

# Contents

## 01 Introduction

- 05 Chairman and CEO message
- 07 Awards and achievements
- 08 Progress towards targets
- 09 Business model
- 10 Contribution to sustainable development

## 02 Governance

- 12 Sustainability governance
- 13 Stakeholder engagement
- 14 Material issues

## 03 Leading technology

- 17 Energizing SDGs 9 and 11
- 18 Smart buildings
- 19 Smart mobility
- 20 Sustainable infrastructure
- 21 Innovative industry

## 04 Responsible operations

- 24 Safe operations
- 26 Climate action
- 28 Resource efficiency
- 30 Right materials
- 32 Responsible sourcing

## 05 Responsible relationships

- 35 Integrity
- 37 Human rights
- 39 Our people
- 41 Community engagement

## 06 Reporting indicators

- 43 Approach to sustainability reporting
- 44 Summary of GRI indicators
- 53 Appendix: Contribution to sustainable development



Experience our  
[interactive microsite](#)

---

# 01

## Introduction

- 05 Chairman and CEO message
- 07 Awards and achievements
- 08 Progress towards targets
- 09 Business model
- 10 Contribution to sustainable development

## CHAIRMAN AND CEO MESSAGE

## Sustainability driven by technology, cooperation and clear goals

ABB delivers solutions that enable the sustainable cities, industry and transport systems that the world needs to mitigate climate change and conserve non-renewable resources

Dear Stakeholders,

Two centuries ago, the First Industrial Revolution set the planet on a long-term path toward accelerated global warming. Now, the advanced technologies enabling the Fourth Industrial Revolution are our best hope of addressing the climate emergency.

Around the world, expanding cities are under growing pressure to reduce pollution and congestion, while providing clean energy and water, as well as the necessary jobs, goods and services for their inhabitants to have a good standard of living. The only way to achieve this is to build smarter cities, using advanced technologies and systems that enable urban areas to accommodate swelling populations without overwhelming infrastructure or services.

A similar challenge is confronting industry, which must reduce its environmental footprint while at the same time becoming more productive and providing affordable power, goods and services to a growing global population. Here, renewable energy and digitally enabled automation and robotics solutions hold the key to sustainable power, manufacturing and production.

As a company that helped to make possible the Second and Third Industrial Revolutions, ABB today is driving the development of smart cities and the digital transformation of industries, and it is transforming itself in the process. In 2019, we undertook a wide-ranging internal reorganization to bring our businesses closer to our customers and enable us to respond more quickly to their needs.

**ABB today is driving the development of smart cities and the digital transformation of industries, and it is transforming itself in the process, bringing our businesses closer to our customers.**

Peter Voser – Chairman and CEO

Today, our businesses are leaders in their respective markets, and they are designed to help our customers continuously improve productivity and efficiency while reducing waste and emissions and extending the lifecycles of their equipment. Our focus on driving productivity and sustainability means that our business supports, directly or indirectly, the achievement of all 17 of

the United Nations' Sustainable Development Goals (SDGs), particularly SDG 11, making cities and human settlements inclusive, safe, resilient and sustainable, and SDG 9, building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

In the next stage of our transformation, we are further developing our company culture to create an environment where people have the confidence to take risks and aim at delivering results for sustainable high performance. As a first step in 2019, we encouraged open and inclusive dialogue across the company through CEO webcasts for employees, a new internal social networking channel and a global employee engagement survey, which was filled out by more than 95,000 colleagues.

The results showed high levels of engagement among employees – we received more than 40,000 comments on the topic of sustainability alone – but our people also delivered a clear message that they want to have a better understanding of where the company is heading. To answer this need, we have launched a project to identify the company purpose. As part of this project, we are asking multiple stakeholder groups how they perceive our company and what



they think ABB should aspire to in the future. We are open to any and all stakeholder suggestions about our company purpose with the only given being that it must drive sustainability – because this is part of our license to operate and a requirement for building a business over the long-term.

In tandem with this effort, we have been working on new diversity and inclusion targets for 2025. These targets are being developed in conjunction with a special [report](#), commissioned from Catalyst, a global nonprofit that helps organizations accelerate progress for women at work.

We continue to demonstrate our commitment to sustainability in other ways. This autumn, we began our third season as title partner to the [ABB FIA Formula E Championship](#) racing series, the world's first fully electric international FIA motorsport series. Since ABB is a world leader in electric vehicle charging solutions, we view Formula E as the ideal event to demonstrate that e-mobility works. As such, it provides us with a unique opportunity to engage with customers around the world while building a sustainable future.

ABB is equally committed to the sustainability of its own operations. With the long-term ambition of making our company fully carbon-neutral, we inaugurated our first carbon-neutral factory in Lüdenscheld, Germany, as an example of what can be done to make industry truly sustainable.

Equipped with a solar power station and other state-of-the-art technologies, the factory is on its way to becoming energy self-sufficient and demonstrating all the advantages of intelligent, digitally controlled industrial ecosystems.

Reaffirming that ABB is prepared to speak out on climate change and take action to help solve the technical challenges it presents, I joined with other global CEOs in December 2019 to sign a statement calling on the United States to remain within the Paris Agreement. I strongly believe that it is to the advantage of the United States and the world as a whole to meet the goals of the Paris Agreement. The benefits to be realized are economic, social, environmental and more. As a digital technology company at the forefront of industrial modernization, ABB is pleased to be at the center of the effort to safeguard our planet.

In March 2020, I am handing over the CEO role to my successor Björn Rosengren. Björn will continue to drive our transformation with the ultimate goal of making ABB the No. 1 choice for industrial customers seeking to drive the productivity and sustainability of their businesses.

Sincerely,

**Peter Voser**  
Chairman and CEO

February 2020



## AWARDS AND ACHIEVEMENTS

# Recognized across the world for its accomplishments

ABB's offerings, operations and people continue to receive plaudits for their role in building a better world for future generations



## Leading technology

ABB ranked No. 61 on Corporate Knights magazine's list of **World's 100 Most Sustainable Corporations**

ABB named **Global E-mobility Leader 2019** by the Polish Presidency of COP24 and the Polish Alternative Fuels Association

ABB honored with an **Electrical Review Excellence award for TXplore™**, its free-swimming ABB Ability™-enabled submersible transformer inspection robot

The National Association of Electrical Distributors presented ABB with the **Industry Award of Merit**

iF International Forum Design GmbH recognized ABB's innovative ABB-free@home® thermostat with a **Technology Design Award**

ABB i-bus® KNX sensor PEONIA® and ABB tacteo® KNX sensor received two prestigious **Red Dot Awards** for outstanding design

Nine of ABB's local companies placed on Electric Age's **China Top 100 Electric Companies** annual rankings



## Responsible operations

ABB presented with the **Contribution to Skills and Training Award** at the Motor Control Industry Awards 2019

ABB recognized for the **fifth consecutive year for the responsible sourcing of minerals** by an independent benchmark study from the Responsible Sourcing Network

Security & Risk Magazine presented ABB with Honorable Mention for **Safe Organization of the Year** at the 2019 Finnish Security Awards

ABB recognized as a **top supplier and subcontractor** by Bechtel during its 2019 Supply Chain Awards

In Mexico, ABB's Nogales and Matamoros sites were awarded **Clean Industry certifications** by PROFEPA, Mexico's Federal Agency of Environmental Protection

ABB ranked No. 12 in the **Corporate Knights Clean200 list of the world's most significant publicly traded firms** according to the size of "clean revenue" from products and services that provide solutions for the planet



## Responsible relationships

2019 **Ethisphere Compliance Leader** and **Anti-Bribery Management System Verification**

ABB awarded the **Excellent Organization in Building Happy Enterprise** 2019 award in China for its talent cultivation, corporate culture practices and CSR commitment

ABB was recognized in Colombia for its **Healthy Body Healthy Mind** program which includes several health initiatives, including the Global Health Challenge

Universum ranked ABB as the **most attractive employer among young professionals** in Italy

ABB India recognized as an exemplar of inclusion and **among the 100 best companies for women in India** by Working Mother magazine

ABB Canada Ranked No. 6 on Corporate Knights magazine's 2019 list of **Top Foreign Corporate Citizens** and as one of **Canada's Best Employers** by Forbes magazine



## External accreditation

2019 FTSE4Good Index Series

2019 ISS ESG Prime Status

2020 EcoVadis Platinum

2019 Ethibel Sustainability Index Excellence Global

2019 Ethibel Sustainability Index Excellence Europe

2019 Corporate Knights Global 100 Index



FTSE4Good



Prime

## PROGRESS TOWARDS TARGETS

# Approaching the finish line

## ABB on track to meet 2020 targets

We use 11 measures and targets to quantify ABB's progress toward nine sustainability objectives, which were established in 2014. We made progress on our measures in 2019 and remain on track to meet or exceed our targets in 2020.

The objectives cover three areas: leading technology, responsible operations and responsible relationships. Each area has a direct or indirect impact on ABB's business success. Our Executive Committee and external stakeholder panel reaffirmed that our measures and targets remain material to ABB's business.

In 2019, ABB underwent an extensive organizational transformation, initiating the carve-out of Power Grids and the simplification of our structure and business model. The ABB that will emerge will continue to not only be a technology leader, but also an exemplary corporate citizen contributing to a more sustainable world.

In 2019, we reviewed our 2013 baseline data to be able to track the environmental performance internally of each of our businesses individually, to reflect the changes at the company and maintain the consistency of the reported information. 2013 baselines in this report are unchanged.

As we prepare to close out our current measures and targets at the end of 2020, we have begun the work of developing new measures and targets for the years ahead. Our external stakeholder engagement process and the results of the 2019 Global Employee Engagement Survey will inform this process.



### Leading technology

Objective	Measure	2020 Target	2013 Baseline	2019 Performance	Page
Products, solutions and services	Increase share of ABB eco-efficiency portfolio	60% of \$ revenue	53%	57% →	16



### Responsible operations

Objective	Measure	2020 Target	2013 Baseline	2019 Performance	Page
Safe operations	Reduction in employee injuries	<0.7	1.09	0.47 ✓	24
Climate action	Reduce greenhouse gas (GHG) emissions	by 40%	1,552 kt	41% ✓	26
Resource efficiency	Reduce water consumption in water stressed areas	by 25%	3,157 kt	18.5% →	28
	Reduce share of waste sent for disposal	by 20%	19.6%	13.5% →	28
Right materials	Reduce emissions of VOCs	by 25%	1,210 t	24% →	30
Responsible sourcing	Closure of identified risks from supplier assessments	>65%	n/a	78% ✓	32



### Responsible relationships

Objective	Measure	2020 Target	2013 Baseline	2019 Performance	Page
Integrity	Employees trained in integrity	>96%	n/a	98% ✓	35
Human rights	Training for specific job roles exposed to human rights risks	2 campaigns p.a.	n/a	2 ✓	37
Our people	Increase in % of females in senior management <sup>1</sup>	by 30% (vs 2017)	10% (2017)	11.7% ✗	39
	Employees covered by the ABB well-being program	>70%	n/a	77% ✓	39

<sup>1</sup> Hay grades 1-7

Definitions and methodology of targets



Achieved



On track: target likely to be achieved



Not on track: behind schedule to meet target

## BUSINESS MODEL

# Smart and sustainable growth

ABB creates value for stakeholders while fostering sustainability

We are committed to building long-term relationships with all ABB stakeholders. These include customers, shareholders, suppliers, partners, employees and communities.

Our business model is founded on three pillars:

- Leading technology that enables sustainability
- Responsible operations
- Responsible relationships

Our **leading technologies** are developed to enable sustainable growth for our customers. We strive for all of our technologies to have a positive impact. We seek not just to create value, but to enable sustainable growth. Each of ABB's businesses works to move society away from outmoded products and toward smart solutions that leverage the power of digitalization, incorporating sustainability as a central feature. The result will be smarter buildings, cities, industry and transport that help the world achieve a better future.

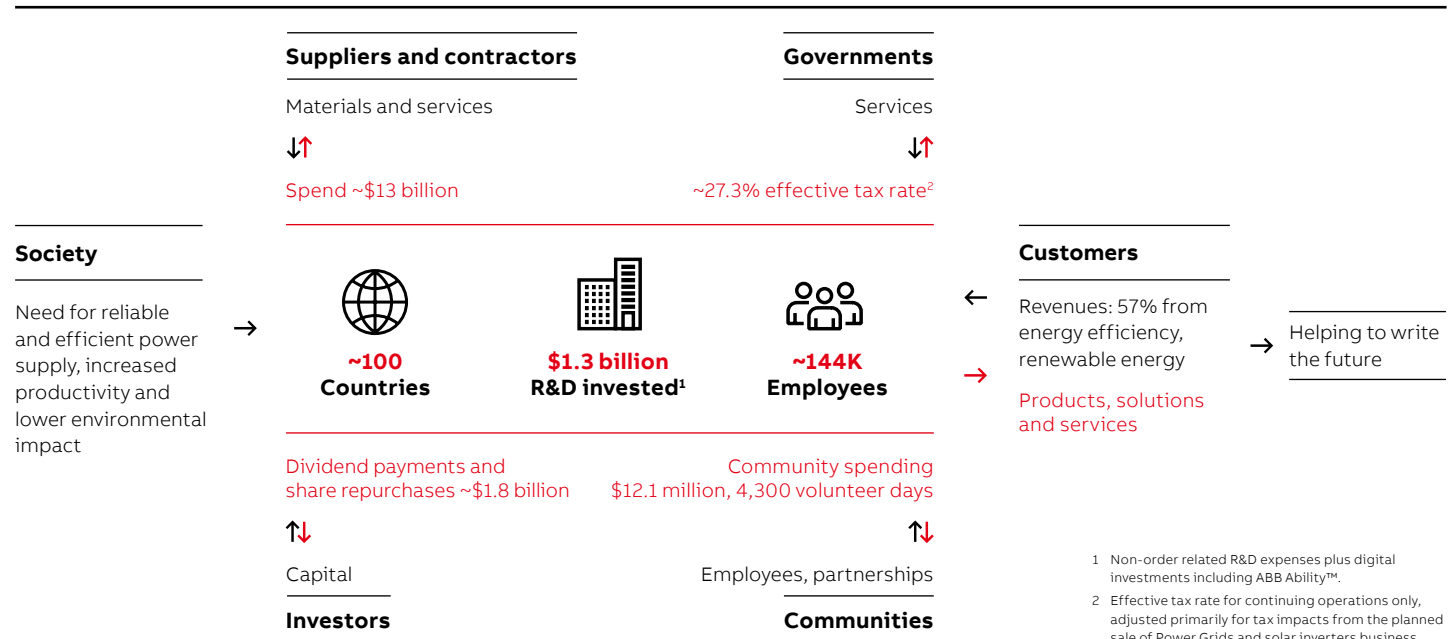
ABB's approach to **responsible operations** relies on frequent reassessments of our production processes and product designs. We give due consideration to governance, legal, environmental, and health and safety requirements. Our Group's tax position complies with applicable laws and follows international best-practice guidelines, including the OECD Guidelines for Multinational Enterprises. In Switzerland, ABB has elected to provide voluntary country-by-country reporting.

We place a high value on transparency. Details on our tax policy are available on our [website](#).

We cultivate **responsible relationships** with our stakeholders. We seek out suppliers who respect international standards of quality, operational excellence, social and environmental responsibility and business ethics. To achieve this, we rely on ABB's Supplier Sustainability Development Program. We engage with our shareholders in ways that

emphasize reputation, proper behaviors and good governance, with a priority on value creation and sustainable growth. We listen to our employees and work to strengthen our capacity to attract, develop and retain talent. In the broader community, we seek to engage with diverse segments of society. ABB endeavors to have a positive impact on the complete environment in which we operate.

## ABB value chain



<sup>1</sup> Non-order related R&D expenses plus digital investments including ABB Ability™.

<sup>2</sup> Effective tax rate for continuing operations only, adjusted primarily for tax impacts from the planned sale of Power Grids and solar inverters business.

## CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

## Geared to help solve humanity's most pressing challenges

ABB's smart technologies are helping to meet many of the underlying targets of the Sustainable Development Goals (SDGs)

Adopted by the member states of the United Nations in 2016, the 17 SDGs are a blueprint for achieving peace and prosperity by 2030. ABB is cognizant these goals cannot be met without support from the global business community. Our approach to supporting the SDGs is to focus on the goals where we can have the most impact, while screening and implementing actions that contribute to the other goals as well.

While there is a moral imperative to support the SDGs, there are also material incentives. SDG-related opportunities involving building solutions, urban infrastructure, clean energy, energy efficiency and mobility are estimated to exceed \$5 trillion.

To identify the SDGs where ABB can make the most difference, we used the GAPFRAME framework to identify five "grand challenges" (waste, equal opportunity, clean energy, innovation and carbon) in response to our materiality mix.

These challenges point to the seven SDGs where we can have the most impact: SDG 7 (energy), 11 (cities), 9 (industry and infrastructure), 6 (water), 8 (work) and 12 (production). And through our behavior and values, we contribute to SDG 17 (partnerships).

Click on the icons on this page for stories about how we contribute to the SDGs.

