	37
	Electricity consumption	1,335	1,321	1,323
	Electricity: Losses at utilities	1,844	1,824	1,627
	Total indirect energy used	3,436	3,442	3,237
	Megawatt-hours (MWh) per employee	18.0	17.9	17.5
EN8	Water withdrawal (kilotons)			
	Purchased from water companies	3,300	3,300	3,100
	Groundwater extracted by ABB	2,700	2,900	2,700
	Surface water extracted by ABB	2,900	2,700	2,800
	Total water withdrawal	8,900	8,900	8,600
EN16	Greenhouse gas emissions (kilotons CO₂ equivalent)			
	Scope 1			
	Energy	117	107	112
	SF ₆ (in CO ₂ equivalents)	247	263	406
	CO ₂ from transport by own fleet	350	350	350
	Scope 2			
	District heat consumption	49	57	55
	District heat: Losses at utilities	8	9	8
	Electricity consumption	293	290	287
	Electricity: Losses at utilities	405	400	397

GRI ref.	Indicator description			
		2010	2009	2008
EN19	Emissions of volatile organic compounds (tons)			
	Volatile organic compounds (VOC)	786	782	909
	Chlorinated volatile organic compounds (VOC-Cl)	11	5	6
EN20	Emissions of NO_x and SO_x (tons SO₂ and NO₂)			
	SO _x from burning coal	0	0	0
	SO _x from burning oil	84	64	76
	NO _x from burning coal	0	0	0
	NO _x from burning oil	63	48	57
	NO _x from burning gas	92	90	90
EN21	Discharge of process water (percentage of ABB plants)			
	Discharge to public sewer	84	72	62
	Discharge to recipient without treatment	3	9	13
	Discharge to own treatment plant	13	20	25
EN22	Waste (kilotons)			
	Scrap metal recycled	135	71	92
	Other waste recycled	44	46	47
	General waste sent for disposal	38	29	35
	Hazardous waste	9	6	7
EN23	Significant spills			
	Total number of spills	7	12	4
EN27	Products and services			
	Percentage of reclaimable material in products	90	90	90
Social		2010	2009	2008
LA1	Employment			
	Total workforce by region (ABB employees)			
	Europe	58,800	60,600	62,100
	The Americas	17,700	17,100	20,000
	Asia	30,900	29,900	29,100
	Middle East and Africa	9,100	8,500	8,200
	Total	116,500	116,100	119,400
	Total numbers of part-time employees included above			
	Europe	3,133 5%	2,984 5%	3,392
	The Americas	143 1%	92 1%	73
	Asia	183 1%	268 1%	138
	Middle East and Africa	4 <1%	112 2%	124
	Total	3,463 3%	3,456 3%	3,827
LA2	Employee turnover			
	Turnover of all employees, including part-time			
	Europe	6,351 11%	5,985 10%	10%
	The Americas	2,567 16%	3,826 23%	19%
	Asia	4,346 14%	2,943 11%	11%
	Middle East and Africa	463 8%	271 5%	11%
	Total turnover for whole Group	13,727 12%	13,025 12%	11%

GRI ref.	Indicator description	2010		2009		2008
	Turnover of all female employees, including part-time					
	Europe	1,407	2%	1,439	2%	1,307
	The Americas	631	4%	635	4%	450
	Asia	1,060	4%	520	2%	532
	Middle East and Africa	51	<1%	19	<1%	128
	Total turnover for whole Group	3,149	3%	2,613	2%	2,417
LA7	Occupational health and safety					
	Fatalities, injuries, lost days, diseases					
	Employee work-related fatalities	1		1		3
	Incident rate	0.01		0.01		0.03
	Employee work-related serious injuries	15		27		37
	Incident rate	0.13		0.23		0.32
	Employee commuting/business travel fatalities	2		1		2
	Incident rate	0.02		0.01		0.02
	Employee commuting/business travel serious injuries	5		0		3
	Incident rate	0.04		0		0.03
	Contractor work-related fatalities	2		3		4
	Contractor work-related serious injuries	16		11		16
	Contractor business travel fatalities	0		0		1
	Members of the public fatalities	0		0		1
	Employee working days lost due to industrial incidents	8,362		7,633		16,877
	Employee occupational health diseases (number of cases)	13		47		102
	Employee total recordable incident rate	13.48		14.32		18.93
HR4	Non-discrimination					
	Total number of incidents of discrimination	6		0		0
	Total number of incidents of harassment	18		0		0
SO6	Public policy					
	Financial and in-kind political contributions	\$9,000		0		0
LA10	Training and education					
	Training per year per employee (average hours)					
	China	40		24		20
	Germany	16		15		16
	Sweden	10		10		17
	India	4		3		28
	United States	25		25		25
	Switzerland	20		20		17
	Finland	13		24		24
	Italy	17		10		10
	Brazil	26		28		31
	Czech Republic	10		13		22

GRI ref.	Indicator description	2010	2009	2008
LA13	Diversity and equal opportunity			
	Women in senior management (percentage)			
	China	25%	–	–
	Germany	4%	–	–
	Sweden	22%	–	–
	India	2%	–	–
	United States	15%	–	–
	Switzerland	7%	–	–
	Finland	17%	–	–
	Italy	7%	–	–
	Brazil	7%	–	–
	Czech Republic	19%	–	–

INDEPENDENT VERIFICATION OF MAIN PERFORMANCE INDICATORS 2010

Scope and method of work

Det Norske Veritas AS has been engaged to verify the numerical values of the environmental and social performance indicators presented in the "Summary of main performance indicators" table (the "Table") on pages 33 – 36. The verification was conducted in January and February 2011.

The verification was based on a review of the sustainability performance data, supplemented by spot checks of the collection and aggregation process which has been carried out by the sustainability organisation of ABB.

DNV has reviewed the databases containing the environmental and social performance data. To assess the validity of the numerical values of the environmental indicators DNV carried out telephone interviews with ten selected local sustainability officers. Additionally, to verify the process for collecting information for the social indicators DNV carried out telephone interviews with five country sustainability controllers. DNV also interviewed four people in the ABB Group Sustainability Affairs with responsibility for collecting, aggregating and presenting the data in the Table.

The verification was limited to assessing the numerical values of the indicators for 2010 reported in the Table in the "ABB Group Sustainability Performance 2010 – GRI Indicators".

Conclusions

It is the opinion of DNV that ABB has a well-established web-based internal reporting system, which has seen continuous improvement in recent years.

During the interviews, and the review of the databases, a few minor reporting errors were discovered. However, none of these were considered to be systematic. These errors were immediately corrected, and the Table that is presented in this review includes the updated numbers.

Based on the findings, DNV considers the numbers published in the Table to give a reasonable representation of ABB's sustainability performance.

Høvik, Norway, 18th February 2011

Jon Jerre
Project manager
DNV



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GRI content index table

GRI ref.	Description	
1	Strategy and analysis	
1.1	Chairman and CEO's letter	ABB Group Annual Report
1.2	ABB's key sustainability issues	pages 2–4, 31
2.1–2.10	Organizational profile	pages 8, 30–31
3.1–3.13	Report parameters	pages 6, 31–32
4.1–4.10	Governance	pages 5, 6
4.11–4.13	Commitments to external initiatives	pages 6, 9, 10 and ABB Group Annual Report
4.14–4.17	Stakeholder engagement	page 8
5	Performance indicators	
	Economic performance indicators	
	EC1 (ABB key figures)	ABB Group Annual Report
	EC2	page 13
	EC3–5, EC7	page 22
	EC6	page 27
	EC8–9	page 28
	Environmental performance indicators	
	EN3–7, EN18	page 14
	EN16–17, EN29	page 15
	EN26	page 16
	EN1, EN8–15, EN21, EN25	page 18
	EN2, EN19, EN20, EN22–24, EN27–28, EN30	page 19
	Social performance indicators	
	SO2–3	page 6
	SO4–8, PR4, PR8, PR9	page 7
	PR5	page 8
	PR1–3, PR6–7	page 12
	LA11	page 20
	LA1–5	page 21
	LA10, LA12–14,	page 22
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	HR1, HR3	page 25
	HR4–9	page 26
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	SO1	page 28

UN Global Compact reporting for 2010

The company

ABB (www.abb.com) is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 117,000 people.

ABB has been a member of the UN Global Compact since 2000. In common with other members, ABB reports every year on progress on the Compact's 10 principles. This is the Communication on Progress for 2010.

Statement of support from

Mr Joe Hogan, ABB Chief Executive Officer

"ABB is a founding member of the UN Global Compact and remains committed to its principles and goals. We work with the Global Compact to ensure that its initiatives and 10 principles reach a wider audience, and seek to embed the principles into our own business practice. As part of our ongoing commitment, ABB took part in the Leaders' Summit in mid-2010 and continues to be a member of the Human Rights Working Group."

Human Rights

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

- Human rights policy and public statement adopted by ABB Group in 2007
- Further work to embed human rights into business decision-making processes, including risk review for projects. Human rights considerations integrated in supply chain questionnaire, new Supplier Code of Conduct, mergers and acquisitions process.
- Human rights considerations embedded in internal protocol for deciding where ABB should have business activities.
- Global human rights training workshops started in ABB in 2010 with training in three countries. Training is aimed at business managers, and key functions such as Supply Chain Management, Human Resources, Legal and Compliance, Communications and Sustainability. Further sessions planned for 2011.
- Active participation in international organizations and workshops seeking to promote business awareness and support for human rights. These include UN Global Compact Leaders Summit in 2010, UNGC Human Rights Working Group, input into work of UN Special Representative for Business and Human Rights, Global Business Initiative on Human Rights and others.

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 started in ABB in 2010 with internal training in three countries. Training includes issue of complicity. Target group as above in Principle 1).
- Internal risk review process in ABB divisions extended in 2010 to monitor projects at very early stage of pursuit to check for possible complicity issues.

Labour

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 2010.
- 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 labour.

- 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 2010.
- The principle of "no forced or compulsory labor" has been included in ABB's new Supplier Code of Conduct, adopted in 2010, and protocol for supplier audits.

Principle 5: The effective abolition of child labour.

- 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 in 2010.
- The principle of "no child labor" is included in ABB's new 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. Six substantiated cases of discrimination and 18 of harassment were reported in 2010, resulting in a range of disciplinary measures.
- ABB also has country-specific procedures and programs to ensure that policies are fully observed.

Environment

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

- Environmental considerations mandatory in the GATE model for product and process development. During 2010, interviews and training undertaken to further improve application of checklist.
- Standardized Life Cycle Assessment procedures used to assess new products' environmental impact throughout their life cycle.
- Ongoing program to phase out use of hazardous substances in manufacturing and products.
- ABB continuing its internal energy efficiency program, with target to reduce energy use by two and a half percent per year in 2010 and 2011. To further support this program, ABB has set target for improving energy efficiency in its buildings by two and a half percent from 2009 to 2010.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

- Work with international organizations and initiatives, such as World Business Council for Sustainable Development, German Climate Service Center and ISO.
- ABB has implemented new and strengthened protocol for auditing of suppliers' environmental performance.
- ABB's ongoing Access to Electricity rural electrification programs in India and Tanzania.
- ABB is investigating environmental impact of logistics and business air travel, as part of new sustainability objectives launched in 2009.

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

- Covered by Code of Conduct and Principle 5 of ABB Environmental Policy
- Energy-efficient products and renewable energy equipment identified as key driver for ABB's business opportunities. More than 50 percent of research efforts are aimed at increasing energy efficiency.
- Transfer of technologies and best practices between countries to ensure same level of environmental performance throughout Group.
- Group-wide list of prohibited substances for products and processes strengthened in 2007. The phasing out of hazardous substances is part of new ABB sustainability objectives launched in 2009
- ABB GATE model for product and process development contains defined steps for considering improvements in environmental and safety performance.

Anti-corruption

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

- Covered by Principle 4 of ABB Human Rights Policy, ABB Group Code of Conduct and Principle 13 of Social Policy.
- Underpinned by zero tolerance policy on non-compliance.
- Ombuds program introduced mid-2009 to complement existing ways of raising compliance issues. Program extended in 2010, now numbers more than 40 ombudspersons in 26 countries; training sessions run in 2010 and further extension of geographical spread expected in 2011.
- In mid-2010, ABB rolled out advanced Code of Conduct e-learning module to more than 80,000 employees throughout ABB Group.

Additional information:

Policies:

ABB has Group-wide policies: The Social Policy, Environment Policy, Human Rights Policy, Health and Safety Policy, as well as a Code of Conduct and Ethics

Policy. These can be found online, and are also contained in ABB Group's annual Sustainability Performance Report.

Links:

1. Social, Environmental, OHS and Human Rights:

<http://www.abb.com/cawp/abbzh258/67a6078b60372903c125736300329cca.aspx>

2. Corporate Governance, Compliance and Business Ethics

<http://www.abb.com/cawp/abbzh252/e2bb54849a66be5b-c1256aee0059ce2a.aspx>

Reporting:

ABB's sustainability performance is compiled in an annual Sustainability Performance Report which measures the company's performance against the Global Reporting Initiative's indicators. The 2010 Sustainability Performance Report is published in March 2011. Further detail on ABB's environmental, social, human rights and health and safety performance can be found on www.abb.com/sustainability.

Main partnerships:

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

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

