

Performance against targets 2016



Products and services



Integrity

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			ABB recognized as one of the most ethical companies by customers, suppliers, investors and employees		
Targets	20% revenue increase from energy efficiency-related products, systems and services	Qualitative assessment of technology contribution to environment, profit and society	Number of R&D engineers trained in HSE checklist	100% of employees trained on integrity issues and processes	Monitoring of reporting channels, investigations, remediation and survey results	Proactive and regular communication
Status	Target to be revised					
Contribution to SDGs⁽¹⁾						
Main activities and achievements 2016	<ul style="list-style-type: none"> Expanded energy efficiency portfolio scope beyond energy efficiency and renewable energy to include resource efficiency. Revised methodology, strengthened criteria for new "eco-efficiency" portfolio 55% of revenues related to eco-efficiency portfolio in 2016 (54% in 2015, 53% in 2014) Innovations and achievements in 2016: groundbreaking new smart sensor for low voltage motors, TOSA fast-charging bus technology, world's most powerful ventilation system for Gotthard Base Tunnel, Solar Impulse completes historic voyage (see page 24) Initiated review/expansion of HSE checklist to account for recent changes in applicable ISO standards and to better cover safety aspects of manufacturing and service during design, therefore training activities postponed 			<ul style="list-style-type: none"> Launched new e-learning, Global anti-bribery essentials: Don't look the other way 96% completion rate of anti-bribery e-learning; 98% completion rate of face-to-face integrity training Rolled out new cloud-based tool for pre-approval of gifts, entertainment and expenses Rolled out global Values in Action workshops to embed ABB value pairs in the way all employees work Developed new integrity priority plan consistent with new business model and ABB value pairs Launched streamlined processes for incident investigation, to ensure consistent investigation and review practices ABB Brazil recognized as a Pro-Ethics company for the second consecutive year ABB Group maintained Ethisphere Compliance Leader Verification and Anti-Corruption Program Verification seals 		
Priorities 2017	<ul style="list-style-type: none"> Communicate criteria for and content of eco-efficiency portfolio Develop updated target for products and services objective Select and pilot method to assess key sustainability impacts of eco-efficiency portfolio Develop and roll out minimum performance standards on HSE for R&D 			<ul style="list-style-type: none"> Begin implementation of new integrity roadmap and priorities, consistent with ABB value pairs Continue to foster culture of integrity through proactive integrity training and communication 		

⁽¹⁾ Indicates which UN Sustainable Development Goals (SDGs) are impacted by the objective.
 → Read more at www.un.org/sustainabledevelopment/sustainable-development-goals/



People and society



Human rights

Ambition 2020	ABB develops, attracts and retains 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		Human rights issues are well understood and managed in all ABB operations along the value chain	
Targets	Employee engagement score	ABB community engagement tool implemented in major ABB countries	Network of sustainability employees trained on human rights by 2016	600 managers trained by end of 2016
Status				
Contribution to SDGs⁽¹⁾				
Main activities and achievements 2016	<ul style="list-style-type: none"> Implemented capability and workforce planning process across all divisions New competency model, Values in Action, rolled out globally and included in performance management processes Established shared service centers and centers of expertise to support Next Level strategy transformation Established bottom up people review sessions to support succession planning at all levels of the Group Strengthened recruitment and leadership development processes to reinforce female talent pipeline at all levels Developed new learning strategy to support new competency model and cultural transformation Employee engagement survey deferred during the transformation; HR Net Promoter Score and "Pulse" surveys used as interim proxy metrics 45 of 69 countries reporting on social activities supported community projects and reported on them in the community engagement tool 		<ul style="list-style-type: none"> Human Rights and Social Policies and Supply Chain Code of Conduct were updated to address new legislation on human trafficking and modern slavery in the value chain Internal human rights network established ahead of schedule at end of 2014. The fourth network meeting in mid-2016 addressed human trafficking and modern slavery legislation, and labor and human rights in the supply chain Management teams in Germany and South Africa, supply chain managers and key Business Unit Health, Safety and Environment managers received focused sessions on human rights during 2016 More than 650 managers trained in mainly face-to-face sessions by end of 2016 	
Priorities 2017	<ul style="list-style-type: none"> Implement new learning strategy and cultural change program to support Next Level strategy execution Continue to support WCP implementation Continue deployment of HR delivery model through shared service centers and Centers of Expertise Ensure competency model embedded in key HR processes, define people assessment strategy to support performance Expand capability and workforce planning beyond business lines to include functions Identify and leverage synergies across the 670 community projects 		<ul style="list-style-type: none"> Continue to build capacity within the company so that human rights issues are well understood and managed 	



Safe, healthy and secure operations



Responsible sourcing

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			Social and environmental risks and impacts of sourcing practices are well understood and managed		
Targets	Safety Observation Tour (SOT) rate = 1.2 per employee, run rate 180,000	Hazard reporting rate = 2 per employee, run rate 300,000	>95% certified Health and Safety Management Systems	Number of suppliers assessed (internal / by third party)	Total number of risks identified	Total number of risks mitigated
Status						
Contribution to SDGs⁽¹⁾						
Main activities and achievements 2016	<ul style="list-style-type: none"> Conducted more than 178,000 SOTs; 1.24 per employee Reported more than 620,000 hazards; 4.31 per employee Initiated development of common, Group HSE management system Certified OHS management systems at 408 of 583 reporting locations (70%), covering 81% of employees Delivered safety masterclasses to more than 1,600 business leaders across the Group Implemented HSE accountability framework to reinforce line accountability in all parts of the organization Established dedicated functional audit team and developed Group audit standard and protocols Initiated process to streamline HSE organization, from geographic network to embedded expertise in business lines Developed Group health and wellbeing strategy Held 23 face-to-face country management crisis training courses, totaling 84 in the years 2014-2016 Introduced updated travel advisory and mapping service 			<ul style="list-style-type: none"> 326 suppliers trained; 226 suppliers assessed 377 ABB employees trained on responsible sourcing 839 risks identified; 693 risks mitigated Reviewed major non-compliances to understand root cause of delays in closing corrective action plans (CAPs); strengthened training programs to address root causes Developed new problem-based training approach, piloted with 53 suppliers in three workshops in India Introduced supplier e-learning on ethics and integrity, and health and safety; ABB's Code of practice for safe working made freely available to suppliers Conducted 10 live webinars with global supply chain teams to reinforce principles and practice of responsible sourcing Continued implementation of new supplier qualification and classification process Rolled out new, mandatory Construction contractor qualification procedure to ensure contractors meet quality, safety and compliance requirements Recognized by two NGOs, Development International and Responsible Sourcing Network, for work to prevent conflict minerals entering ABB's supply chain 		
Priorities 2017	<ul style="list-style-type: none"> Implement and track new safety indicator "hazards resolved" Pilot new Group HSE management system and begin migrating existing local systems to Group standard Continue safety masterclasses; roll out key risk programs on electrical safety controls and contractor management Implement Group HSE audit program Roll out ABB Health and Wellbeing program Establish new global HSE organization, including regional centers of expertise and country HSE & sustainability boards Further global training on crisis management and project security 			<ul style="list-style-type: none"> Extend Supplier Sustainability Development Program to Bulgaria, Saudi Arabia and United Arab Emirates Launch initiative to quantify benefits achieved by suppliers, in India and Turkey Adapt internal training programs to meet the needs of the restructured supply chain function Further implementation and tracking of supplier qualification and classification process Continue improvement efforts to mitigate risk of sourcing conflict minerals 		

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Energy efficiency and climate change



Resource efficiency



Right materials

Ambition 2020	ABB is an industry leader in energy efficiency, use of low-carbon fuels and renewable energy; we cut greenhouse gas emissions	Materials and water use is optimized. Facilities in very scarce, scarce and water stressed areas to reduce water use by 25% by 2020; we target zero waste	We aim for materials that are long-term sustainable; hazardous substances are used in closed loops or not at all
Targets	20% decrease in energy intensity per dollar of sales from 2013 (MWh/million \$)	Cut water consumption by 25% in water scarce and water stressed areas	Reduce waste sent for final disposal by 20% Reduce amount and type of hazardous substances used/emitted EU REACH compliance
Status			
Contribution to SDGs⁽¹⁾			
Main activities and achievements 2016	<ul style="list-style-type: none"> 9% reduction in energy consumption since 2013 Country energy saving plans in place for 40 countries, covering 99% of ABB energy use More than 280 energy saving projects under way at ABB sites 99 sites with energy management systems, 48 certified to ISO 50001 or EN 16247 Energy intensity increased by 13% from 2013 baseline; energy saving activities overtaken by decline in revenues and lower capacity utilization 130 GWh (7.9%) of electricity from renewable sources; conducted internal feasibility study on use of less carbon intensive energy 7% decrease in greenhouse gas emissions in 2016, 11% since 2013 baseline year 	<ul style="list-style-type: none"> 6% reduction in water withdrawals globally; 15% reduction in water stressed areas in 2016 Updated, simplified and rolled out ABB Water Tool and trained environmental network 18% of waste sent for final disposal (20% in 2013) 16% less waste generated in 2016 than 2013 baseline Completed analysis of existing waste practices across ABB Developed and released guideline on good practice in material flows/resource efficiency relevant to ABB's business (designed to reduce use of original material and increase recycling) Around 80 waste reduction or recycling projects under way in 2016 	<ul style="list-style-type: none"> 10% reduction in emissions of volatile organic compounds in 2016 Updated prohibited and restricted substances list in line with regulations in ABB's main markets ABB in Sweden piloted country-wide approach to identification and reduction of hazard substances Developed further training on application of REACH and RoHS, delivered to REACH network and other functions including supply chain and sales More than 40 projects under way to reduce hazardous substances and VOC emissions
Priorities 2017	<ul style="list-style-type: none"> Track progress of energy management programs via quarterly KPI Establish long-term greenhouse gas reduction target Continue to increase use of low carbon fuels and renewable energy Control and further reduce SF₆ emissions 	<ul style="list-style-type: none"> Track progress of recycling programs via quarterly KPI Continue water reduction programs at sites in water stressed areas Develop Group Standard on resource efficiency and waste management All sites required to conduct analysis of sources of waste and identify waste reduction possibilities Drive implementation of local business unit waste management plans 	<ul style="list-style-type: none"> Increase attention to material compliance issues in divisions and business units through strengthened acceptance procedures for substances / components, and substitution programs for hazardous substances Strengthen systems to keep track of chemicals used in ABB, to improve strategic planning and preparation for possible restrictions on business critical substances