

# Progress in many fields

ABB took major steps forward on its sustainability strategy, performance and governance in 2011.

Working in alignment with the ABB Group strategy review, which was published in November 2011, we finalized a new ABB sustainability strategy – known as Sustainability Strategy 2015+ – early in 2012, after analyzing the results of extensive consultations with internal and external stakeholders.

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

## Our strategy

Our sustainability strategy is to ensure that sustainability considerations and values are understood, implemented and communicated across ABB's value chain, become a seamless part of business practice and help our customers become more successful. In short, to work in the knowledge that sustainability is good for our business, for our customers and for society.

Embedding good sustainability practice in ABB's daily business processes is key to success, both for the company and our stakeholders.

We are already contributing technology to strengthen energy and resource efficiency for our customers, in our own manufacturing processes and at our sites, and we will continue to develop innovative solutions to help mitigate some of the world's main energy and climate change challenges. There are many ways in which we can contribute.

ABB's corporate tagline is "Power and productivity for a better world" and we want to deliver on that promise to contribute to "a better world" – a more sustainable society in which a growing population has fair access to resources, health and well-being now and into the future.

## Materiality – key focus areas

Considerable work was undertaken in 2010 and 2011 to understand what internal and external stakeholders expect of the company's sustainability performance and what our strategy should focus on.

The widest-ever sustainability stakeholder survey by ABB resulted in input from nearly 600 people including senior ABB executives and employees from all parts of the business in different countries, and external stakeholders specialized in key areas of our sustainability focus – the environment, climate change, human rights, health and safety, and security.

The results were evaluated in 2011 with the support of a strategy steering committee and an external company, resulting in a materiality matrix – highlighting the issues of relevance to ABB and our stakeholders.

Most of these issues are already priorities. A clearer understanding of their importance to our stakeholders has led to them being defined as five areas of focus. They are:

- Developing world-class products, systems and services to lower our customers' energy use, reduce their emissions and improve resource efficiency on a long-term basis.
- Ensuring our own operations are energy and resource efficient.
- Proactively ensuring our suppliers, employees and business partners work in a safe, healthy and secure environment, and to the highest standards of integrity.
- Creating value and promoting social development in communities where we operate.
- Strengthening employees' involvement in and commitment to improve the company's sustainability performance.

## Governance

In 2011, we strengthened the company's sustainability governance structure. An ABB Sustainability Board, made up of the entire Executive Committee, will now oversee how sustainability policies and programs support business goals and aspirations, and monitor progress.

The establishment of a Sustainability Board is in addition to regular reporting of individual issues such as health and safety, and security performance to the Executive Committee and Board of Directors.

Our sustainability work is underpinned by policies covering the environment, social performance, human rights, health and safety, security, ethics and integrity, and the supply chain. Regular training on many issues was provided to employees in 2011.

Three work streams have been established to help us implement the strategy.

- Key performance indicators are being formulated to cover the full value chain of our business. They will enable us to measure progress, assess internal improvement programs and report more fully on our sustainability work.
- A competence management and organizational development program will help to build the required capacity, competence and structure to improve performance on sustainable business issues.
- We are also focusing on communications, awareness-raising and stakeholder engagement to strengthen ABB's reputation as a sustainability leader and to support ABB's efforts to capitalize on business opportunities emerging from megatrends.

## Progress in 2011

ABB made progress in several key areas in 2011. For the first time since new reporting standards were introduced in 2003, ABB reported no fatalities related to work among our employees and contractors. This marks an important step forward because running a safe business is one critical aspect of running an excellent business. Nonetheless, the number of serious injuries increased so there can be no let-up in our OHS improvement efforts.

Further work was also undertaken to embed core sustainability criteria in key business decision-making processes, including the review of proposed projects, supply chain and mergers and acquisitions. Our sustainability experts are now involved systematically in reviewing potential acquisition targets; our suppliers are being made increasingly aware of our environmental, social, human rights, and health and safety standards and requirements; and sustainability considerations are part of discussions with our two systems business divisions prior to tendering for projects.

The value of our global crisis management training was highlighted in 2011. Our executives and employees in Japan were trained on crisis scenarios – including earthquakes – shortly before the Fukushima tragedy; and their reactions helped to ensure the safety of employees, as well as business continuity. The benefits of crisis training and expertise were also much in evidence as ABB ensured the safety of employees and contractors during the revolutions in Egypt and other parts of North Africa.

ABB recognizes that considerable work remains to be done to achieve our goals. But we are confident that the progress made in 2011 is contributing to ABB's business success and to a "better world."