

INTERVIEW WITH MICHAEL COOKE

Embedding sustainability, building value

Michael Cooke, who joined ABB as Head of HSE and Sustainability in June 2016, takes stock and describes his vision for sustainable business at ABB.

ABB What were your first impressions of sustainability performance at ABB?

MC To deliver lasting value for the company, its customers and societal partners, sustainability needs to be embedded in the business, and its impacts managed, measured and well communicated. At ABB I see that sustainability is part of what we offer our customers, primarily through the types of products, systems and services we sell, but also through the way we interact with business partners.

Sustainability issues – ranging from eco-efficiency, and our use of materials and resources, through to health and safety, and societal impacts - are embedded in the way we do business at many levels: from research and development through to project work and supply chain.

ABB What, then, are your overall goals for sustainability in the years ahead?

MC There are many opportunities. We can go further to maximize value to the company and its stakeholders, and contribute more to the realization of the UN Sustainable Development Goals.

Medium term, our focus is on delivering our 2020 Sustainability Objectives. We have set good and challenging objectives. To further incorporate the objectives in business processes, we are establishing quarterly review of selected KPIs through our global business lines.

ABB Where will the short term focus be?

MC We currently strive to meet international health, safety and environment (HSE) standards (such as ISO 14001 and OHSAS 18001) in all our operations, and they provide the foundation of operational control and proactive continuous improvement. Currently some 390 sites hold various levels of certification against these systems via multiple country, local business unit and site-specific management systems.

The new Group Management System we are developing (the ABB Way), will drive standardization and efficiencies, avoid duplication, align businesses to common

goals, and improve awareness and understanding of HSE requirements. It will also strengthen governance processes.

ABB How will you demonstrate the value of this approach to sustainability?

MC Having listened carefully to many different stakeholders in areas such as energy efficient products and the harnessing of renewables, the business value of sustainability is clear to see. We can do more, and I believe the ABB Way will help us through more consistent reporting and interpretation of results, globally and locally. It will also provide greater visibility to some of our successes and ongoing challenges.

Complementing this work, we have defined priority areas for 2017 for the Sustainability Objectives, and you can read about these later in this report.

ABB Where do you see the main challenges to progressing the sustainability agenda?

MC I see two areas which could hold back our ability to continue our journey to a more sustainable business. The first is the business challenge - with tough markets requiring a lot of attention, we need to ensure that we don't lose the focus on sustainability, which in turn should help us create a stronger business for the future.

The second is to extract value from our efforts in this area - in terms of increased revenue but also in terms of engagement with communities we work with.

ABB Where do you see the greatest value potential?

MC I would like to see greater focus on linking our community efforts with our business strategy and for us to measure more effectively the positive social benefits we bring through our operations and products.

One example of this is our strategic focus on microgrids which help us to bring reliable and low-carbon energy supplies to places with unreliable energy sources or with no electricity at all. The provision of power helps communities to provide education, health and employment,



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which are fundamental to raising standards of living now and in the future.

ABB Looking back at the past year, can you pinpoint some of the success and challenges?

MC Sadly, we had five fatalities due to workplace safety incidents in 2016. This is very disappointing since our focus has been and will continue to be on the health and safety of our employees and contractors. We will continue to work to ensure that we prepare our people including contractors to adequately recognize and avoid existing and emerging risks. It is a reminder that despite positive performance overall in safety, real risks remain and need our continual focus to prevent tragic events from occurring.

On the more positive side, safety and integrity – the company's first value pair – are helping to underpin a culture where our people follow a basic precept of "Don't look the other way" when they see a potential or real risk,

and I have been pleased to see how this message has clearly found its way deep into the organization and is helping to shape behaviors.

Our 2016 Safety Week was also something we are proud of. More than 132,000 employees across ABB took part in over 4,000 Safety Week activities promoting safer and healthier habits, both at work and at home.

ABB ABB often speaks about safety, less about occupational health. What plans do you have in this area?

MC At ABB we already have some excellent areas of focus on occupational health, including regular health checks and vaccination programs, the proactive measurement of cardiac and other risks, ergonomics support, and other wellbeing activities and training.

But these vary in scope and effectiveness in different parts of the world. In 2017 we will launch a global health and wellbeing strategy designed to promote physical, psychological and social wellbeing, general and personal health, and resilience, including stress management.

ABB Your 2017 priorities (page 10) make clear that occupational health and safety are not your only areas of focus.

MC Amongst many other things, we are developing an eco-efficiency portfolio to replace the current energy efficiency portfolio; a project to assess the environmental and social impacts and value created by the eco-efficiency portfolio; the setting of a long-term greenhouse gas reduction target which many of our stakeholders also want to see; and the development of a Group standard on resource efficiency and waste management.

Labor and human rights are also ongoing and growing focus areas for ABB and our business. In 2016, we focused on raising awareness and standards in areas such as due diligence for projects and supply chain, as well as newly emerging issues such as human trafficking and modern slavery.

In 2017, we will broaden our sustainability focus in the supply chain, primarily through extending our Supplier Sustainability Development Program to more countries. And while we have met our initial human rights training targets for 2014-2016, we feel there is now scope for extending understanding in our business of how we can impact human rights through our daily activities. Further details will be scoped out in 2017.

ABB How does your top leadership view your plans for 2017?

MC At the end of 2016, we met with the ABB Sustainability Governance Board, effectively the Group Executive Committee, to review current performance, material issues and priorities for 2017 and beyond. We received strong backing for our priorities for 2017 and our efforts to continue building sustainability into the business.