








Performance against targets 2014

Issue Area	Ambition and Targets	Main Activities, Achievements and Challenges 2014
Products & services	<p>Ambition 2020: ABB is a world leading supplier of innovative, safe and resource efficient products, systems and services that help customers increase productivity while lowering environmental impact</p> <p>Targets: 20% revenue increase from energy efficiency-related products, systems and services</p> <p>Qualitative assessment of technology contribution to environment, profit, society</p>	<p>51% of ABB revenues relate to energy efficiency and renewable energy in 2014. Same level as 2013</p> <p>Innovations released in 2014 include: – New cable, doubles power flow and extends range significantly with reduced losses – Switchgear technology with eco-efficient insulation gas, cuts carbon footprint of GIS – SmartVentilation for underground mines, cuts energy use and improves safety</p> <p>Updated Health, Safety and Environment (HSE) checklist and guidelines for Research and Development (R&D) – 132 R&D engineers trained on HSE checklist; over 80% of project leaders at largest R&D center trained</p> <p>Additional guidance provided on Conflict Minerals and Rare Earths</p>
Integrity	<p>Ambition 2020: ABB recognized as one of the most ethical companies by customers, suppliers, investors and employees</p> <p>Targets: 100% of employees trained on integrity issues and processes</p>	<p>ABB again recognized by Ethisphere Institute as one of The World's Most Ethical Companies; Compliance Leadership Verification as well as Anti-corruption Program Verification seals also awarded in 2014 for the 2015–2016 period</p> <p>Global anti-bribery e-learning module rolled out – more than 92% completion, 94,000+ people trained</p> <p>Integrity training and communications programs at Group, regional and country levels – monthly communication updates distributed through Group; integrity updates and cases of consequence published internally</p> <p>Implementation of integrity programs formally reviewed in individual countries</p> <p>Training and extension of Ombuds program – currently more than 80 trained Ombuds persons in 50 countries</p>
People and society	<p>Ambition 2020: ABB attracts, retains and develops dedicated and skilled people from diverse backgrounds, and engages with a wide range of stakeholders, including communities, to maximize benefits for our business and society</p> <p>Targets: Percent of personal development actions implemented versus plan</p> <p>ABB community engagement tool implemented in major ABB countries</p>	<p>People Strategy developed to support corporate strategy, nine core areas defined</p> <p>Increased number of formal white and blue collar personal performance and development appraisals to 90,700 white collar and 11,000 blue collar appraisals</p> <p>Integration of acquired companies into ABB Human Resources processes</p> <p>Extended learning and development programs for different levels of employee – further 3,000 people took part in Leadership Challenge Program, one of several targeted training programs</p> <p>Increased use of community engagement measurement tool to better understand impact of social projects – nearly 70% of reporting countries provided detailed feedback on social spending</p>
Human rights	<p>Ambition 2020: Human rights issues are well understood and managed in all ABB operations along the value chain</p> <p>Targets: Network of sustainability employees trained on human rights by 2016</p> <p>600 managers trained by end of 2016</p>	<p>Further capacity building training in four countries; first meeting of network focusing on issues from Asia, and North and South America</p> <p>Awareness-raising training in three more countries; another 100 senior and middle managers trained, bringing total to date to 500</p> <p>Development and release of human rights awareness raising e-learning module for all employees</p>

-  On schedule
-  Started
-  Behind schedule

Status end of 2014	Focus 2015	Link to material issues
	<p>Ensure that ABB's HSE Checklist (focusing on energy efficiency and environmental issues) is applied in development of products and systems</p> <p>Expand scope of energy efficiency portfolio, formalizing processes and definitions for ABB's "green" product portfolio and making methodology auditable</p>	<p>Products and services</p> <p>Also includes: Energy efficiency and climate change; resource efficiency, right materials and responsible sourcing</p>
	<p>Full completion of anti-bribery training</p> <p>Continue to promote management initiative "Don't Look the Other Way" (safety and integrity) as part of Next Level strategy</p> <p>Further promote hotline reporting using ABB's reporting channels and Ombuds program</p> <p>Continued focus on ABB's training and communications efforts at Group, regional and local level</p> <p>Continue to enforce business accountability and tone from top and middle management</p> <p>Further work to ensure thorough implementation of ABB rules and policies in countries where ABB has operations</p>	<p>Integrity</p> <p>Also includes: Developing our people, stakeholder engagement, human rights, safe and secure operations, products and services, responsible sourcing, right materials</p>
	<p>Establish Group-wide process for capability management and workforce planning</p> <p>Full alignment of competency framework to corporate Next Level strategy</p> <p>Strengthen succession planning as part of organizational development reviews</p> <p>Take measures to increase links between compensation and personal performance</p> <p>Improve reporting of community engagement activities in order to develop Group-level KPIs</p>	<p>Developing our people</p> <p>Stakeholder engagement</p> <p>Also includes: Integrity, human rights, safe and secure operations, products and services</p>
	<p>Build further capacity to expand human rights network with representatives from more countries</p> <p>Work with key businesses on identifying and avoiding potential risks</p> <p>Further awareness-raising training in countries and functions</p> <p>Roll out of e-learning module</p>	<p>Human rights</p> <p>Also includes: Stakeholder engagement, integrity, safe and secure operations, responsible sourcing, energy efficiency and climate change, products and services, developing our people, right materials</p>

Issue Area	Ambition and Targets	Main Activities, Achievements and Challenges 2014
Safe and secure operations	<p>Ambition 2020: Safety is a core value. All ABB operations have an excellent health, safety and security culture embedded in their day-to-day business, targeting zero incidents</p> <p>Targets: Safety Observation Tour (SOT) rate = 1.2 per employee, run rate 180,000</p> <p>Hazard reporting rate= 2 per employee, run rate 300,000</p> <p>>95% certified Health and Safety Management Systems</p>	<p>Total recordable incident rate of 9.95 for employees and 7.76 for contractors</p> <p>Implementation of internal leadership campaign "Don't Look the other way" program (safety and integrity)</p> <p>Personal safety commitment signed by Executive Committee and 200 top managers</p> <p>First-ever global safety week, involving 2,500 training sessions and around 142,000 attendees</p> <p>SOT training conducted throughout Group. Hazard and near miss training rolled out</p> <p>Code of Practice for Safe Working covering 50 safety topics launched</p> <p>Certified health and safety management systems at 378 of 578 locations</p> <p>Ongoing mandatory security and crisis training for country management teams – further 250 people trained in 25 countries</p>
Responsible sourcing	<p>Ambition 2020: Social and environmental risks and impacts of sourcing practices are well understood and managed</p> <p>Targets: Number of suppliers assessed (internal / by third party)</p> <p>Total number of risks identified</p> <p>Total number of risks mitigated</p>	<p>Ongoing supplier sustainability training and development program:</p> <ul style="list-style-type: none"> – Supplier Code of Conduct now available in 15 languages, Implementation Guide in 4 languages – 762 suppliers trained; total since 2011 is more than 2,500. Scope expanded to Thailand, Indonesia and Vietnam – Further 264 ABB people trained; total since 2011 is over 2,000 Lead assessor certification program expanded to Brazil, South Africa, India – 175 suppliers formally assessed, mainly in China, India, Brazil, Mexico and South Africa; total since 2010 is around 600 – Assessed 375 risks; nearly 1,100 assessed since start of program – Mitigated 152 risks; 675 risks mitigated since start of program
Energy efficiency and climate change	<p>Ambition 2020: ABB is an industry leader in energy efficiency, use of low-carbon fuels and renewable energy. We cut greenhouse gas (GHG) emissions.</p> <p>Targets: 20% decrease in energy intensity per \$ sales from 2013 (megawatt hours/million \$ sales)</p>	<p>Energy intensity cut by 1.6%</p> <p>More than 200 energy saving projects under way at ABB sites</p> <p>ABB in Egypt obtains ISO 50001 certification; ABB inaugurates unified energy management system for six centers in Spain</p> <p>GHG emissions rose by 4% due to increased SF₆ emissions and increased scope of air travel data</p> <p>Sites handling SF₆ gas implementing action plans to control and reduce SF₆ emissions</p>
Resource efficiency	<p>Ambition 2020: Materials and water use is optimized. Facilities in very scarce, scarce and water stressed areas to reduce water use. We target zero waste</p> <p>Targets: Cut water consumption by 25% in water scarce/water stressed areas</p> <p>Reduce waste sent for final disposal by 20%</p>	<p>Water saving projects under way in individual countries and sites; overall, small reduction in water withdrawals recorded</p> <p>Waste reduction, recycling and reuse projects under way in many sites; proportion of waste sent for final disposal increased and total waste generated decreased significantly, primarily as result of divestments</p>
Right materials	<p>Ambition 2020: We aim for materials that are sustainable. Hazardous substances are used in closed loops or not at all</p> <p>Targets: Reduce amount and type of hazardous substance used/emitted</p> <p>EU REACH compliance</p>	<p>Projects to reduce hazardous substances under way at individual sites; reduced lead in solder by 24%</p> <p>Worked to improve quality of hazardous substances reporting; significant increase in phthalates and lead in rubber compounds due to improved reporting</p> <p>ABB list of prohibited and restricted substances updated to meet legislative changes</p> <p>ABB's internal network supports Business Units on material compliance; eight training sessions on different aspects of REACH regulation conducted</p>

Status end of 2014	Focus 2015	Link to material issues
	<p>Internal SOT reporting mandatory from 2015</p> <p>Mandatory “Don’t look the other way” safety master-classes for all Business Unit heads and senior managers. Training to be cascaded in key countries by ABB personnel and external trainers</p> <p>Improved communications: Introduction of enhanced process for sharing and implementation of lessons learned from incidents</p> <p>Health and safety management to be included in internal audit protocols</p> <p>Define scope of certified management systems target</p> <p>Continue to improve business resilience through crisis training and project security training program</p>	<p>Safe and secure operations</p> <p>Also includes: Integrity, human rights, stakeholder engagement</p>
	<p>Extension of the Supplier Sustainability Development Program (SSDP) to cover suppliers in Indonesia, Thailand and Vietnam</p> <p>Re-assessment of suppliers with closed corrective action plans</p> <p>Further capacity building of suppliers and ABB employees</p>	<p>Responsible sourcing</p> <p>Also includes: Products and services, resource efficiency, right materials, energy efficiency and climate change integrity, human rights, developing our people, safe and secure operations, stakeholder engagement</p>
Energy 	<p>All ABB manufacturing, workshop and office facilities to continue energy efficiency efforts according to energy savings plan in local management system</p> <p>All ABB manufacturing, workshop and office facilities to continue to assess main sources of greenhouse gas emissions and develop action plan to cut emissions</p>	<p>Energy efficiency and climate change</p> <p>Also includes: Products and services, responsible sourcing, resource efficiency, right materials</p>
GHG 	<p>Sites handling SF₆ gas shall measure, control and reduce emissions of SF₆ according to action plan</p>	
	<p>Update facility mapping according to watershed and define initial 30 facilities included in water reduction commitment</p> <p>Continue to monitor and support implementation of ABB’s water efficiency target at ABB sites</p> <p>All sites to implement plans to increase share of waste reused or recycled</p> <p>All sites to implement plans to reduce amount of waste sent for final disposal in absolute terms</p>	<p>Resource efficiency</p> <p>Also includes: Products and services, right materials, energy efficiency and climate change, integrity, stakeholder engagement</p>
	<p>Ensure compliance with and track development of EU REACH</p> <p>Ensure formal acceptance procedures are in place for any new substances or components used in ABB products and production</p> <p>Conduct training on how to comply with legislation on hazardous substances</p>	<p>Right materials</p> <p>Also includes: Products and services, resource efficiency, energy efficiency and climate change integrity, human rights, developing our people, stakeholder engagement</p>