

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.