

## STAKEHOLDER ENGAGEMENT

# Listening and learning to improve performance

ABB has undergone a deep and strategic transformation since launching the Next Level strategy in 2014. The five divisions have become four and have been re-shaped, and the company has become leaner, more agile and efficient.

Such a transformation requires careful planning, detailed explanation and trusting relationships with many different stakeholders.

Sustainability performance forms an important basis for dialogue with stakeholders. In recent years, ABB has been making greater efforts to engage formally with different business and societal partners on sustainability issues.

Since 2011 ABB has been surveying stakeholders on environmental and social performance. One of the outcomes has been the creation of an external stakeholder panel of independent sustainability specialists who advise the company on its sustainability objectives and targets, its gaps and the quality of reporting. A [summary](#) of their latest findings is contained in this report.

ABB engages most closely with the following stakeholders:

## Customers

Meeting customers is, of course, a daily activity. Their primary sustainability interest is to buy energy and resource efficient products, systems and solutions which will raise the productivity and efficiency of their business while reducing power consumption and cutting emissions.

Customers continue to seek assurances from ABB about its supply chain to ensure what they are buying has been ethically sourced, meets environmental regulatory requirements, and that robust risk assessment processes are in place. Often they also want information about ABB's environmental, health and safety, and social policies as part of purchasing agreements.

To gauge customer satisfaction and help the company to progress, ABB has for the past seven years used a survey called the 'Net Promoter Score' program. The 2016 survey showed that customer satisfaction continues to rise with 50 percent now saying they would recommend ABB to a colleague – a four percent increase over 2015.

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 – provides valuable pointers for improvement.

## Suppliers

As a company with a global supply chain, ABB knows that the conditions under which products are manufactured are crucial both to the workforce and the success of business.

The company is in daily contact with suppliers around the world, seeking high quality, low cost and on-time delivery of products. In addition, ABB has been working hard in recent years to ensure that [suppliers](#) meet its environmental, health and safety, labor and human rights requirements and standards. Much of this ongoing work is carried out through the Supplier Sustainability Development Program which assesses and reviews suppliers' sustainability performance, seeks improvements and trains suppliers as appropriate, and builds internal capacity in the company to recognize risks that need to be addressed.

## Investors

ABB has run sustainability roadshows for the past four years in Europe and North America, in addition to individual sessions with fund managers and analysts. In 2016, roadshows were held in Boston, Paris and Stockholm where ABB faced questions, in particular, on its environmental performance and the company's plans to increase revenue from its energy efficiency portfolio.

Mainstream, as well as socially responsible, investors have shown growing interest in recent years in different aspects of ABB's environmental, social and governance (ESG) performance and their impact on the company's business. This is mirrored by increasing interaction with some ratings agencies.



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**Employees**

The transformation of ABB, and the White Collar Productivity (WCP) program to create a leaner, more efficient company, have raised many questions among employees about their future and possible changes of role and location. Knowing this, ABB management planned the transformation carefully, prioritizing information and communication, and setting out expectations to employees as the program has moved forward.

This has included detailed discussions with the unions – in particular the European Works Council – on different aspects of the WCP program. Apart from regular meetings in Switzerland and Poland in 2016, there was a series of consultations involving senior management and union representatives on the proposed changes, and

Nations agencies and the World Business Council for Sustainable Development.

ABB also works closely with academic institutions in dozens of research and development partnerships around the world. In many countries, such as Brazil, China and India, ABB sponsors educational programs for engineering students. Such partnerships support innovation, and the spread of information and expertise, as well as the company’s efforts to be an employer of choice among graduates.

**Public policy**

ABB is actively involved in policy debate in many parts of the world, particularly the European Union and the United States. ABB’s advanced technologies continue



the implications for different locations, countries and business activities.

**Civil society**

ABB sees itself as part of society, contributing to economic and social progress in different ways. The company engages with representatives of civil society, unions and the media on an ongoing basis, as part of business activities and also to better understand their expectations. The aim is to have meaningful dialogue and collaboration, to explain ABB’s positions and policies and, at times, to challenge and disagree.

The dialogue may, for example, relate to a single issue such as a meeting with a non-governmental organization (NGO) in Sweden in 2016 on the condition of migrant workers in the Gulf, or working in the field with partners on rural electrification projects; it also involves taking part in many roundtables, meetings and multi-stakeholder initiatives, such as those organized by NGOs, United

to be of strong interest in discussions related to energy and industrial policy, particularly in view of the ongoing transformation of the energy market and the digitization of industry.

In both the EU and US, ABB has been participating in discussions around grid reliability, energy storage, interconnections, smart grids, energy efficiency, as well as the challenges and opportunities of industrial digitalization.


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**Community**

ABB has a long history of working in the community, focusing on education and healthcare programs. Sometimes the approach is philanthropic but there may also be other business-related objectives.

Support for universities, technical colleges and other educational institutions, for example, not only improves learning opportunities, but also raises ABB's profile and helps to recruit qualified engineers and other staff. ABB's efforts to improve healthcare are often designed to foster progress in the communities where it operates, and they can also positively impact key local stakeholders such as employees, their families, and suppliers and customers.

In 2016, ABB contributed to about 670 community projects and charities worldwide. Two thirds of them were in North America. A total of 45 countries out of the 69 reporting on their social activities in this report supported community projects. Employees and companies donated approximately \$13 million and provided about 4,500 person-days in volunteering time.

 **\$13 million**  
donated by employees  
and ABB companies

Major programs are run at Group headquarters while local initiatives are decided at a country level. Some examples of the projects:

#### Helping disadvantaged athletes

Corporate volunteering is widespread at ABB – in particular in Germany where dozens of employees, from the country Managing Director to factory workers, support participants in the Special Olympics for mentally handicapped people. In 2016, 150 ABB volunteers took part in the summer games, another 100 in the winter event helping athletes to compete.

ABB has been a prime sponsor of the Special Olympics in Germany for the past 15 years, during which 3,000 ABB employees have taken part. ABB volunteers also support Special Olympics events in other countries such as Italy, the United Kingdom and United States.

#### Innovative technology supporting communities

ABB's advanced technology is helping to support community and humanitarian aid efforts in a number of ways. In the Swiss Alps, for example, ABB deployed a laser-powered control system at a ski resort in 2016 which measures the height of people queuing for a chairlift, and the ground leading to the chairlift is then raised automatically to an appropriate height to allow children and people with disabilities or access problems to get on to the six-seater chair.

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Microgrids, which are a strategic focus area for ABB, support social development by bringing reliable power from both traditional and renewable sources of energy

to remote, off-grid regions. In 2016, ABB agreed to install a microgrid to support humanitarian work at the main Africa logistics hub of the International Committee of the Red Cross in the Kenyan capital, Nairobi. The technology will secure energy supplies – and enable the integration of solar power - at the center which distributes medical and relief supplies to hundreds of thousands of victims of conflict.

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#### Helping engineering students globally

A global foundation set up to honor a former ABB Chairman and Chief Executive, Jürgen Dormann, is marking its first decade of operations in 2017, helping talented but financially strapped engineering students to pursue their studies. The foundation has grown steadily in recent years, and scholarships are now granted to students at 16 partner universities in 13 countries. In 2016, the latest batch of scholars were invited to Switzerland for a special week of learning – and for many it was the experience of a lifetime.

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#### Improving healthcare

ABB is involved in a range of projects worldwide related to health. In the United States and Canada, for example, many activities ranging from charity donations through to sponsored fun runs and golf tournaments are designed to support both local and national organizations involved in healthcare.

The scope of support around the world varies considerably. In the United Kingdom, employees have for many years been contributing to Macmillan Nurses who provide cancer care and information to patients and families; in Egypt, ABB provides medical equipment to a hospital, while in other countries such as Argentina, Finland, Romania, Thailand and Vietnam support is geared towards children's hospitals. In Oman, ABB has been helping to raise awareness of heatstroke while in Singapore ABB supports a home help program for elderly people.

#### Awards

ABB received 14 awards in 2016 in recognition of the company's social, environmental and integrity performance. They included an operational excellence award from China's corporate social responsibility education committee, environmental awards for individual facilities in the United States, recognition of strong health and safety performance in the United Arab Emirates and integrity awards in Brazil and the United States. These awards are valuable recognition of the sustainability work that is being carried out at a country level and serve to strengthen employee commitment.