

Performance against targets 2015

Products and services

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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, and society</p> <p>Number of R&D engineers trained in HSE Checklist</p>	<p>⌚</p> <p>⌚</p>	<p>50% of ABB revenues relate to energy efficiency and renewable energy in 2015, (51% in 2014)</p> <p>Updated “eco-efficiency” portfolio methodology for 2016, strengthening criteria and expanding scope</p> <p>Innovations and achievements in 2015: see page 22</p> <p>Updated material selection guidelines and health, safety and environment (HSE) Checklist for research & development (R&D) to strengthen “design for environment” principles</p> <p>Trained 139 R&D engineers to use HSE Checklist and material selection guidelines</p> <p>Established sustainability network for global research centers to share good practices and achievements related to sustainability objectives</p> <p>Challenges to define eco-efficiency portfolio and assess technology contribution:</p> <ul style="list-style-type: none"> – Very heterogeneous Group product portfolio with unique energy efficiency / productivity aspects – challenging to find one common denominator to serve them all – No established industry standard / guideline for sustainability product portfolios 	<p>Grow sales of best-in-class products, systems and service offerings that help customers cut energy use and reduce environmental impact</p> <p>Ensure that ABB’s HSE Checklist is applied in the development of products and systems</p>

Integrity

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<p>Ambition 2020: ABB recognized as one of the world’s most ethical companies by customers, suppliers, investors and employees</p> <p>Targets: 100% of employees trained on integrity issues and processes</p> <p>Monitoring of reporting channels, investigations, remediation and survey results</p> <p>Proactive & regular communication</p>	<p>→</p> <p>→</p> <p>→</p>	<p>97% completion rate of anti-bribery training and of integrity e-learning</p> <p>Updated anti-bribery training material, with next campaign launched in 2016</p> <p>Released new set of hotline posters promoting hotline reporting</p> <p>Piloted new, global pre-approval tool for gifts, entertainment and expenses to improve transparency and review of the process. For roll-out in 2016</p>	<p>Continue to foster a culture of integrity through proactive integrity training and communication; launch updated anti-bribery training campaign in first half of 2016</p> <p>Roll out new cloud-based global pre-approval tool for gifts, entertainment and expenses</p> <p>Implement and promote the Don’t Look the Other Way initiative to increase transparency and reporting of potential concern</p>

 Achieved
  On track
  In process
  Not on track

People and society

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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: Employee engagement score</p> <p>ABB community engagement tool implemented in major ABB countries</p>	<p>🔄</p> <p>➔</p>	<p>Defined capability management and workforce planning process. Ran pilot successfully in one division, setting stage for Group-wide roll-out in 2016</p> <p>Finalized new Competency Model</p> <p>Completed Next Level organization roll-out</p> <p>Launched White Collar Productivity program covering business and support functions</p> <p>Defined and finalized more rigorous people review sessions and succession planning process</p> <p>Rolled out new scorecard process to strengthen performance orientation</p> <p>48 of 66 countries reporting on social activities supported community projects and reported on them in community engagement tool. Level of reporting has remained static</p> <p>Challenge: Ensuring take-up through all parts of business</p>	<p>Implement the capability and workforce planning process across all divisions</p> <p>Embed new Competency Model in key Human Resources processes</p> <p>Implement White Collar Productivity program, setting up shared services centers and Centers of Expertise</p> <p>Improve learning and development offerings to reflect new competency model</p> <p>Bottom-up people review sessions, leading to clearly articulated succession plans, particularly for mission-critical roles</p>

Human rights

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>✅</p> <p>➔</p>	<p>Held four more two-part training courses to build required capacity for human rights network</p> <p>Held two meetings of network, following inaugural session at end of 2014</p> <p>Carried out due diligence on several potential projects in Europe, south-east Asia and South America</p> <p>Limited progress with awareness-raising training due to time restrictions for face-to-face courses</p> <p>Rolled out e-learning; limited uptake leading to further marketing efforts in 2016</p> <p>510 managers trained by end of 2015</p>	<p>Consolidate human rights network so that target is achieved in 2016</p> <p>Develop roadmap for further progress towards the goal for 2020, including the introduction of country human rights impact assessments</p> <p>Build capacity within the company so that international human rights standards are better understood and can be applied to ABB operations</p>

✅ Achieved
➔ On track
🔄 In process
❌ Not on track

Safe and secure operations

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>→</p> <p>→</p> <p>→</p>	<p>Conducted more than 139,000 SOTs, at a rate of 0.92 per employee</p> <p>Reported more than 520,000 hazards, at a rate of 3.51 per employee</p> <p>Total recordable incident rate for employees declined by 10% from 2014 and by more than 30% since 2011</p> <p>Developed and piloted safety master-classes, to be rolled out across Group in 2016</p> <p>Implemented new Lessons Learned assurance process, requiring review and action by each local business unit manager</p> <p>Developed internal audit HSE protocol, trained internal auditors and conducted audits in all divisions and all regions</p> <p>Certified OHS management system at 421 of 602 reporting locations (70%)</p> <p>Held 22 face-to-face country management crisis training courses. Additional sessions held on physical and personal security, travel and project security, workplace violence, extortion awareness</p>	<p>Roll out safety master-classes: Promote leadership and accountabilities through training and coaching for managers</p> <p>Reinforce accountability on roles and responsibilities for managing HSE-related issues and activities</p> <p>Continue and develop internal audit program, expand scope and extend application</p> <p>Continue to improve business resilience through crisis management trainings</p> <p>Conduct trainings on project security best practice</p> <p>Further global training on crisis management and project security</p> <p>Introduction of updated travel advisory and mapping service</p>

Responsible sourcing



Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>↻</p> <p>↻</p> <p>↻</p>	<p>421 suppliers trained. Training scope expanded to Indonesia, Thailand and Vietnam. Supplier Sustainability Development Program launched in Poland</p> <p>Trained further 259 ABB people in responsible sourcing. New lead assessor certifications for ABB employees in Brazil, China and India</p> <p>Assessed 441 risks; mitigated 311 risks</p> <p>Formally assessed 179 suppliers, another 22 suppliers reassessed</p> <p>Updated assessment protocol to include root cause analysis, and conducted trainings</p> <p>Developed and piloted ABB Training and Development Program for Factory Working Hours with selected suppliers</p> <p>Developed and started roll-out of new supplier qualification and classification process</p>	<p>Global implementation of the new processes for supplier qualification and classification</p> <p>Global roll-out of new SCM Supplier Relationship Management system (Pro-Supply)</p> <p>Establish baseline status of targeted supplier types/countries, to enable development of quantitative targets</p> <p>Intensify continuous improvement efforts to mitigate risk of sourcing Conflict Minerals</p>

 Achieved
  On track
  In process
  Not on track

Energy efficiency and climate change

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>Absolute energy consumption reduced by 6.8% (190 GWh) from 2013 baseline</p> <p>Energy intensity increased by 10% from 2013 baseline; energy saving activities overtaken by decline in revenues and lower capacity utilization in some areas</p> <p>195 energy saving projects underway at ABB sites</p> <p>88 sites with formal energy management systems, with 47 certified to ISO 50001 or EN 16247</p> <p>Energy audits conducted at 71 ABB facilities</p> <p>71 GWh (4.4%) of electricity from renewable sources</p> <p>GHG emissions decreased by 8.8%, mainly due to decreased SF₆ emissions</p>	<p>Drive energy efficiency efforts at sites</p> <p>Increase use of low-carbon fuels and renewable energy</p> <p>Control and reduce emissions of SF₆</p>

Resource efficiency

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>Updated facility mapping according to watershed, using updated Global Water Tool; 64 sites in water stressed watersheds selected for water use reduction program</p> <p>4% reduction in water withdrawals; 5.2 million m³ of water saved through recycling and reuse</p> <p>20% of waste sent for final disposal, down from 21% in 2014; total generation of waste was essentially unchanged</p> <p>90 waste reduction or recycling projects under way</p>	<p>All sites to analyze sources of waste and identify areas where generation of waste can be reduced</p> <p>All sites to establish a plan with milestones to increase share of waste reused or recycled</p> <p>Sites in very scarce, scarce, and water stressed areas to measure, analyze and establish a plan with milestones to reduce use of water</p>

Right materials

Ambition and Targets	Status	Main Activities, Achievements and Challenges 2015	Priorities 2016
<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>Updated prohibited and restricted substances list in line with regulations in ABB's main markets</p> <p>Further developed internal REACH experts network; conducted 13 training sessions on different aspects of REACH regulation</p> <p>24 projects under way to reduce hazardous substances</p> <p>Conducted workshops with Supply Chain Management personnel on material compliance</p> <p>Conflict minerals:</p> <ul style="list-style-type: none"> — Completed product applicability assessment in each division, covering large part of ABB product portfolio — Expanded training efforts for suppliers and ABB personnel — Engaged with Conflict-Free Sourcing Initiative, contributed funding for smelter audits 	<p>Ensure ABB products and manufacturing processes comply with "ABB List of Prohibited and Restricted Substances"</p> <p>Include legal requirements on material compliance (eg, EU REACH and RoHS) in local ISO 14001 management system</p> <p>Conduct training on material compliance and use of right materials</p>