

Society

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Our people

People at the heart of our strategy

When ABB announced our Next Level strategy in 2014, it was clear that the ability to deliver on the 2014–20 targets would depend on a number of factors – among them, having highly-skilled and dedicated people around the world in the business or in functions driving business development.

ABB's People Strategy – a key element of the corporate strategy – acknowledges the pivotal and decisive role that our people play in pursuit of our ambition. The People Strategy spells out an overarching ambition to establish ABB as “the place to be” and has established nine priorities along three pillars: People, organization and culture.

The people priorities include further measures to develop leaders and other professional people, processes to strengthen workforce planning, and increased efforts to attract and retain the best employees around the world. On the organizational side, several plans are being put in place to improve effectiveness and governance, strengthen high performing teams, and better align competencies to the business strategy. Several areas of work are also envisaged in developing our culture, such as building a stronger sense of ownership and accountability, strengthening our capacity for change management, and further focus on diversity and inclusion.

489,000 online applications from
179 countries to join ABB in 2014

From a people perspective, the key to delivering our ambition rests on our ability to forecast our human resource needs, both from a quantitative and qualitative perspective. Ensuring continuity also depends on our ability to identify new skills and capabilities we will need in future. A newly designed, integrated and unified Leadership Competency Model is under development which, when integrated into all our Human Resources processes, will help us build a pool of leaders and professionals capable of delivering our targets. The Competency Model will also allow us to attract the right kind of talent with the values and behaviors we wish to nurture.

Our performance management system is designed to ensure that ABB recognizes, rewards and develops people who display the behaviors and values we wish to promote. Our learning and development function is being prepared to design and deliver leadership development programs aligned with the Competency Model, which will ensure consistency and coherence in the way we grow our people.

Along with our Next Level strategy, a marked change in the way we reward performance is the new short-term incentive scheme, which underscores a balanced approach of individual and collective performance. The short-term incentives are complemented by an equally attractive long-term incentive policy.

Diversity and inclusion

As a truly international company present in over 100 countries, we are very conscious of our responsibility to promote diversity and inclusion, and are committed to improve performance.

Our headquarters is a microcosm of our inclusive culture. Some 730 people from 52 different countries work at our global headquarters in Zurich, Switzerland. This diversity is mirrored in many of the countries where we have business operations.

It is also reflected in our Board and our executive management. At year-end 2014, there were eight members of the Board of Directors from seven countries. The Executive Committee comprised 11 people from eight countries.

A Group-wide global framework has been developed to nurture diversity and inclusion. As a first step, the framework focuses on gender, and creates a roadmap for recruiting and promoting more women, and strengthening female representation in executive positions.

In addition to the global framework, each country continues to drive initiatives relevant to their needs:



– A five-year plan in South Africa sets targets by race, gender and disability for each occupational level, and an ABB Education Trust was set up at the end of 2014 to support black women in engineering.



– ABB Canada's long history of working with First Nation communities and developing their technical skills has proved invaluable to business success.

– In the United Arab Emirates, ABB has launched plans to increase significantly the number of Emiratis it trains and hires.

– ABB in India has increased its efforts to recruit women engineers. Of the engineers hired from campus in 2014, 38 percent were women compared to 32 percent the previous year. Five women-only engineering colleges have been added to the current list of 30 universities where ABB hires engineering graduates as management trainees.

At an international level, ABB has been partnering with The Women's Forum since 2012, seeing it as a valuable platform to bring together leaders from business and government to share new perspectives on key commercial, political and social questions. A total of 29 women from ABB attended three sessions in Brazil, France and Myanmar, which we also co-sponsored. Participation raises our profile among female leaders and enables us to contribute to and learn from best practices in other leading businesses.

Attraction

ABB's employer value proposition continues to gain strength and be attractive to our target audience. In 2014, ABB was again voted employer of choice in surveys in several European countries, including Switzerland and Sweden, as well as in China.

ABB received online recruitment applications from 489,000 people from 179 countries in 2014. This represents an increase of more than 27 percent over 2013 – underlining the value of the ABB brand, and a clear indication that ABB is attractive to people who want the opportunity to develop and contribute to business success through their core skills.

Attracting talented young people and developing them for future leadership roles is key to delivering business value. One way in which we attract talented graduates is through our global trainee scheme which lasts up to two years and involves different assignments around the world. A total of 34 global trainees – one third of them women – joined ABB in 2014 working mainly in finance, information systems and supply chain management. They come from 18 countries. At the end of 2014, ABB had almost 100 such global trainees. Since the program began in 2002, four in every five global trainees have opted for long-term careers with ABB.

Development

We support our employees' development and offer opportunities to help them realize their potential. A comprehensive suite of learning and development opportunities exists at country, region, function and Group levels. A few examples of Group-level training initiatives are:

- Over 90,700 white collar and 11,000 blue collar employee performance and development appraisals were carried out in 83 countries, focusing on feedback on performance, strengths and development opportunities, identifying people with potential, and enabling career discussions.

- Leadership development programs: 91 senior managers attended two courses of the Senior Leadership Development Program held in partnership with the IMD business school in Lausanne, Switzerland. The Middle Manager Program and the First Line Manager global programs covered a further 470 middle managers and nearly 1,210 first line managers.
- The three-day Leadership Challenge program, offered to all employees and delivered in 14 languages focuses on personal effectiveness and leadership. A total of 3,212 employees completed the course during the year, bringing the cumulative total to about 63,000 since the program started in 2004.

Retention

Our ability to retain our employees is crucial both from a current and future standpoint. All our countries strive to strengthen employee loyalty and engagement. The slight increase in turnover rate in 2014 is primarily attributable to productivity gains. (See data and definition of turnover rate calculation on p.65).

In India, for example, attrition levels have fallen steadily from 12.6 percent in 2011 to 8.1 percent in 2014. About 15 percent of the total hires in 2014 in India were people who formerly worked for ABB. In China, attrition rates have fallen slightly to 8.2 percent in the past four years – just over half the general industry level and considerably lower than the peer industry rate.

Increased attention to career and personal development, opportunities for global mobility, competitive compensation, and our strengthening corporate culture are some of the factors behind this positive development.

International mobility strengthens our ability to transfer knowledge, deliver customer value, support individual development and build loyalty. The Group had 876 people on long-term international assignments in 2014. India and China are among the top ten countries in ABB that send employees on international assignments. Top destinations for our Indian and Chinese employees are Sweden, Germany and the United States.

Stakeholder engagement

Working with stakeholders to create value

ABB's business success is closely tied to our willingness to listen to our stakeholders, and act upon what we hear. By engaging with a wide variety of stakeholders we learn more about their expectations and requirements, what we need to prioritize and how we can improve our business and sustainability performance.

Getting our stakeholder relationships right creates value – both for the business and the stakeholder. Getting such relationships wrong can damage business and lead to negative impacts.

We coordinate policy at a corporate level, but drive many relationships with stakeholders at a business unit and national level. Our key stakeholders with whom we engage as part of daily business are customers and suppliers. Our approach is to work with them closely so that we and they understand requirements, offerings and needs, as well as sustainability-related issues.

28 corporate citizenship awards worldwide

Customers

Customers are increasingly requesting information about sustainability aspects of our offering such as the energy efficiency and emission savings of our products, systems and solutions. They seek reassurance that their supplies from ABB are ethically sourced and manufactured in a resource-efficient way; they want evidence that ABB is fully compliant with legal frameworks around materials we use in our products; and they seek evidence of improvements in health and safety performance, as well as sound social and environmental risk management.

The type of engagement with customers in 2014 varied considerably: Energy efficiency experts met customers at meetings, fairs and key events; health and safety specialists briefed companies in the oil and gas industry on the ways ABB is seeking to improve performance; we also gave advice to customers on managing environmental, human rights, governance and security issues.

Suppliers

We depend on a wide range of suppliers to provide high-quality, competitively priced products delivered in a timely manner. Our challenges are to ensure that in the course of daily business our suppliers meet our business needs, and sustainability requirements and standards.

In many countries, our engagement with suppliers focuses on improving their sustainability performance. This can take the form of supplier assessments, as in Brazil, China, India, Mexico, Malaysia and South Africa in 2014 ([see Responsible sourcing](#)) or discussions with suppliers about environmental, health, safety and labor requirements.

Investors



Our work with investors is designed to provide them with the information they require to assess different areas of our performance. ABB has seen a gradual increase in investor interest in environmental, social and governance issues, and held a series of investor meetings on sustainability topics in 2014. These meetings focused on issues vital to the success of our business such as energy efficiency, the market in renewable sources of energy, and ABB's risk management practices.

As well as investors, ABB increasingly works with export credit agencies and ratings agencies who factor a company's ability to manage potential social and environmental risks into their decision-making models.

Civil society

Representatives of civil society, unions and the media are watching ABB closely, monitoring whether we meet the high standards we have set ourselves. Our approach is to engage in meaningful dialogue and collaboration, to explain ABB's positions and policies and, where appropriate, to clarify them. Such engagement enhances our ability to advance as a company.

One of our greatest areas of engagement is with our employees. Our ability to attract and retain employees depends in part on our reputation, ability to manage complex issues, and mature interaction with staff on a range of issues.



One example: Our engagement with employees in Europe continued in 2014 with two meetings with the European Council of Employees focusing on the implications of the new corporate strategy, and health and safety. Meetings were addressed by the Chief Executive and Chief Human Resources Officer.

ABB also engages with a number of non-governmental organizations in several countries on individual issues or in partnerships such as humanitarian aid and rural electrification projects.

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, the World Business Council for Sustainable Development, and the Global Business Initiative on Human Rights.

Tracking improvement

We gain valuable input from stakeholders as part of daily activities. In addition, we receive feedback from our regular stakeholder consultation, involving interviews with customers, suppliers, investors, sustainability experts, academia and NGOs, which helps us to better understand perceptions of ABB's activities and priorities, and ensures we receive external views on the relevance of particular sustainability issues to ABB's business ambitions.

We also measure customers' levels of satisfaction with our performance. For the fifth consecutive year, ABB employed a customer satisfaction survey called the 'net promoter score' program to measure customer feedback to help us improve our business performance. Customer satisfaction is growing steadily: In 2014, 44 percent said they would recommend ABB to a colleague – up from 35 percent in 2013.

Customer satisfaction is an element of the ABB Quality Policy. The net promoter score program is part of a customer loyalty improvement process which ensures that feedback is the beginning of a closed loop which feeds back to the customer.



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.

Public policy



ABB is active in the public policy arena in different regions. In the European Union, for example, ABB is particularly interested in seeing the agreement in 2014 on a common EU Climate and Energy Strategy for 2030 translated into concrete legislative action. In the United States, ABB worked to help policy makers recognize the benefits of cross-border energy transfers, and smart grid and grid security investments. And in China, ABB continues to support government activities on energy conservation and environmental protection in line with the country's 12th Five-Year Plan.

Community

Our approach is to combine strategic corporate partnerships with targeted impacts with country-level projects focusing on education and healthcare. Our contributions can make a difference to people's lives, our corporate reputation, and how welcome we are in the communities where our business operates.

ABB contributed to several hundred community projects and charities worldwide in 2014, focusing on education and healthcare. There is a long tradition of community involvement and volunteering at ABB. In 2014, employees and companies



donated approximately \$9 million and provided nearly 3,600 person-days in volunteering time.

The educational schemes and institutions we support serve to improve learning opportunities, raise ABB's profile and help us to recruit qualified engineers and other staff. Strengthening healthcare can have positive social and economic impacts among key company stakeholders, including our employees, suppliers and customers, as well as the communities around our facilities.

An internal community measurement tool, introduced in 2013, helps measure the impacts and overall value of our investments in community schemes. The results give guidance on the return on investment, and helps us to streamline our efforts towards the projects which provide most benefit for the targeted stakeholders.

Education

ABB works with students, schools and colleges in a variety of ways. Here are some of our projects:

- In the United States, ABB provides both funding and equipment for colleges and universities in areas where we have operations to support those institutions and attract successful graduates.
- ABB in India has a long-term program to refurbish government schools near company operations and to provide a mid-day meal scheme for children.
- Children from impoverished neighborhoods in Brazil come to ABB factories in Sao Paulo for additional schooling and preparation for a working life.
- In Italy, ABB volunteers actively support student entrepreneurs to develop sustainable start-up projects throughout an academic year.

ABB also has a focus on helping disadvantaged students. Our Group-level foundation to support talented but disadvantaged engineering students now has partner universities in 11 countries, having added Bulgaria and South Africa in 2014. Several of the student scholars in the scheme have pursued careers at ABB.

Health

Many of the projects that ABB supports involve helping the less able. Our projects include:

- ABB supports summer and winter Olympics for people with mental disabilities in several countries, including Germany, Italy and the United Kingdom.
- There is strong support for medical charities in Canada and the United States where employees give in different ways – from donations to sponsored golf tournaments.
- In Singapore, ABB employees are involved in a range of schemes, supporting the elderly, helping children with disabilities and a blood donation program.

ABB also provides support in the event of humanitarian and natural disasters. In 2014, ABB in China contributed to efforts to reconstruct earthquake-damaged schools, while ABB in India supported flood relief efforts by providing blankets, non-prescription medicine and solar lights.

Corporate sponsorships



ABB takes a more strategic approach to humanitarian aid through the ongoing partnership with the International Committee of the Red Cross (ICRC). Our annual contribution to the ICRC is used to support clean water access in areas of humanitarian need in Iraq and the Democratic Republic of Congo. A number of other further areas of cooperation have been identified.

ABB also has a long-term agreement with the global conservation organization WWF, under which we work on several schemes. Two of them have focused on the electrification of villages in remote areas of Tanzania and India, and have resulted in economic and social development in those areas. More details can be found on our website under "Access to Electricity."

Awards

In recognition of our social, environmental and community engagement activities, ABB won 28 awards worldwide in 2014. These awards build brand value in the countries where they are given, and increase employee commitment both to the causes that ABB supports and to the company as a whole.

One of the most prestigious awards in 2014 was in the United Arab Emirates where ABB won the Zayed Future Energy Prize in recognition of our efforts to drive innovation, renewable energy and energy efficiency. ABB's health and safety performance was recognized at several individual sites in the United States, while in China ABB won a corporate social responsibility award from the Ministry of Education.

Human rights

Implementing the Guiding Principles

ABB took further steps in 2014 to strengthen human rights awareness and performance. Much of the ongoing work is targeted towards meeting the Group's sustainability target on human rights – namely, that by 2020, we will ensure that human rights issues are well understood and managed in all ABB operations along the value chain.

It's an ambitious target given ABB's size and geographical scope. But we recognize that there is a moral imperative for good performance on human rights, there is a strong business case, and stakeholders – both outside ABB and within the company – increasingly demand that we manage such issues well.

Our stakeholder surveys in 2013 and 2014 have confirmed that they consider human rights material to our business success. We know violations can have human, legal, financial and reputational consequences – all of which are bad for business and inconsistent with company standards.

Our efforts are spurred by growing stakeholder expectations. The United Nations Guiding Principles on Business and Human Rights in 2011 set a framework of internationally-agreed expectations, including the need to “know and show” our human rights impacts. In addition, stakeholder interest has increased through the National Action Plans being developed by individual governments, as well as legislative requirements covering issues such as conflict minerals, and increased focus by customers through their questionnaires to ABB, the rising investor interest in our performance, and the monitoring by civil society of a company's behavior.

Human rights impacts all parts of the value chain – from our relationships with customers and suppliers through to the way we behave within the company and in the communities where we operate. ABB has been working hard to raise awareness among managers of potential human rights risks, embed human rights due diligence in business decision-making processes, and build capacity within the company.

Due diligence

ABB has been working on some of the substantive issues contained in the UN Guiding Principles for several years. Human rights experts in the company have increasingly been carrying out due diligence on projects as part of the business process. Depending on the nature of potential impacts, some projects are selected for in-depth due diligence – either in the form of desktop and/or external third-party research, and through visits to sites and stakeholder engagement.

Through due diligence we seek to identify and avoid negative impacts. We also receive regular communications from stakeholders asking about our due diligence and decision-making processes: Customers who require us, as a supplier, to detail our processes; export credit agencies, which want to be satisfied ABB has researched potential social and environmental consequences of major infrastructure projects as a condition for financing them; and some investors and ratings agencies are also increasingly asking about the processes behind ABB's social and human rights performance, as well as details of our activities in sensitive countries.

Among the challenges we face in this area are having the resources needed to cover the large volume of projects we seek to be involved in, and achieving a consistent approach throughout the Group. While measures have been introduced to strengthen performance, there is still further work to be done in this area.

Training



The Guiding Principles – and what ABB needs to do to implement them – are a cornerstone of training programs. A global awareness-raising program, designed for senior managers in our main manufacturing and exporting countries started in 2010 and continued in 2014 with courses for about 100 managers in Colombia, Italy, southern Africa, Switzerland and the United States.

A total of 500 managers have so far been trained worldwide in face-to-face sessions. Our target, defined in the Sustainability Objectives, is to have 600 managers trained by 2016.

The training focuses on understanding what human rights are, the impact on business activities of key international standards, and how ABB can potentially impact human rights, positively and negatively. We also highlight challenges and dilemmas through company case studies from different countries.

A program of internal capacity building, designed to increase the number of people who are able to advise managers at a local level on business and human rights issues, continued in 2014 with training sessions in different parts of the world. The training involves study of the legal and normative frameworks relating to the corporate responsibility to respect human rights, as well as how to identify and avoid risks, based on examples from the business.

The outcome of this training was the launch – on International Human Rights Day – of ABB’s first internal network on human rights. Twelve people took part focusing mainly on ABB case studies from Asia, and North and South America. The aim is to increase the number of participants in 2015 and ensure we have a solid network in place by the end of 2016 – one of the targets contained in our Sustainability Objectives.

In addition, an online e-learning module on the corporate responsibility to respect human rights was finalized at the end of 2014 and is being rolled out to a wider ABB audience in 2015.

Work areas

Human rights can be impacted throughout the value chain, so some of the internal work focused on areas covered by different business and functions. Some examples:

- Due diligence work was carried out for a number of proposed product sales and potential business partners in sensitive countries.
- Our work to raise the sustainability performance of our suppliers necessarily covers labor and human rights issues. Considerable efforts are under way to ensure that ABB’s requirements are fully understood and met by our suppliers under the Supplier Sustainability Development Program ([see Responsible sourcing](#)), and to ensure corrective actions are taken where standards are not met.
- The need for greater coherence underpins some of the work with other functions. For example, sustainability training sessions for high potential employees and first line managers now have brief modules on human rights. The basics of the Guiding Principles and what they mean for ABB were introduced in 2014 into modules that are used globally.
- ABB’s global security network has reviewed checklists and introduced clauses on human rights into new contracts with private security providers. The wording is drawn from the Voluntary Principles on Security and Human Rights and the International Code of Conduct for private security providers.

Challenges

ABB is continuing to look at a number of additional issues such as the third pillar of the UN Guiding Principles covering access to remedy for people whose rights may have been violated. ABB currently has a Business Ethics Hotline, which was introduced in 2006 to provide all ABB employees and stakeholders worldwide with a means to report suspected violations of the ABB Code of Conduct or applicable laws. Contact details are published on ABB’s internal and external websites.

Among other challenges we face: How to embed human rights more effectively in certain business decision-making processes and strengthen coherence across business units. This is part of our ongoing work.

As in many large organizations, there can be violations within the company itself. There were 10 substantiated cases of harassment and one of discrimination in 2014, resulting in five terminations, and a range of other measures, including formal warnings, counseling and further training. This is an area of focus for a number of business units and different functions.

ABB also occasionally faces criticism of its business activities. For example, a non-governmental organization criticized us in 2013 for activities indirectly relating to a dam project in south-east Asia. ABB explained its position and listened to concerns expressed by the NGO and representatives of local people affected by the dam.

Engagement

ABB has been working on human rights issues for about a decade. We adopted a human rights policy in 2007 and have been making progress since then. While we are relatively modest about speaking of our progress, our experts have been involved in international efforts to promote the corporate responsibility to respect human rights. In 2014, our external activities included speaking at a number of international meetings, taking part in podium discussions, and teaching at universities in Switzerland and Sweden.

ABB works with and supports a number of organizations, including the UN Global Compact and some of its local networks, the Institute for Human Rights and Business, and the Global Business Initiative on Human Rights. The discussions with these organizations help to raise understanding of human rights issues of relevance to ABB.

Safe and secure operations

Personal commitments to improved performance

Safety is ABB's first priority. Our objective is that by 2020 all ABB operations will have an excellent health, safety and security culture embedded in their day-to-day business, targeting zero incidents.

Even though ABB has long-standing programs in place across our businesses and our geographies to support this ambition, we faced a particularly challenging year in 2013, when we recorded a sharp increase in serious safety incidents. This prompted us to closely review how we promote and support safety throughout our global operations.

In response, in early 2014 our senior leadership launched a drive to truly embed safety as a core company value. "Don't look the other way" defines the required behavior throughout the organization and activity under this banner is focused on positive behavioral change, emphasizing personal leadership and accountability as the basis for fundamentally improved safety performance.

Commitment to cultural change

The initiative started at the top, with ABB's first-ever personal safety commitment signed by the Executive Committee and our top 200 leaders in March 2014. The commitment emphasizes personal responsibility, job-appropriate safety training for all, establishing a safe system of work for all tasks and the importance of reporting and learning from all incidents.

A dedicated web portal has been established to communicate the initiative throughout ABB, training materials have been developed and ABB country organizations and businesses have aligned their safety activities and programs. Regular Group-wide and local communication ensures that the initiative remains visible and relevant.

This commitment is further supported by the requirement for all ABB employees to include a health and safety behavioral goal in their annual objectives, starting 2014. The aim is to further embed positive safety behaviors at all levels and to ensure that formal discussions of these behaviors occur across the company.

First global Safety Week

ABB initiated a Group-wide Safety Week in November, aimed at further engendering a safety culture across the company. During the week, ABB employees were offered opportunities to learn about how they can make ABB a safer place to work, whether they are in a factory, an office, or on a project or customer site.

Events included global and local training sessions, meetings, and events in ABB facilities, and at project and customer

sites. ABB contractors and customers were also invited to participate in some of the 2,500 training sessions held globally, which attracted around 142,000 attendees.

Safety Week also saw the launch of a new CEO Safety Award, designed to mark achievements and successes in improving health and safety, as well as reinforce the importance of safety throughout the organization. Awards will be presented at the annual Group Leadership Forum in March 2015.

Next Level strategy and targets for 2020

ABB's commitment to safety as a corporate value was further underlined with the launch of our Next Level strategy during 2014. The strategy explicitly defines responsibilities at all levels of the organization, with accountability for safety assigned along business lines. These responsibilities and accountabilities clearly link business value with the ability to deliver safely and with integrity – pre-requisites to achieving our ambitious growth targets.

During the year we also developed detailed targets and supporting KPIs that will help us to achieve our ambition to be best-in-class in safety by 2020. The focus is on leading indicators, aimed at ensuring appropriate systems, competence and behaviors are in place to identify and eliminate hazards before they cause harm or injury.

- Safety Observation Tours (SOT): By 2020 we will be conducting 180,000 SOTs annually, achieving a rate of 1.2 SOT per employee. SOTs are a top-down approach that helps employees and managers to think about safety, allowing it to become fully integrated into our daily work. Managers and supervisors tour a work location, engage with people and talk about health and safety and everyday working behaviors, reinforcing safety as a priority and jointly seeking opportunities to improve performance. During 2014 we conducted SOT training throughout the Group and reporting the number of SOTs conducted is mandatory from 2015.
- Hazard reporting: By 2020 we are reporting 300,000 hazards; a rate of two per employee. Serious incidents are often preceded by minor incidents or unsafe behaviors or situations. Formally recording and remedying unsafe acts or conditions reduces the risk in our business, making ABB a safer place to work. Hazard and near miss reporting training was rolled out at the end of 2013 and reinforced during Safety Week. Hazard reporting became mandatory from 2014 and we will report publicly from 2015.
- Certified health and safety management systems: By 2020 more than 95 percent of ABB manufacturing, project and service organizations are covered by a certified management system.

Injuries, lost days, diseases and fatalities

	2014	2013 ^a	2012 ^b	2011	2010
Employee work-related fatalities ^c	1	0	1	0	1
Incident rate ^d	0.01	0.00	0.01	0.00	0.01
Employee business travel fatalities ^{c,f}	0	0	1	0	2
Incident rate ^d	0.00	0.00	0.01	0.00	0.02
Contractor work-related fatalities ^{c,e}	2	7	2	0	2
Contractor business travel fatalities ^{c,f}	0	0	0	0	0
Members of the public fatalities ^c	0	1	0	0	0
Employee total recordable incident number ^{e,g}	1,500	1,664	1,750	1,505	1,426
Incident rate ^d	9.95	10.94	13.04	13.17	13.48
Contractor total recordable incident number ^{e,g}	333	310	348	307	258
Incident rate ^d	7.76	7.52	8.21	7.47	7.00
Employee lost time incident number ^e	652	686	683	722	761
Incident rate ^d	4.34	4.70	4.80	5.70	6.80
Contractor lost time incident number ^e	200	158	159	148	120
Incident rate ^d	4.65	3.83	3.76	3.60	3.25
Employee lost days due to industrial incidents ^h	8,415	10,591	10,345	9,478	8,362
Lost day rate ^d	55.220	77.500	74.640	69.560	66.370
Employee occupational health diseases	17	10	10	7	13
Employee occupational health disease rate ^d	0.11	0.14	0.07	0.06	0.05

^a Data from Thomas & Betts, a company acquired by ABB during 2012, do not include contractors.

^b These data do not include incidents from Thomas & Betts, a company acquired by ABB during 2012.

^c Fatalities also include deaths occurring within one year as a result of injuries sustained.

^d Incident rates are according to the ILO rate per 1,000 employees.

^e Data covers incidents that happened at the workplace (ABB facility, customer site, project site).

^f Incidents during air travel on business trips are excluded.

^g Total recordable incidents include lost time incidents, medical treatment injuries, occupational health diseases and restricted work day cases.

^h Lost days are calendar days and are counted from the day after the incident.

Implementation of management systems in recently-acquired operations continued through 2014.

Tools and programs supporting our strategy

A Code of Practice for Safe Working was launched during 2014, providing detailed, Group-defined guidelines on 50 safety topics for manufacturing, projects and service operations. Topics covered include risk assessment, electrical safety, work at heights, chemical hazards, construction hazards, contractor safety and travel safety. The guide was developed by a committee of experts representing all divisions and our diverse geographies, and is supported by an extensive online learning package available to all employees.

Business-led programs supplement our Group activities, focusing on the particular needs of the different businesses. For example, our Discrete Automation and Motion division has initiated a division-wide health and safety audit process. Comprehensive site reviews complement the program of SOTs, hazard reporting and local management review, providing a vehicle to systematically share best practices across the division.

ABB's global service organization continues to promote the importance of safety in its value proposition through the annual Global Service Safety Award. The 2014 award winner developed software that makes it easy to report unsafe working conditions – near misses and hazards – from wherever an employee is, using a mobile phone or tablet. It's an effective mobile tool for a service engineer in the field and is now undergoing further development to test its suitability for rolling out across ABB.

Occupational hygiene

Launched in 2012, the Group occupational hygiene program continued to develop during 2014. The Occupational Doctors Team continued to support our network of health and safety advisors by identifying and communicating good practices through regular conference calls and provision of online resources. In conjunction with external advisors, extensive guidance material was developed regarding Ebola, to assist ABB crisis managers to provide factual updates for our operations. Guidance for dealing with MERS-Coronavirus was also developed during the year.

Our health and safety performance

Sadly, we recorded three fatal incidents during 2014, involving one ABB employee at a customer site in Kuwait and two contractors working at project sites in India.

In response, we have reinforced our global focus on contractor safety, building stronger relationships with respect to safety arrangements, which include contractor qualification, training and control. Specific programs have also been initiated in India to address the particular characteristics of the project work being undertaken there. These programs are progressing well and will be implemented in other regions of the world as appropriate. We also continue to focus on enhanced, transparent reporting of contractor incidents, to enable faster learning from incidents and consequent process improvement.

Lost time injury rates and total recordable incident rates for employees show a consistent downward trend, indicating that our long-standing safety programs and standards support a trend of incremental performance improvement.

With this underlying momentum, ambitious Next Level strategy and unequivocal senior leadership, we will continue to learn from our experiences, address our challenges and drive systematic and cultural improvement across our business.

Secure operations

In an increasingly volatile and insecure world, ABB has been placing greater emphasis in recent years on the security of our people and contractors, particularly in high-risk countries or during crises.

ABB has built up a security capability around the world designed to safeguard our people, protect our assets and meet our customers' needs – even in some of the most hostile environments.

We have ongoing training programs at Group, region and country levels to help our employees to understand how to act and react under exceptional circumstances.

In 2014, we carried out a series of mandatory training sessions in 25 countries. For example, nearly 250 members of country management teams received focused sessions on the do's and don'ts, and processes to follow, in times of crisis. Management teams in countries where ABB has operations and major projects receive crisis training every three years.

There is also ongoing training on a wide range of other security tools and processes.

For example, further teams were trained in 2014 on the issues arising from kidnap and ransom incidents.

In the past, crisis situations for ABB have arisen in a number of areas, ranging from political upheaval in the Middle East and North Africa, to crime and violent incidents in different parts of the world, and natural disasters, particularly in Asia.

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In 2014, the biggest concerted effort by Group and regional crisis managers focused on the Ebola disease outbreak, primarily in three West African countries. ABB has only very limited operations and a few people in those countries, but provided regular updates to our people on the development and initial spread of the disease. No ABB people or operations were affected.

The ability to analyze fast-moving scenarios and, where possible, predict likely events is part of the capability of our corporate security staff. In an increasingly dangerous world, such skills are essential to help protect our people and strengthen our business resilience.



Responsible sourcing

Learning from experience

ABB is a large and complex organization, operating in approximately 100 countries, with manufacturing facilities located around the world. We manufacture products in over 300 product lines and have approximately 80,000 direct material suppliers.

ABB recognizes our suppliers as a valued and integral part of our company's long-term success. We consider them to be part of our extended enterprise and, consequently, require our suppliers to honor the same sustainability and integrity standards as ABB. These standards are defined in the [ABB Supplier Code of Conduct](#), which reflects the 10 principles of the UN Global Compact and the content of ABB's [Code of Conduct](#).

Building relationships with best-in-class suppliers is an essential aspect of ABB's global supply chain management strategy, focusing not only on cost, quality and on-time delivery, but also on suppliers' ethical, social and environmental performance. Our structured approach to supplier qualification, performance evaluation and development supports our suppliers to achieve sustainable improvement and, ultimately, provides our customers with a competitive and sustainable supply chain.

ABB's process to register and prequalify suppliers is operated through our partner Achilles, which provides registration assistance and ongoing support to suppliers. The centralized, online supplier registration and prequalification system means up-to-date, accurate and validated information is available to all our purchasing specialists around the world.

Supplier performance evaluation is conducted in-house, according to a standard, global process, and covers quality, delivery, commercial, technical, and sustainability and risk management topics. The process covers external suppliers of direct material and project services, internal suppliers of direct material, and transport and logistics suppliers, and is required at least annually for suppliers accounting for the top 60 percent of spend in each local business unit. The results of evaluations drive supplier development processes, assuring poor suppliers get better and good suppliers become elite.

Focusing on sustainability improvement

ABB's Supplier Sustainability Development Program (SSDP) focuses our efforts to ensure compliance with the ABB Supplier Code of Conduct and to support continual improvement in the sustainability performance of our suppliers. The program is structured around a combination of training for both suppliers and ABB employees, on-site assessments and monitoring of performance improvement plans.

598 in-depth supply chain sustainability assessments since 2010

We prioritize suppliers to participate in the program according to a risk matrix, which includes the criticality of the supplier, country risk, commodity risk based on operations characteristics, and spend volume. The selected suppliers receive training about ABB's global requirements regarding sustainability standards and on practical ways to improve their performance. We then conduct sustainability assessments at the premises of selected suppliers to identify remaining gaps, and help them to develop improvement plans. After that we assess the timely implementation of these plans. Read more about the program on our [website](#).

From strength to strength

The SSDP continues to expand, with the program newly established in Malaysia and South Africa during 2014 and supplier training extended to Indonesia, Thailand and Vietnam. Our internal assessor program, where ABB supply chain specialists achieve third-party certification as supplier sustainability assessors, was introduced to Brazil, India and South Africa, in addition to the existing programs in Mexico and China.

Support material was also enhanced, with the Supplier Code of Conduct now available in 15 languages and the Implementation Guide in four languages. Online learning programs about responsible sourcing and the SSDP were developed as part of the supplier management competency program. Online programs for suppliers are in development.

Since the program began in 2010, we have trained more than 2,500 suppliers (762 in 2014) and over 2,000 ABB supply chain and quality experts (264 in 2014). We have conducted sustainability assessments with 598 unique suppliers, with 175 of those during 2014 mainly in China, India, Brazil, Mexico and South Africa.

At the completion of on-site assessments, suppliers are assigned a risk rating based on the assessment findings. The risk rating determines the required pace of corrective action and whether an on-site re-assessment is required for the closure of corrective actions. Since the beginning of the program, we have assessed almost 1,100 risks (375 in 2014) and, through corrective action programs, have mitigated 675 of these (152 in 2014).

The most frequently identified causes of these risks include lack of knowledge of applicable labor, health, safety and environmental regulations, which can then result in unsafe working

conditions, poor environmental practices and excessive overtime. The 10 most frequently identified non-compliance issues are shown at this [Link](#).

To assess how suppliers are maintaining the improvements from their corrective action plans, in 2014 we revisited seven suppliers who had previously undergone sustainability assessment and had successfully closed all corrective actions. We discovered some repeat findings and, after discussion with the suppliers, concluded that we needed to expand the focus of the assessment process to include root cause analysis as well as preventive actions.

We acknowledge that some of the issues identified during supplier assessments cannot be solved simply through training or improving management processes; they require partnership to understand root causes and develop lasting solutions. The assessment protocol has now been adapted accordingly and, from 2015, our assessors will be helping our suppliers not only to reduce their immediate sustainability risks, but also to understand why they arose and to put in place appropriate processes to prevent recurrence.

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Many suppliers are now starting to realize real business benefits from the program, while improving their sustainability performance. Read more about some of these suppliers here.

While the SSDP focuses on working with suppliers to improve performance, there are consequences for suppliers unwilling to bring their performance standards in line with ABB requirements. During 2014, 10 suppliers were blocked due to unsatisfactory progress with their corrective action plans. Four of 17 previously blocked suppliers closed their action plans and were allowed to return as active suppliers, bringing the total number of blocked suppliers to 23.

Expanding the focus

During 2014 we put a special focus on contractor safety development through an enhanced subcontractor qualification program. A cross-functional, expert team including representatives from supply chain, quality, health and safety, site management and project management jointly elaborated a specific qualification questionnaire and pre-qualification process for subcontractors for contracted services.

The process focused on health and safety performance, clear roles and responsibilities for contractors and specific exclusion criteria. An extensive pilot program in South America involved almost 90 site assessments and resulted in simplification and enhancement to ensure business relevance and ease of use. An improved contractor qualification process with increased

focus on health and safety was also introduced in the Power Systems division, and piloted in a range of countries, including Saudi Arabia, India and South Africa. This pilot proved the practical usefulness of the new protocol, which was released for global use in the Power Systems division by year end.

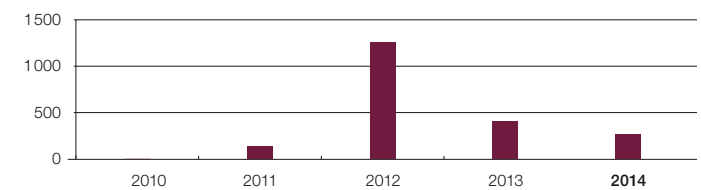
During the year, we also undertook an analysis of ABB's risk exposure to water scarcity in the supply chain. We are currently validating that analysis to assess appropriate next steps.

Moving forward in 2015

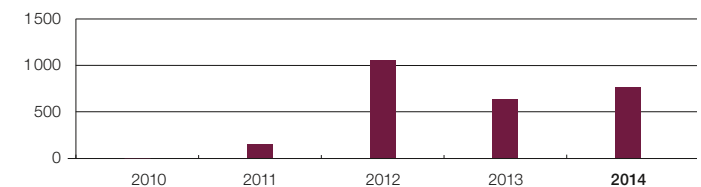
We will continue our efforts to scale up and replicate the SSDP in 2015. We will roll out supplier assessments in Indonesia, Thailand and Vietnam following the introduction of supplier training in 2014. Poland will also be added as a new focus country to the program. We will also continue re-assessments of suppliers with closed corrective action plans.

Training for suppliers will be further enhanced, reflecting ABB's own heightened focus on safety, with the roll out of supplier safety reviews, where local managers regularly walk around their facilities, observing practices and engaging employees in discussions on the safety aspects of their jobs. Issue-specific capacity building workshops will also be developed, such as around root cause analysis of excessive working hours.

Number of ABB employees trained



Number of suppliers trained



Number of suppliers assessed

