

UN Global Compact Communication on Progress for 2021

The company

ABB is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB's success is driven by about 105,000 talented employees in over 100 countries.

www.abb.com

ABB is a long-standing and active member of the UN Global Compact, having joined the initiative as a founder member in 2000. ABB's Purpose and sustainability goals support the 10 core principles of the Compact and the company contributes to the UN Sustainable Development Goals through its leading technologies and responsible business practices.

This report

ABB's Sustainability Report 2021, the following summary text and our online Communication on Progress at the UN Global Compact webpage describe the progress we made during the 2021 reporting year.

Human rights

- Principle 1: Support of human rights
- Principle 2: Exclusion of human rights abuses
- Principle 3: Assurance of freedom of association
- Principle 4: Elimination of all forms of forced labor
- Principle 5: Abolition of child labor

Systems and measures

ABB's commitment to responsible business practices underpins our promise to respect and promote human rights as expressed in the International Bill of Human Rights. Furthermore, we are committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our operations and along the value chain.

Respect for people, integrity and transparency is the basis of the behaviors we expect from every individual who works for us as a direct ABB employee or who engages with us as a business partner or through our supply chain.

ABB's Code of Conduct requires all employees, suppliers, contractors and other business partners to respect rights related to freedom of association, collective representation, fair compensation, equal treatment, and safe and healthy workplaces. We do not knowingly work with any supplier or business partner who engages in forced labor, modern slavery, human trafficking or the exploitation of or discrimination against anyone, including children and vulnerable groups.

These requirements are reflected in our Human Rights and Social policies and in the ABB Supplier Code of Conduct, which also provides links to our anonymous complaint mechanisms.

Human rights considerations are integrated in a range of business decision-making and review processes, including supply chain qualification questionnaires, Sustainable Supply Base Management (SSBM) program, risk review for projects and the mergers and acquisitions process. Human rights considerations are also embedded in our internal protocol for deciding where ABB should conduct business activities. This protocol is regularly reviewed and updated.

To more deeply integrate human rights principles into all of ABB's business processes, we launched an advanced awareness and competence building program in 2019. The program consists of different trainings targeting management and functional roles. These trainings are geared to build understanding of human rights and raise awareness of the human rights risks connected to respective Business Areas and areas of responsibility.

2021 achievements and plans

In 2021, we launched a program for conducting human rights self-assessments at selected ABB sites. In total, 50 sites in 26 countries undertook the assessments. This program will be expanded in 2022.

We continued expansion of our human rights champions network, training a further 93 candidates from different functions, including HSE, integrity, marketing & sales, human resources and procurement. The human rights champions continue to support the implementation of customized training programs for three specific job roles exposed to human rights risks – marketing & sales, procurement and operations. As a result, 1,567 managers received general human rights awareness training, plus 427 marketing & sales managers, 596 operations managers and 280 procurement managers received targeted human rights training.

In 2021, we expanded our approach to sustainability in the supply chain to address sustainability topics and performance at each stage of supplier lifecycle management, as part of our “beyond audit” approach. Our target is to cover at least 80 percent of our supply spend in focus countries with our sustainable supply base management approach (SSBM) by 2030. We have also introduced a medium-term target to cover 80 percent of our high-risk supply spending in focus countries by 2025.

We conducted on-site sustainability audits with 81 suppliers during the year, identifying 267 risks and mitigating 307 risks during this period. By the end of 2021, 27 percent of high-risk supply spending in focus countries was covered by our SSBM system. In other activities to support responsible sourcing, we trained 126 ABB employees and 45 supplier teams during the year.

In 2021, ABB contributed \$10.9 million to more than 400 community projects and charities worldwide, with the aim to provide assistance for the most vulnerable and help sustain progress in the fields of education, diversity & inclusion, and care in the community.

Looking to the future, our five-year plan for human rights (2021-2025) includes conducting an updated salient human rights risk analysis and reinforcing our due diligence processes, based on the UN Guiding Principles and emerging legislation.

Also during 2022, we will continue to expand the scope of our supplier assessments to cover more supplier categories and, in time, more countries.

Further information:

[ABB Code of Conduct](#)

[ABB Supplier Code of Conduct](#)

[Human rights policy and statement](#)

[Social policy](#)

[Modern Slavery and Human Trafficking Statement](#)

[Human rights - ABB Sustainability Report 2021](#)

[Responsible sourcing - ABB Sustainability Report 2021](#)

[Community engagement - ABB Sustainability Report 2021](#)

[Safety - ABB Sustainability Report 2021](#)

[We promote social progress - Sustainability](#)

Diversity and inclusion

Principle 6: Elimination of discrimination

Systems and measures

In ABB, we do not discriminate on any grounds: gender, ethnic, sexual orientation, cultural, social, religious or other. We see diversity as a core strength and seek to create an inclusive environment, in which everyone is safe, treated with respect and can succeed. Processes, policies and tools enable an environment of diversity, inclusion and equal opportunities.

ABB's Code of Conduct requires all employees, suppliers, contractors and other business partners to respect rights related to freedom of association, collective representation, fair compensation and equal treatment. We do not knowingly work with any supplier or business partner who engages in the exploitation of or discrimination against anyone, including children and vulnerable groups.

These requirements are reflected in our Human Rights and Social policies and in the ABB Supplier Code of Conduct, which also provides links to our anonymous complaint mechanisms. ABB also has country-specific procedures and programs to ensure that policies are fully observed and comply with national legislation.

In 2021, we revised our Group-wide guidelines for flexible work practices, which are now being rolled out across ABB and we launched a global, gender-neutral, parental leave program, providing 12 weeks of paid leave for primary caregivers and four weeks for secondary caregivers.

By 2030, we aim to double the proportion of women in senior management roles to 25 percent. Additionally, we have three internal targets: to achieve an equal gender balance among our early talent hires, to provide broader access for our people to

Employee Resource Groups (ERGs) and to improve employee perceptions of inclusiveness at ABB.

2021 achievements and plans

Gender diversity is a core priority embedded in ABB's people strategy and by the end of 2021, 16.3 percent of the senior managers at ABB were women, up from 13.5 percent in 2020.

In 2021, we made good progress on all three of our internal diversity, equality and inclusion (DEI) targets. Among our early talent hires, 40.5 percent were women; we now have 22 active ERGs in countries across the world; and we established a baseline for our inclusiveness target. More than 7,600 ABB managers and other employees have completed our "Interrupt Unconscious Bias" program.

Additionally, we ran mentoring and leadership development programs across all Business Areas to develop and strengthen our pipeline of female talent globally and regionally.

ABB was recognized by Germany's Prout at Work Foundation as an LGBTQ+ ERG Global Leader for our efforts to support ERGs and mobilize our LGBTQ+ colleagues and allies. In Switzerland, ABB was honored with the Swiss LGBTI-Label – a seal of approval awarded to organizations that actively promote equal opportunities and equity for LGBTI people within the organization.

Further information:

[ABB Code of Conduct](#)

[ABB Supplier Code of Conduct](#)

[Human rights policy and statement](#)

[Social policy](#)

[Diversity & inclusion - ABB Sustainability Report 2021](#)

[Diversity and Inclusion – ABB Group](#)

[We promote social progress - Sustainability](#)

Environment

Principle 7: Precautionary approach to environmental protection

Principle 8: Specific initiatives to promote environmental protection

Principle 9: Development and diffusion of environmentally friendly technologies

Systems and measures

ABB provides products, systems and service solutions that not only enhance our customers' businesses, but also lessen their environmental impacts, through improved energy efficiency and increased industrial productivity. We are committed to conducting our operations in an environmentally sound manner and always in compliance with applicable legislation. We apply environmental management systems and continually improve performance.

ABB's global management system for HSE and Sustainability sets the minimum standards that must be implemented across all ABB operations and activities and includes a comprehensive global audit assurance program. The structure of the

management system is based on internationally recognized sustainability standards, principles and commitments, including ISO 45001 and 14001:2015.

Environmental considerations are mandatory in the ABB GATE model for product and process development. Supporting tools and training materials have been developed to further improve application of checklist. Standardized Life Cycle Assessment (LCA) procedures are used to assess new products' environmental impact throughout their life cycle.

A Group-wide list of prohibited substances for products and processes is regularly reviewed and updated. The phasing out of hazardous substances is part of ABB sustainability objectives.

ABB's leading technologies represent our main contribution to the global effort to mitigate climate change. Many of ABB's products, services and solutions directly address the causes of climate change by facilitating increased energy efficiency, the integration of renewables into the energy mix, and the conservation of natural resources. By 2030, we will support our customers in reducing their annual greenhouse gas (GHG) emissions by at least 100 megatons.

With our science-based emissions reduction targets, we are part of the United Nations Global Compact's Business Ambition for 1.5°C, as well as the UN-backed Race to Zero. We have committed to three initiatives of the Climate Group of global companies – EV100, RE100 and EP100. In line with these commitments, by 2030 we will electrify our fleet of more than 10,000 vehicles, source 100 percent of our electricity from renewables, and improve energy productivity across our operations.

2021 achievements and plans

Low-carbon society

In 2021 we reduced our own GHG emissions by 28 percent. More than 100 energy-efficiency projects were implemented across ABB, saving 17.5 GWh of energy, and we refitted three major ABB facilities under the Mission to Zero™ program to reduce their carbon footprints. We also increased our share of certified green and self-generated solar electricity to 51 percent. During the year, 44 percent of ABB's global new vehicle orders were for either EVs or plug-in hybrid vehicles (PHEVs).

We took action in 2021 to engage with our suppliers to reduce the climate impact of their operations. We mapped potential impacts of commodities and processes in our supply chain, identified the current performance of major suppliers, and evaluated their existing or planned emission reduction programs. The information gathered will form the basis for further discussions and help us finalize our overall emissions reduction goal in the supply chain.

Preserving resources

Water-saving initiatives resulted in a reduction of 12 percent in ABB's total water withdrawals. Forty-seven percent of our water withdrawals were from stressed watersheds and amounted to 1,252 kilotons for the year, down 1.3 percent from 2020

Globally, we now have 185 sites that send zero waste to landfill, with around 255 making progress towards this goal. Over the past year, through in-house recycling and

reuse, mainly of packaging materials and thermoplastics, we reduced the amount of waste that ABB generates by 2,300 tons.

In 2021, we launched 16 new projects to reduce and phase out hazardous substances. Due to the variety and specialized nature of our Group's products and processes, the reduction of hazardous substances is typically addressed on a site-by-site basis.

Across ABB, we have also taken steps to implement the principles of the circular economy to reduce waste. Our comprehensive circularity approach is built around a framework that drives circularity in our own operations and enables our customers to become more circular. By 2030, we aim to innovate towards new circular business models, covering all stages of the product lifecycle.

Looking to the future, by 2030, at least 80 percent of ABB products and solutions will be covered by our circularity approach. We will also make sure that zero waste from our own operations is disposed of in landfills, wherever this is compatible with local conditions and regulations.

By 2030, we will systematically improve circularity in our supply chain through our supplier sustainability framework, which focuses on environmental, social and governance performance.

Further information:

[ABB Code of Conduct](#)

[Low-carbon society - ABB Sustainability Report 2021](#)

[Customer emissions – ABB Sustainability Report 2021](#)

[ABB emissions - ABB Sustainability Report 2021](#)

[Emissions in the supply chain - ABB Sustainability Report 2021](#)

[Preserving resources - ABB Sustainability Report 2021](#)

[Circularity – ABB Sustainability Report 2021](#)

[Waste – ABB Sustainability Report 2021](#)

[Right materials - ABB Sustainability Report 2021](#)

[Environmental Product Declarations](#)

[ABB List of Prohibited and Restricted Substances](#)

Anti-corruption

Principle 10: Measures against corruption

Systems and measures

ABB's robust integrity program helps ensure compliance with laws and regulations; its guidance enables our employees to make fair and honest decisions every day. ABB's governance framework, policies and procedures, risk assessment processes, trainings, approach to managing third parties, and our monitoring, investigation and reporting mechanisms are structured to ensure that everyone who works with or for ABB is personally accountable for upholding the highest moral and ethical standards.

The ABB Code of Conduct, and related Supplier Code of Conduct, is the linchpin of ABB's governance framework, defining how we work, collaborate and do business across our organization. ABB has zero tolerance for any form of retaliation, retribution or wrongful dismissal.

Our wide range of integrity reporting channels includes the ABB Business Ethics Helpline, which provides both employees and stakeholders with web portal and telephone access for reporting suspected violations of the ABB Code of Conduct, the Supplier Code of Conduct, or applicable laws and regulations.

The Integrity function uses a variety of resources to ensure the appropriate investigation and resolution of concerns in a prompt, fair and consistent manner. ABB internally tracks and reviews a variety of case metrics beyond case volume and utilizes the data to continually improve our culture of integrity and internal controls.

2021 achievements and plans

In 2021, we enhanced our assessment and monitoring of the reputational and legal risks presented by third parties. Specifically, we began to incorporate smart, front-end risk and reputation assessments into our processes and to invest in continuous, risk-based monitoring over the lifecycle of our third-party relationships.

We assessed and categorized our global sales channels and designed new onboarding and lifecycle monitoring processes to mitigate fraud, corruption and associated human rights and reputational risks in both our sales channel and supplier relationships. In parallel, we developed new learning and guidance materials for the ABB employees who manage third-party relationships.

During the year, we standardized a global conflict-of-interest disclosure tool to make our fair-play expectations easier to understand and updated our approach to testing and measuring the effectiveness of our integrity initiatives. As part of our new approaches to both employee learning and accountability, we also publish quarterly assessments of our integrity communications' effectiveness and have created real-time dashboards to help managers leverage the metrics and insights provided by our investigations' portfolio.

Further information:

[ABB Code of Conduct](#)

[ABB Supplier Code of Conduct](#)

[Integrity - ABB Sustainability Report 2021](#)

[Integrity at ABB Group](#)

[Antitrust Guidance Notes](#)

[Integrity reporting channels](#)