

# Stakeholder relations

## Engaging to create business value

Engagement with stakeholders has a clear business value. We learn more about stakeholders' requirements, what we need to prioritize and how we can improve our business and sustainability performance.

In the past year we have seen further evidence that a wide range of stakeholders want to know more about our sustainability performance and are basing their decisions and – in some cases, public ratings of ABB – on the evidence we provide. Customers, for example, increasingly require us to provide information on a raft of issues, ranging from our health and safety record and the resource efficiency of our products through to our sourcing policies and our processes for ensuring compliance with legal frameworks around materials we use in our products.

Other stakeholders, such as some investors, export credit agencies and ratings agencies increasingly ask for evidence that ABB is managing potential social and environmental risks, and factor these issues into their decision-making models. Representatives of civil society and the media are also watching ABB closely, monitoring whether we meet the high standards we have set ourselves.

In 2013, we also carried out two surveys with stakeholders which will have an important bearing on our future and success. Extensive consultations were carried out with both internal and external stakeholders as part of the process of developing new [ABB Group Sustainability Objectives](#), applicable to the entire company, for the years to come. A second survey, which focused on customers and external specialists, increased our understanding of the [materiality](#) of particular sustainability issues to ABB's business ambitions.

### Working with customers and investors

Sustainability experts were integrated into business meetings on numerous occasions in 2013 to support potential business opportunities and answer customer inquiries.

The type of engagement varies considerably: Our energy efficiency experts, for example, met customers at the main fairs and key customer events; health and safety specialists briefed companies in the oil and gas industry on the ways ABB is seeking to improve performance; we briefed government officials on resource efficiency on numerous occasions, including during trade visits; and other specialists provided support on potential business project risks through social and environmental due diligence.

ABB has seen a gradual increase in investor interest in environmental, social and governance (ESG) issues, and how we manage our risks. There were regular sessions during 2013 with investors – mainly socially responsible investors but also some mainstream funds – on a series of issues related to ESG performance.

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## 20 awards for good corporate citizenship worldwide

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### Measuring outcomes

Gauging customers' levels of satisfaction with our performance is central to our overall success. For the fourth consecutive year, ABB employed a customer satisfaction initiative called the "net promoter score" program to measure customer feedback to help us improve our business performance. The results for 2013 show that customers are increasingly satisfied working with us; the number saying they would recommend ABB to a colleague rose to 35 percent in 2013 compared to 29 percent in 2012.

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 to resolve problems quickly and efficiently. This system – the Customer Complaints Resolution Process – also provides valuable pointers for improvement.

### Engagement

The most frequent discussions in 2013 involved customers and suppliers, as well as ABB employees. There were also meetings at a national and corporate level with government representatives, unions, NGOs, media representatives and academics.

Stakeholder engagement on sustainability-related issues takes many forms, and the subject matter is wide:

- In many countries, our engagement with suppliers focuses on improving their performance. This can take the form of [supplier assessments](#), as in Brazil, China, Czech Republic, India and Mexico in 2013 or discussions with suppliers about environmental, health, safety and labor requirements.



- The issue of students leaving college without the skills needed by industrial companies was discussed at an ABB round table in South Africa and resulted in concrete proposals for training schemes.

- Meetings with representatives of different European unions resulted in renewed commitments to support efforts to improve health and safety performance at ABB. A series of meetings with unions in France reviewed contractual issues such as conditions for working abroad, health costs and working hours.
- ABB engages with a number of non-governmental organizations in several countries on individual issues or in partnerships such as rural electrification projects, or by speaking at NGO-organized meetings
- ABB in Finland uses its convening power in Vaasa where we are a major employer to raise core issues. In 2013, ABB organized a top management seminar, attended by 60 CEOs, to review issues related to competitiveness, leadership and the work-life balance. In addition, company managers and key figures from the community meet on an annual basis to discuss the use of land, infrastructure, the employment situation and future perspectives.



ABB is also active in the public policy arena in different regions. We continue to engage in the European Union, for example, for decisive and common political action on energy policy, and other areas of importance to ABB's technology interests, including smart transmission and distribution infrastructure, clean transport and energy efficient industrial processes. These issues are also central to discussions in other countries. In the United States, ABB seeks to help regulators and policy makers understand the benefits of energy efficient technologies, while in China ABB has been supporting government activities on energy conservation and environmental protection in line with the country's 12th Five-Year Plan.

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 gains value by being actively involved in a number of multi-stakeholder organizations, participating in key meetings of the UN Global Compact and the World Business Council for Sustainable Development.

### Awards

In recognition of our social, environmental and community engagement activities, ABB won 20 awards worldwide in 2013. These awards build brand value in the countries where they are awarded, and strengthen employee commitment both to the causes that ABB supports, and to the company as a whole.

The awards include recognition by the Ethisphere Institute, a leading international organization dedicated to best practices in business ethics, which included ABB in its 2013 list of the world's most ethical companies.

ABB's environmental performance was recognized in China where we received three awards, including one from the China Entrepreneur Club which named ABB as one of the top three green companies. In Vietnam, ABB received a National Environment Award for our waste and water management at our Bac Ninh site.

Despite a very difficult year from a safety perspective, our efforts to improve performance in this area led to awards in the United States and the United Arab Emirates. And our contributions to safety in the oil and gas industry in Argentina and to the mining industry in Chile were also recognized.

ABB's work with disadvantaged people was appreciated in several countries. In Germany, for example, ABB received a special award for our commitment to and engagement in the Special Olympics organized each year for people with mental disabilities. In Oman, ABB was recognized for the second year running as one of the top corporate social responsibility practitioners in the Middle East and North Africa.