



Contents

01 Introduction

- 05 CEO message
- 08 Awards and achievements
- 10 Progress towards targets
- 13 Sustainability in our business

02 COVID-19

- 18 Going beyond the call of duty

03 Leading technology

- 22 Leading technology
- 25 Electrification
- 32 Process Automation
- 42 Motion
- 46 Robotics & Discrete Automation

04 Responsible operations

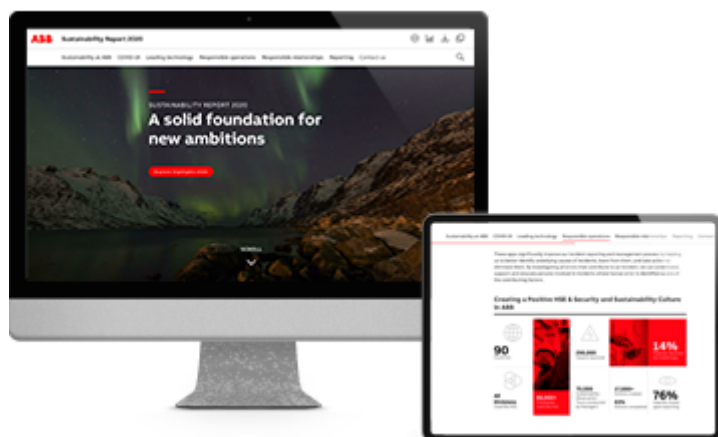
- 53 Safe operations
- 58 Climate action
- 65 Resource efficiency
- 71 Right materials
- 75 Responsible sourcing

05 Responsible relationships

- 83 Integrity
- 89 Human rights
- 95 Our people – culture, diversity & inclusion
- 102 Our people – health & well-being
- 107 Community engagement

06 Reporting

- 116 Approach to sustainability reporting
- 119 Summary of GRI indicators



Experience our interactive microsite



01 Introduction

- 05** CEO message
- 08** Awards and achievements
- 10** Progress towards targets
- 13** Sustainability in our business



CEO message

Dear stakeholders,

The year 2020 will go down as a turning point in history – not just because of the COVID-19 pandemic that has disrupted all of our lives, but because it has focused further attention on issues that the world must address in the years and decades to come. In particular, the year’s events have crystallized people’s attitudes toward many of the most important aspects of sustainability.

This was only natural during a time when each of us was compelled to examine such basic questions as how we earn a living, how we rely on each other and our environment, and how corporations, governments and civil society should work together for the greater benefit of present and future generations. In our virtual meeting rooms and home offices around the world, we have all devoted considerable time, thought and discussion to how we can create a healthier and more prosperous world.



Having taken over as CEO on March 1, 2020, I am extremely proud of how our people handled the COVID-19 crisis so far. We took care of each other, keeping ourselves safe, while working tirelessly to support our customers, partners and suppliers. We also worked closely with customers to maintain power supplies and other critical services. And we launched a Group-wide, global effort to support communities most vulnerable to COVID-19.



ABB's handling of COVID-19 reflects our long history of sustainable and responsible business practices, which we began reporting on in 1994. I am pleased and proud to say that, in 2020, we delivered a good performance against our environmental, social and governance (ESG) targets and exceeded most of them.

Thanks to our strong focus on safety, the number of serious work injuries among employees and contractors continued to decline. Tragically, however, two people lost their lives working for ABB in 2020. Moving forward, we will drive continuous progress on health and safety, including measurable improvements year after year. We are equally committed to respecting human rights through responsible partnerships and conduct regular training with employees and suppliers. Finally, with our leading technologies, we have helped many of our customers implement eco-efficient solutions in their operations.

In terms of our own environmental performance, we exceeded our target of reducing our greenhouse gas emissions, achieving a reduction of 58 percent compared with a 2013 baseline, against a target of 40 percent. Another notable achievement was the reduction in water consumption in water-stressed areas. We also improved gender diversity, increasing the number of women in senior management roles to 13.5 percent. Diversity and inclusion will be a key focus going forward.

Sustainability strategy 2030

Last November, we introduced our 2030 sustainability strategy, based on our company Purpose. Our Purpose answers the “why” we are in business, which first and foremost is to create superior value for all of our stakeholders. To achieve that goal, we must balance the needs of society, the environment and the economy in our own operations and across our value chain. In 2020, we engaged with key stakeholder groups, which enabled us to review our material sustainability topics.

As a technology leader with operations in more than 100 countries, we are focusing on those areas in which we can make the biggest impact – enabling a low-carbon society by reducing greenhouse gas emissions, preserving resources and promoting social progress. In this way, we also contribute to the United Nations' Sustainable Development Goals, of which ABB has always been a strong advocate. We measure progress through our comprehensive governance framework, based on integrity and transparency – the foundation of everything we do.

With our skilled people and leading technologies, we can make a strong contribution to a low-carbon society. Our 2030 commitment is to help our customers reduce their annual CO₂e (carbon-dioxide equivalent) emissions by at least 100 megatons, equivalent to the annual emissions of 30 million combustion cars. This is where we make the biggest impact, with technologies that improve energy efficiency and enable the electrification of industries, infrastructure and transport. We will also lead by example by reaching carbon neutrality in our own operations by 2030 by continuing to transition to renewable sources of energy, improving energy efficiency across our factories and sites, and converting our vehicle fleet to electric or other non-emitting alternatives.



To preserve natural resources, our approach is to systematically reduce waste, increase recycling and reusability, and improve product durability. We aim to have at least 80 percent of our products and solutions covered by a circularity approach by 2030 and will systematically improve circularity in our supply chain through our supplier sustainability framework, which focuses on ESG performance.

Finally, we will promote social progress through our own operations and in our communities around the world, including championing human rights across the value chain. Within ABB, we are creating safe, fair, equitable and inclusive working environments in which our people can succeed and develop, as well as reinforcing our long-standing commitment to community engagement around the world.

To ensure we reach our sustainability targets, we have firmly integrated them into ABB's decision-making processes and have accountabilities and incentive plans in place to drive action.

With our great people, leading technologies and the support of our stakeholders, I am confident that we will meet our targets for 2030 and be a leading contributor to sustainable development. Thank you for your trust and support.

Best regards,

Björn Rosengren

Chief Executive Officer



AWARDS AND ACHIEVEMENTS

Prize-winning sustainable value creation

ABB continues to be recognized around the globe for its work towards a more productive, sustainable future

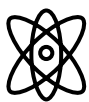


External accreditation

- 2020 Corporate Knights Global 100 Index
- 2020 FTSE4Good Index Series
- 2020 EcoVadis Platinum
- 2020 Ethibel Sustainability Index Excellence Global
- 2020 Ethibel Sustainability Index Excellence Europe
- 2021 ISS ESG Prime Status



FTSE4Good



Leading technology

- ABB Smart Buildings won three prestigious **Red Dot Awards** for outstanding design: for the RoomTouch® device, the IP touch 7" visualization panel, and the ABB-free@home® app
- ABB Smart Buildings won a prestigious **German Design Award** for the IP touch 7" visualization panel
- ABB's Baldor-Reliance **EC Titanium** [↗](#) motors won a Silver in the HVAC/R Systems & Equipment category of Consulting-Specifying Engineer magazine's **Products of the Year awards**
- ABB Electrification was presented with four prizes at the **2020 China Automation and Intelligent Manufacturing Market Seminar**
- The new all-electric Maid of the Mist vessels for touring Niagara Falls, which run on a comprehensive integrated power and propulsion solution supplied by ABB Marine & Ports, were named "**Boat of the Year**" by the American Ship Review
- ABB was included in the Clarivate list of Top 100 Global Innovators™ 2020, which recognizes companies and institutions that contribute new ideas, solve problems and create new economic value.
- ABB was presented with **seven awards in five different categories** at the China Automation

Industry Annual Conference 2020

- ABB's Large Motors division's wind generator technology won **Technology of the Year Award** in the generator category at the 2020 India Wind Energy Forum



Responsible operations

- ABB received an **"A-" at the Leadership Level** for its 2020 CDP Climate Change disclosure
- ABB ranked No. 4 in the **most sustainable Swiss companies** ranking 2020 in Handelszeitung newspaper
- ABB was selected as a member of the **FTSE4Good Index Series**, marking the 20th consecutive year of recognition for its sustainability performance
- ABB's Office of Finance won a **Vetana Research Digital Leadership Award**
- ABB India's power distribution products factory in Nashik received **Gold certification** from the Indian Green Building Council (IGBC)
- At the Elmässan trade show in Sweden, ABB Electrification won the **Best Electricity News award** for its use of recycled plastic packing for the manufacture of electrical installation boxes
- ABB Electrification in China won the 2020 China Finance Summit **Corporate Social Responsibility Model award**
- In the United States, ABB received the **South Carolina 2020 Safety Award** from the South Carolina Department of Labor, Licensing and Regulation
- ABB's site in Nogales, Mexico, received a state-level **Green Industry certification** and a federal **Clean Industry certification**
- 65% of our manufacturing and service sites are covered by a certified **environmental management system** (ISO 14001 or equivalent)
- 74% of our employees at manufacturing or service sites are covered by a certified **occupational health and safety management system** (OHSAS 18000 or equivalent)



Responsible relationships

- ABB Finland named as **second-most attractive employer** by engineering students in Finland's Most Attractive Employers Report 2020, released by Universum
- ABB named as **second-most attractive employer** by engineering students in Switzerland's Most Attractive Employers Report 2020, released by Universum
- ABB ranked in the **Top 20 US Talent Communications** Rankings for 2020
- ABB Canada was recognized by The Electro-Federation Canada for its commitment to the **Young Professionals Network**
- ABB India won **three different awards** from Working Mother & Avtar and People Konnect for its **diversity and inclusion** initiatives
- ABB Italy was ranked among the **best employers in Italy** by Corriere della Sera
- ABB Estonia named a **Family-friendly Employer** by the Ministry of Social Affairs
- In Mexico, ABB's Nogales site received a federal **Inclusive Company certification** and its Matamoros site received a federal **Family-responsible Company** certification



PROGRESS TOWARDS TARGETS

Delivering on our promises

ABB delivered a good performance against 2020 targets and exceeded the majority of them



2020 marked the concluding year of the sustainability strategy adopted by ABB for the previous decade. We used 11 measures and targets to quantify ABB's progress toward the nine sustainability objectives we set for ourselves in 2014. As an organization, we are pleased to report that by year-end 2020, we met or exceeded nearly all of our quantitative targets.

Notably, we exceeded our targets for greenhouse gas (GHG) and volatile organic compounds (VOC) emissions, water consumption in water stressed areas, employee safety, and the closure of identified supplier risks. While these targets seemed ambitious at the time they were set, we have demonstrated that we have the capacity to outperform in these areas. We also exceeded our targets for integrity and human rights trainings and recognize that it is now time to adopt new ways of measuring our performance in these areas. Similarly, while we performed well against our gender diversity target, not only can we do more to drive progress in this area, we must also expand our work to encompass diversity in all its forms. This knowledge has been utilized in the design of targets for our next reporting cycle.



Our 2020 sustainability objectives covered three areas: leading technology, responsible operations and responsible relationships. Each area has a direct or indirect impact on ABB’s business success. For the final year of our sustainability strategy, the measures and targets associated with these objectives were once again deemed material to ABB’s business by our Executive Committee and reaffirmed by our external stakeholder panel.


In 2020, we reviewed our 2013 baseline data in order to track internally the environmental performance of each of ABB’s present divisions over the current reporting cycle, in a manner that reflects the organizational changes at our company, while maintaining the consistency of the reported information. The 2013 baselines for the environmental indicators have been updated in the target table to exclude the Power Grids business to provide a comparable basis with 2020 performance. Power Grids is not included in our sustainability reporting for 2020, except where specified. Given the impact of the COVID-19 pandemic on some of our 2020 data, our 2019 data will form the baseline for the next reporting cycle.

Over the past year, we continued the extensive stakeholder engagement process that was launched in 2019 in anticipation of the closing of our measures and targets at the end of 2020. This engagement process guided the creation of our sustainability strategy and its associated targets for 2021–2030. For more information about ABB’s 2030 sustainability strategy, please go [here](#).

 Achieved  Not achieved



Leading technology

Objective	Measure	2020 Target	2013 Baseline	2020 Performance		Page
Products, services and solutions	Increase share of ABB eco-efficiency portfolio ¹	60% of \$ revenue	53%	58%		Leading technology

1 Includes Power Grids in 2013 baseline and 2020 performance



Responsible operations

Objective	Measure	2020 Target	2013 Baseline	2020 Performance		Page
Safe operations	Reduction in employee injuries ¹	<0.7	1.09	0.31	✓	Safe operations
Climate action	Reduce greenhouse gas (GHG) emissions ²	by 40% absolute vs 2013	1,167 kt	58%	✓	Climate action
Resource efficiency	Reduce water consumption in water stressed areas ²	by 25%	1,930 kt	39%	✓	Resource efficiency
	Reduce % waste sent for disposal ²	by 20%	14.5%	3%	✗	Resource efficiency
Right materials	Reduce emissions of VOCs ²	by 25%	736 t	29%	✓	Right materials
Responsible sourcing	Closure of identified risks from supplier assessments ²	>65% cumulative since 2013	n/a	79%	✓	Responsible sourcing

1 Includes Power Grids in 2013 baseline and 2020 performance

2 Does not include Power Grids



Responsible relationships

Objective	Measure	2020 Target	2013 Baseline	2020 Performance		Page
Integrity	Employees trained on integrity	>96%	n/a	98%	✓	Integrity
Human rights	Training for specific job roles exposed to Human Rights risks	2 targeted campaigns/year	n/a	3	✓	Human rights
Our people	Increase in % of females in senior management (includes PG) ¹	by 30% (vs 2017) = Target 13%	10% (2017)	13.5%	✓	Our people – culture, diversity & inclusion
	Increase in % of females in senior management (does not include PG) ¹	by 30% (vs 2017) = Target 14%	10.8% (2017)	13.5%	✗	Our people – culture, diversity & inclusion
	Employees covered by the ABB well-being program	>70%	n/a	86%	✓	Our people – health & well-being

1 Hay grades 1-7



Sustainability in our business

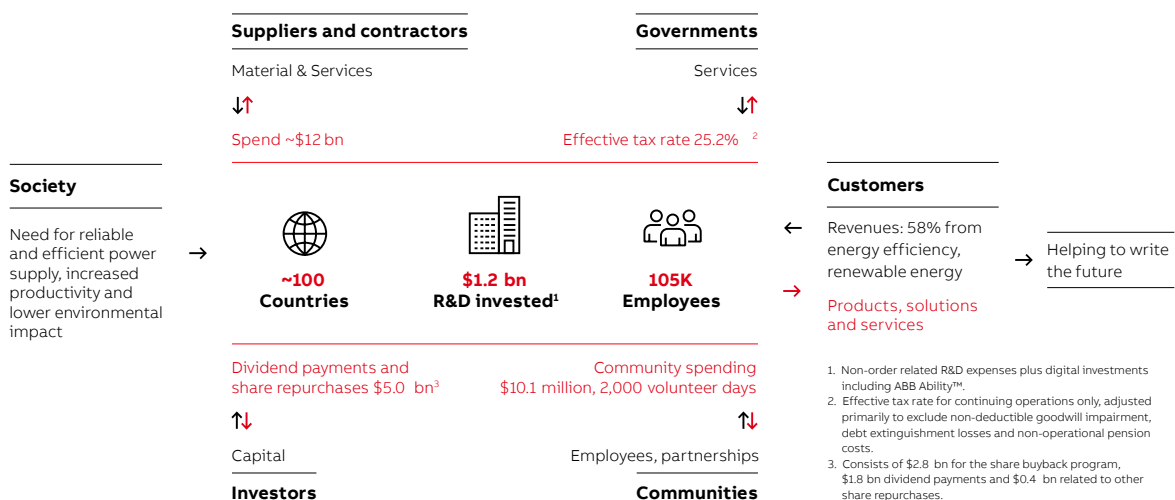
Business model

At ABB, our approach has always been to seek a balance between the needs of society, the environment and the economy. By endeavoring to achieve this balance across our value chain, we create superior value for all our stakeholders.

Consistent with our sustainability strategy for the past decade, our work to attain this equilibrium in 2020 fell into three main categories: delivering leading technologies; operating responsibly; and building and maintaining responsible relationships.

In July 2020, our Group adopted a new operating model called “the ABB Way.” It is important to note that this new operating model is in no way related to the global HSE/SA management system of the same name that we introduced in 2018. The name for the HSE/SA management system was subsequently phased out at the end of 2020. The introduction of ABB’s new operating model positively impacted our approach to sustainability in the latter half of 2020. In line with this operating model, ABB’s four Business Areas were intensely active and involved in the process of determining ABB’s new ambitions and action plans for all sustainability topics related to their scope of work. The positive change created by our new operating model was particularly evident during the stakeholder interviews as well as the process of determining materiality and the subsequent definition of targets. The new ABB Way will embed sustainability even more deeply within our business. In 2021, our Business Areas and divisions will take ownership of the rollout of our 2030 sustainability strategy and of the deployment of resources to achieve that strategy’s targets. Furthermore, through their participation in ABB’s sustainability council, they will participate in the process of determining how to implement ABB’s new sustainability strategy across their Business Areas and within their divisions.

ABB value chain



1. Non-order related R&D expenses plus digital investments including ABB Ability™.
 2. Effective tax rate for continuing operations only, adjusted primarily to exclude non-deductible goodwill impairment, debt extinguishment losses and non-operational pension costs.
 3. Consists of \$2.8 bn for the share buyback program, \$1.8 bn dividend payments and \$0.4 bn related to other share repurchases.

Contribution to sustainable development

Adopted by the member states of the United Nations in 2016, the 2030 Agenda for Sustainable Development contains 17 Sustainable Development Goals (SDGs) to lead the planet and its people to peace and prosperity by 2030. ABB continues to align its sustainability strategy with the SDGs that address issues where we can have the greatest impact, while screening and implementing actions that contribute to the other goals as well.

For more information, please refer to <https://global.abb/group/en/sustainability>.

Sustainability governance

ABB’s governance structure enables our business to deliver sustainable growth every year.

As part of its overall responsibility for the company’s strategy and targets, in 2020 ABB’s Board of Directors oversaw the company’s sustainability strategy.

Over the past year, ABB's Sustainability Board, comprising the Group Executive Committee, was the operational body that oversaw sustainability policies and programs, reviewed developments, and monitored progress toward our targets.

In 2020, the ABB Sustainability Affairs and HSE (health, safety & environment) and Security functions were responsible for the development and coordination of Group-wide policies and programs related to their scope of work.

ABB’s global management system for HSE and Sustainability Affairs (The ABB Way for HSE and Security Management System, formerly known as 'The ABB Way'), which sets the minimum standards that must be implemented across all ABB operations and activities, included a comprehensive global audit assurance program. The structure of ABB’s HSE/SA management system was based on internationally recognized sustainability standards, principles and commitments, including ISO 45001 and 14001:2015.



We are reviewing our sustainability governance model to ensure it is aligned with the ABB Way operating model; it will be operational during 2021. The framework, will encompass ABB's four Business Areas and support our work to achieve ABB's 2030 sustainability ambitions.

For more information, please refer to <https://global.abb/group/en/sustainability/sustainability-governance> .

Stakeholder engagement and materiality

We work together with our stakeholders to develop ABB's priorities and related actions in consideration of the full range of their perspectives.

Determining the materiality of stakeholder issues is a process that involves frequent review, particularly on the part of our external stakeholder panel. The framework used for our 2013–2020 sustainability reporting cycle was based on surveys carried out in 2010 and 2011, supplemented with additional reviews in 2013 and 2014 and an annual stakeholder panel review. 2020 was the last year in which to deliver on that framework. The material issues that are relevant to ABB's 2020 Sustainability Report are covered in the [materiality matrix](#) that was presented in our 2019 report.

As reported in the 2019 ABB Sustainability Report, in 2020 we conducted a comprehensive external stakeholder engagement process to understand their view of the relative priority of ABB's material issues. Based on these conversations, we developed an updated materiality matrix for each of our four Business Areas. These matrices were then used to reconcile our Group's materiality matrix, as well as the targets and focus areas for ABB's new 2030 sustainability strategy. This process was completed in the first half of 2020.

In addition to working closely with our stakeholders on the development of our new sustainability strategy, we routinely interacted with them during the course of 2020 to stay current with their interests and concerns. We met regularly with customers to discuss how ABB's offerings can be used to reduce their annual CO₂ emissions, preserve resources, and meet other specific sustainability requirements. Our teams conducted one-on-one meetings with investors to identify and understand the main ESG criteria they value and expect us to deliver on. We stayed in regular close contact with our suppliers under the aegis of our Supplier Sustainability Development Program. More than 95,000 ABB employees responded to our 2020 Engagement Survey; the almost 280,000 comments they submitted will inform our efforts to make ABB a better place to work.

On the international stage, we actively collaborated with businesses, governments and non-governmental and civil society organizations around the world to raise awareness of society's need to transition to low- or zero-carbon energy systems. In line with ABB's 2018 commitment to the Science Based Targets initiative, we will announce ABB's 2030 GHG emission targets in the first half of 2021.



We contributed to more than 340 charitable institutions and community projects around the world; our employees and Business Areas donated an estimated \$10.1 million and volunteered roughly 2,000 person-days of time to charitable causes.

For more information, please refer to our [website](#) .

ABB's external stakeholder panel

Our external stakeholder panel was first formed in 2015. Since that time, it has provided advice and input on sustainability issues and has regularly reviewed our materiality matrix and our annual Sustainability Report.

Panel members represent our key stakeholders. They have been selected on the basis of their level of knowledge and skill in areas that are relevant to ABB, as well as to reflect gender and geographical balance.

ABB's external stakeholder panel met in February 2020 to review the 2019 ABB Sustainability Report, with the knowledge that their comments would be taken into consideration for the development of ABB's new 2030 sustainability strategy.

The panel reconvened in November 2020 to deliver their recommendations for the overall thrust of ABB's new strategy and to advise on the selection of targets that would best guide and measure ABB's progress toward its sustainability objectives. Overall, the panel was gratified that our new strategy, objectives and targets were aligned with their previous recommendations. In particular, they were pleased by the structure and clarity of the new strategy, and agreed that the targets, which covered all aspects of ABB's materiality matrix, represented a significant step forward for ABB. The panel also remarked on the clear value of broadening the scope of ABB's targets to encompass our customers and suppliers. The strategy's systematic approach to integrity through the ABB Code of Conduct was also commended by the panel. Finally, the panel expressed support for our plans to more deeply embed sustainability within our four Business Areas; to this end, they recommended that we take care to roll out our strategy in a coordinated way from the very beginning, leveraging specific initiatives and governance measures.

As 2020 marked the end of ABB's 2013–2020 sustainability strategy cycle, the panel was consulted in November 2020 to confirm that ABB's new sustainability strategy, objectives and targets were in line with their expectations.

For more information, please refer to our [website](#) .