

Stakeholder relations

A business reminder from stakeholders

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

The business value of sustainability is increasingly at the heart of many of the discussions with both internal and external stakeholders.

As we seek to integrate sustainability further into day-to-day business thinking and processes, we are seeing more evidence that sustainability considerations are playing a greater role in business decisions by key stakeholders.

In 2012, we have seen

- Increasing pressure from customers to demonstrate that our products, systems and solutions can deliver resource and energy efficiency
- An increasing flow of questionnaires to ABB for us to assure the sustainability of our products and our supply chain
- Slow but mounting interest among mainstream investors about how we manage sustainability risks
- Social, environmental, ethical and security factors underpinning decisions to enter new markets
- Engagement with export credit agencies to review the social and environmental dimensions of major infrastructure projects

Working with customers

Sustainability experts joined sales managers on numerous occasions in 2012 to support potential business opportunities, answer customer inquiries and review customers' processes.

Detailed discussions were held, for example, with an international company on potential sustainability risks associated with a major infrastructure project in Africa. Among the subjects reviewed: the potential health and safety, security, environmental and human rights risks in the project, and ways of mitigating those risks.

On another occasion, a potential business partner asked for a presentation of ABB's sustainability approach as part of discussions on a tender to upgrade an automation system for a bioprocess testing plant in Europe. The customer was seeking reassurance that its partners and suppliers were committed to good sustainability performance.

In a further example, a security manager engaged with a customer in the oil industry to ensure that security and health and safety measures foreseen at installations in a particular country met ABB's standards and whether additional costs would have to be factored into contracts to meet any shortfall. These are not infrequent examples.

ABB sustainability experts had a formal meeting with about 20 Swedish investors in mid-2012 to present the company's sustainability agenda and to take questions. Compliance was an area of investor focus, along with energy efficiency, health and safety, security and human rights. ABB learned more about investors' priorities; investors heard more about how sustainability risks are managed proactively in the company.

Our most important stakeholder engagements are with our customers. Gauging customers' levels of satisfaction with our performance is central to our overall success.

For the third year running, ABB employed a customer satisfaction initiative called the "net promoter score" to measure customer feedback to help us improve our business performance. The results for 2012 show a further rise in the percentage of our customers who are enthusiastic about our service and a decrease in those unhappy with our service.

The net promoter scorecard is part of ABB's overall commitment to building a culture of quality and continuous improvement that drives growth through customer loyalty.

ABB also 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.

Developing our engagement process

As part of ABB's sustainability strategy, work is under way to create a more standardized engagement process with stakeholders on sustainability-related issues. The aims are to ensure a more consistent approach to such dialogues, and see how stakeholders' views are captured, evaluated – and acted on – at a national and Group level.

ABB engaged with a wide variety of stakeholders around the world in 2012, seeking contact with organizations and individuals who may be affected by our business operations, and whose actions may, in turn affect the company. Some of the meetings were formal round-table discussions but many were face-to-face meetings with specialists.

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

The subject matter and consequences vary widely:

- In many countries, our engagement with suppliers focuses on improving their performance. This can take the form of supplier audits, as in Brazil, China, India and Mexico in 2012 or discussions with suppliers about environmental, and health and safety requirements.
- In the Finnish city of Vaasa, where ABB is a major employer, senior company and key figures from the community meet on an annual basis to discuss issues such as the use of land, infrastructure, the employment situation and future perspectives.
- Internal or improvement processes are often the focus of attention. In South Africa, a formal roundtable in 2012 focused on ABB's community engagement projects in the country, and a new tool being introduced in 2013 to measure the benefits and value of such projects.
- In a number of countries, external input helps ABB to strengthen its internal processes. In Italy, for example, external dialogues have prompted further efforts to strengthen corporate volunteering for social projects and to provide more work opportunities for disabled people.

The academic world is another area of strong focus for ABB. There is a strong interaction with universities and academic institutions on issues ranging from collaborative research projects to teaching students in Sweden and Switzerland 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. We were also part of two access to energy initiatives run by the WBCSD and the UN Global Compact in the run-up to the Rio+20 summit in 2012.

Events such as the Rio summit or WBCSD meetings are useful opportunities to hear more about other companies' views and initiatives, and gauge progress on trends such as the move towards integrated reporting.

Awards

In recognition of our social, environmental and community engagement activities, ABB won 22 awards worldwide in 2012. Several of these were in the United States where our health and safety efforts at different sites were recognized by local authorities.

ABB also won an award for an internal awareness-raising campaign run throughout the India, Middle East and Africa region aimed at preventing accidents and minimizing hazards in the workplace.

Activities spanned every office across the region with sessions such as electrical safety training, blood donation campaigns, training with automatic external defibrillators to treat cardiac arrests, yoga and stress management, safety observational tours, office safety training and road safety. Elsewhere in the region, ABB in Oman was recognized as one of the top Corporate Social Responsibility practitioners in the Middle East and North Africa in the Arabia Corporate Social Responsibility Awards in 2012.

The types of award won by ABB varied considerably. In China and India, there were several awards for environmentally-friendly practices and social responsibility; in Peru, there was recognition for best practice in human resources management.

There were also a number of environmental awards. ABB in Australia received a prestigious environmental and business award for green technology. The Australian Banksia Award in Clean Technology recognized ABB's new SF₆ (sulfur hexafluoride) gas recycling technology; in the United Kingdom, the Engineering Employers Federation's Future Manufacturing Green Growth Award was a reward for the company's efforts to persuade customers to adopt energy-saving measures for motor-driven processes.

And in Estonia, ABB was named Green Economy Promoter of the Year for 2012 for the company's environmentally-friendly business processes. These awards represent both recognition of good performance and an additional impulse to make further progress.

Other GRI indicator

4.13 Memberships in associations

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

- Chalmers University of Technology, Sweden
- Global Business Initiative on Human Rights
- Global Reporting Initiative
- Hunger Project, Switzerland
- Institute for Human Rights and Business
- International Committee of the Red Cross
- International Institute for Management Development, IMD
- Swedish Standards Institute
- oikos International, Switzerland
- Transparency International
- United Nations Global Compact
- World Business Council for Sustainable Development
- World Childhood Foundation, Sweden
- World Economic Forum
- WWF