

# New horizons

ABB launched a new set of sustainability objectives towards the end of 2013, covering the Group's development over the next few years. These objectives are part of an overall review, called Sustainability Strategy 2015+, and chart the path we have decided to take to further embed sustainability values and considerations in our business.

The development of our sustainability goals – for the period 2014–2020 – follows extensive internal and external stakeholder consultation designed to identify which sustainability issues are material to the company's future success. Endorsed by executive management, the nine goals reflect the company's levels of ambition and show how ABB can and does contribute to a more sustainable world.

The goals, described in more detail later in this report, fall into four main categories: Innovating and improving resource-efficient products, systems and services that we offer customers; building responsible operations and maintaining responsible relationships with our many different stakeholders; and what we call "right materials" – ensuring the materials we use are sustainable, and reducing waste through better design of product and processes. This report has been laid out accordingly to highlight these four categories.

We believe that ABB Group's focus on the objectives will help us reach our overall goal: to become – and be recognized as – a leading contributor to a more sustainable world. As part of this work, individual targets and key performance indicators are being developed and rolled out in the company. Progress will be reported in the annual Group Sustainability Performance Report in coming years.

## Stakeholder engagement to shape our priorities

How did we reach the conclusions behind the new objectives? By listening to the views of internal and external stakeholders, weighing the different input we received, and working with our business heads on what is practicable and how to move forward.

Building on the results of consultations undertaken in 2010 and 2011, we surveyed 40 internal and external stakeholders to refine which issues are seen as material to our business and what improvements ABB could make in how we report what we do. We updated our materiality matrix, published [elsewhere](#) in this report, on the basis of these consultations.

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## 9 Group-wide sustainability objectives announced for 2014–2020

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This work was complemented by focused consultations within ABB around the sustainability objectives and our overall sustainability ambitions. Among those interviewed were senior managers at Group and regional levels, business leaders in most parts of the world who had varied opinions and different cultural priorities and perspectives, and representatives of key functions such as supply chain, quality, legal and integrity, communications and sustainability.

As well as helping us to prioritize certain areas for improvement, our engagement with stakeholders also demonstrates the value of an "outside-in" perspective of our performance. This is further reinforced by our participation in international organizations like the World Business Council for Sustainable Development and the Global Reporting Initiative, where we also gain valuable insights into changing trends and expectations of business behavior and reporting, which are important to ABB's development.

## Reporting on our performance

In this report, we describe our approaches to governance and our role in society – both of which are central to our ability to carry out successful business. Good governance underpins everything we are seeking to achieve in the company. How we attract and develop people, our efforts to ensure their safety and security, and how we seek to be welcome in the communities where we operate, all determine whether we can continue to operate successfully.

While progress was made in several areas in 2013, our performance on health and safety was not acceptable. The considerable work undertaken in our journey towards a target of zero incidents received a severe setback. Seven people – all of them contractors – died and 69 people were seriously injured during the course of their working activities.

Considerable work is ongoing to strengthen training, improve monitoring of working conditions at customer sites, and to drive line-management responsibility for health and safety.

Turning to our portfolio, resource efficiency is built in to the products, systems and services we develop and deliver to customers, cutting their energy use and emissions. Our products and systems increasingly support the generation and transmission of power from renewable sources, including wind farms and solar installations around the world. More than 50 percent of ABB's revenues are now generated by products and solutions related to renewable energy, energy efficiency and reduced environmental impact.

Within the company, progress was made in several areas identified as sustainability objectives for 2013. Our ongoing campaign to reduce energy consumption resulted in a 3.5 percent year on year improvement. We have also seen a 14 percent reduction in the use of water over the past two years at ABB facilities which implemented water action plans. Our supply chain sustainability program continues to expand, with new countries included in the program, strengthened efforts to build capacity and real improvements in supplier sustainability performance.

Sustainability experts worked with business colleagues in many ways in 2013: with sales teams to present to customers; with business units to carry out social, environmental and security due diligence on potential projects and sites; with suppliers to ensure they meet ABB's required standards; with investors answering a variety of questions, and with our mergers and acquisitions team carrying out due diligence on targeted companies.

In short, we took further tangible steps to ensure that sustainability values and considerations increasingly become part of our daily business. We believe the new sustainability objectives will cement that process in the years to come.