

Implementing our objectives

After launching a new set of sustainability objectives at the end of 2013, we have placed considerable focus on setting more detailed targets and making progress towards achieving them. The latest materiality survey in 2014, covering external stakeholders, provided a strong endorsement of our goals and further encouragement to make concrete progress towards full implementation.

The sustainability objectives for 2014–2020 cover nine areas and highlight how ABB does and can contribute to a more sustainable world. These are detailed elsewhere in the report but overall they include such areas as our products and services, climate change, resource efficiency, integrity, sourcing, safety and security, and our role as an employer and in society. All of these issues have a direct or indirect impact on ABB's business success.

The objectives are being driven by different parts of our organization, both functionally and directly along business lines. In 2014, we put further numbers on the objectives, developing targets and key performance indicators, and began the process of implementation.

Setting targets

Our sustainability objective on products and services, for example, highlights our ambition of being a world leading supplier of innovative, safe and resource efficient products, systems and services that help customers increase productivity while lowering environmental impact. With our business, we have now set a target to increase revenue from our energy-efficient portfolio by 20 percent from 2014 to 2020. In addition, we have committed to reducing our own energy intensity by 20 percent per dollar sales in our objective on energy efficiency and climate change.

In other areas, we have clarified either target figures or the criteria on which our success in implementing the objectives will be based. We set these targets after considerable work with internal and external stakeholders. For example, external stakeholders urged us to develop more detailed targets on our energy-efficiency portfolio, and report how this will impact our business and environmental performance.

As this work continues, we expect further targets to be defined and further milestones towards achieving our goals in 2020 to be set. For example, one of our aims is to set up a human rights network to advise the business by 2016. Capacity building training sessions were held in 2014 and more are scheduled in 2015 to meet this target.

Progress on objectives

Improving safety performance – one of the sustainability objectives – was one of the highest profile focus areas within the company in 2014. A leadership initiative to drive a change of culture, called “Don't look the other way,” kicked off early in the year. The initiative, focusing on ensuring that employees and contractors fully observe the rules and develop a greater sense of personal leadership and responsibility, was driven throughout the company in a series of events, culminating in the Group's first-ever global safety week.

Our first quantitative targets and key performance indicators on safety reflect this drive to strengthen the company's safety culture. We are focusing on lead rather than lag indicators – emphasizing positive personal behavioral change – in our efforts to become a best-in-class performer by 2020. This is why we have chosen to set rates for factory and site safety observation tours, levels of hazard reporting and the number of facilities certified with health and safety management systems. We will, of course, continue to report fully on the lag indicators of our health and safety performance.

Steady and quantifiable progress was made in 2014 on a number of other objectives such as integrity, security, supply chain, human rights and how we develop our people. Details of the programs and training sessions are covered later in the report.

All such areas underpin business success and resilience. Failure to maintain the highest standards can result in major costs – human, financial and reputational.



Focus for 2015

We have also been setting priorities for 2015. These focus areas can be found in our sustainability objectives dashboard in this report. For example, we will be working to ensure that a health, safety and environmental checklist, which was updated in 2014, is fully integrated in the development of new products and systems in 2015 and beyond.

As part of our efforts to achieve zero waste, all ABB sites are being encouraged in 2015 to increase the amount of waste that is re-used or recycled, and reduce the amount of waste sent for final disposal.

Stakeholder feedback

In common with previous years, ABB consulted external stakeholders again in 2014 to better understand perceptions of the company's sustainability objectives and levels of ambition, as well as to test our assumptions about the materiality of key areas of focus.

We received useful guidance on certain issues. While the consensus is that the nine objectives are the right areas of focus, and the most material ones for ABB, there was a clear desire among external stakeholders for ABB to provide greater detail on how our products and services are benefitting society, how they are contributing to the "better world" of ABB's tagline.

We were also told ABB should build on existing partnerships for increased customer value and further investigate collaborative efforts along the value chain, such as working more closely with suppliers. As can be seen in the chapter on sourcing, this is already happening with different aspects of sustainability included in training sessions for a further 760 suppliers in 2014, and another 175 supplier assessments carried out.

A materiality matrix for 2014, published in this report, was drawn up on the basis of these and other consultations with stakeholders. There is a broad alignment between our objectives and the matrix. But one of our key takeaways is that ABB needs to demonstrate the value of implementing our sustainability objectives more effectively.

Assurance

As part of ABB's efforts to achieve higher sustainability standards, we agreed with our external assurance providers DNV GL that they would take a broader look at our reporting, performance and sites than in previous years. Their assurance statement appears towards the end of this report.

Our latest materiality survey provides a strong endorsement of our goals.

In short, our sustainability efforts and objectives are part of our business and our success, and they are aligned with the corporate strategy that will take ABB through to 2020. We know how much work lies ahead to deliver the objectives but we are determined to make a further, significant contribution to "a better world" in the years ahead.