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# 05

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## INTEGRITY

# Committed to the highest ethical business standards

ABB does not tolerate violations of the law or the ABB Code of Conduct

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. In our 2020 Engagement Survey, ABB employees said they have pride in our high standards of integrity; critically, our people also said they felt comfortable about stepping forward to raise any integrity concerns.

## Prevent

- Business accountability
- Strong management commitment
- Training
- Awareness raising
- Policies



## Detect

- Reporting channels
- Investigations
- Audits and reviews
- Process and controls
- Risk monitoring



## Resolve

- Resolution
- Zero tolerance
- Ongoing improvement
- Consequence management
- Analysis and response



## Strengthening integrity throughout ABB

In 2020, we launched a program to further strengthen our ability to prevent, detect and resolve any potential integrity concerns across ABB, in line with our ABB Way operating model and values. With the strong support of mid- and senior-level ABB management as well as the Board of Directors, the program is designed to strengthen integrity and trust across our organization, helping to ensure that ABB remains an exemplary corporate citizen.



## The ABB integrity credo

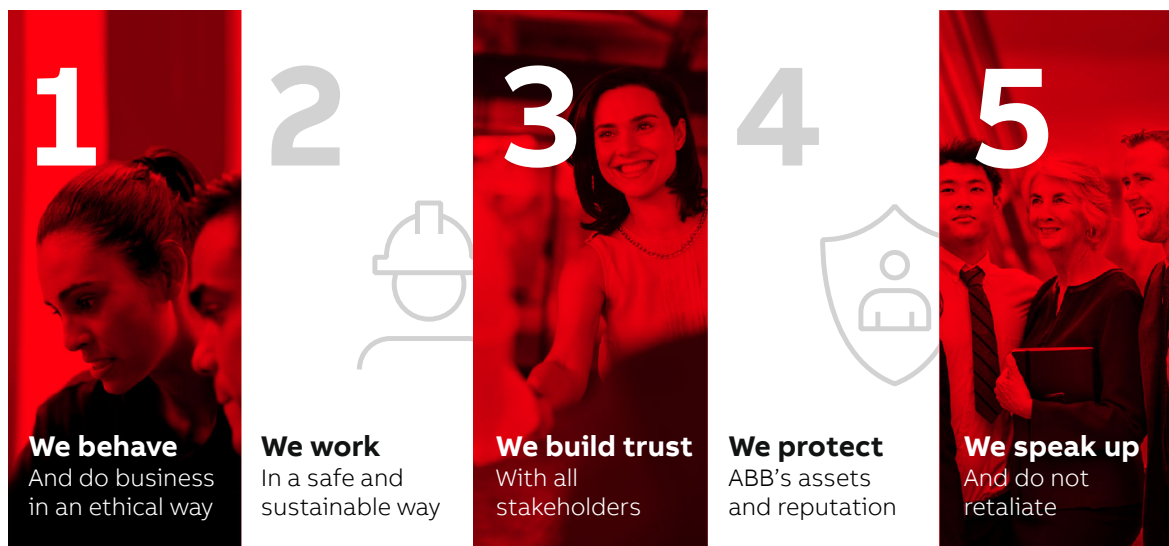
Consistent with our ABB values, we act with **courage** by speaking up and asking for help, show **care** by doing what is right and acting with integrity, show **curiosity** by seeking continuous improvement, and **collaborate** to build on strengths and successes. At ABB, we want to do the right thing and be transparent at every level of our value chain. Performance is measured not only by the results achieved, but also by how results were achieved.

## The ABB Code of Conduct

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. Revised and simplified in 2020, the Code is available in more than 25 languages and links to underlying policies and procedures.

The Code expresses our strong collective and individual commitment to integrity and provides practical guidance to our workforce, our suppliers and business partners on how we conduct business worldwide. It also empowers our employees to use good judgement in their everyday work and assures them that ABB will protect whistleblowers from retaliation. ABB's non-retaliation policy emboldens our people to speak up across our organization and value chain.

## Our integrity principles





## 2020 initiatives

During our annual fraud risk assessment, we determined that the COVID-19 pandemic has increased the risk of fraud, breaches of internal controls and unethical behaviors. Among our actions to counter this risk, we designated November 2020 “Information Security Awareness Month.”

### CASE STUDY


## Privacy and data protection



In 2020, we continued to strengthen our privacy and data protection controls by introducing new policies, guidance, trainings and communications on data breaches, data retention and data transfers, among other vital information security topics. We made these adjustments in response to advances in digital technologies and changes in the regulatory environment, including new laws, such as the California Consumer Privacy Act and Brazil’s General Data Protection Law, as well as court rulings, such as that of the Court of Justice of the European Union in the Schrems II case.

We further developed our practices regarding the privacy by design approach to incorporating privacy into new technologies and information systems, the maintenance of records of processing activities, and the performance of data protection assessments. We also implemented a performance measurement, metrics selection and reporting tool to better monitor, focus and prioritize these practices.

In line with the ABB Way, we appointed privacy leads in the Business Areas responsible for implementing and sustaining our privacy and data protection standards and controls in the Business Areas and divisions. All internal and external stakeholders continue to be supported by our global privacy team, staffed by full-time privacy professionals.

We apply the same strict privacy and data protection standards and controls across all our global locations. ABB’s global privacy and data protection standards and practices are described on the [ABB Data Privacy Portal](#) .



To raise internal awareness of the integrity risks ABB employees face, we continued to offer the “Integrity Starts with You” training course on the ABB Code of Conduct. We also continued to run a data protection course and our global anti-bribery essentials course, “Don’t Look the Other Way.” There were around 6,000 course completions for each of these courses in 2020, mainly by new joiners, bringing the cumulative completions on these courses since their global roll out to 99, 97 and 98 percent, respectively. Our 2018-2020 integrity training campaign covered employees with company email accounts only. All courses were rolled out to just over 109,000 employees (including the now divested Power Grids division), around 75,000 employees excluding Power Grids. We are encouraged by their high completion rates. Due to long-term absences, organizational changes and timing issues, among other reasons, it is not possible to achieve a completion rate of 100 percent.

To guard against human rights violations in our supply chains, in 2020 we continued to perform extensive due diligence and improved our supplier self-assessment framework. In 2021, we will strengthen these processes by including automated pan-integrity (including human rights related) screening, weighted risk scoring and ongoing monitoring for medium to higher risk third parties on both the buy- and sell-side of our value chain.

ABB has zero tolerance for any form of retaliation, retribution or wrongful dismissal. To this end, in 2020 we provided employees with discreet, one-click access to the Helpline web portal from ABB’s publicly available Code of Conduct mobile app. This new channel helps employees to more rapidly raise concerns directly to any representative of management, Human Resources or Legal & Integrity via their smartphones. 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.

During 2020, the Chief Integrity Officer reported to the Finance, Audit and Compliance Committee and the Board of Directors on our material integrity matters, investigative outcomes and progress on drafting our new integrity plan. We also introduced a monthly reporting cycle to the Executive Committee and frequently discussed material investigation matters with our external auditor.



## Lessons learned

In 2020, we opened 720 new integrity-related cases, slightly down from the 746 cases opened in 2019. 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.

The Integrity function uses a variety of resources to ensure the appropriate investigation and resolution of concerns in a prompt, fair and consistent manner. This includes the initial intake of concerns by an independent third party and the assignment and management of cases to seasoned ABB investigators with legal, law enforcement, forensic accounting, and corporate integrity backgrounds.

We have learned from previous years that, in the spirit of inclusion, employee empowerment and accountability, going forward we will be transparent about real-life ABB cases.

In this regard, in 2021, we are launching an organizational justice campaign to further leverage these metrics, as well as other investigative learnings, for the benefit of our employees, enterprise culture and internal controls. As part of this campaign, we will incorporate lessons learned and new trends into employee learning tools, and associated root-cause analysis into our risk-monitoring activities.

### CASE STUDY

## The ABB Code of Conduct mobile app



In 2020, we launched a new mobile app that makes it easy for employees to refer to the ABB Code of Conduct. The app, which also includes reporting channels, key trainings and links to underlying policies, makes the Code fully accessible to all of our stakeholders.

We created this app because we recognize that on a daily basis our people encounter complex situations that require them to make quick decisions. With access to the complete Code in their pocket, employees can immediately consult their smartphones for



guidance on how to handle any situation, including whether or not what they have just observed or participated in should be reported.

In addition to immediately reporting their concerns via their smartphones, ABB employees have many other options for flagging behavior that appears to violate the Code. They can contact their line manager or dedicated representatives from the Legal, Integrity or HR functions. They can also call the ABB Business Ethics Helpline or file a report online from a desktop computer.

Naturally, we treat all reported concerns confidentially, and we review and thoroughly investigate each and every report. Employees who raise concerns can choose whether or not they wish to remain anonymous. After we complete an investigation, we move to mitigate any risk the violation may have posed to ABB and take disciplinary actions as applicable and appropriate, including termination of employment. ABB enforces a strict, zero-tolerance policy for violations of the law or the ABB Code of Conduct as well as a rigorous non-retaliation policy.



## HUMAN RIGHTS

# Integrating respect for human rights into our business

ABB is committed to respecting and promoting human rights across our value chain



In 2020, we made further advances toward integrating respect for human rights into ABB's business processes, as we continued with our programs to raise awareness of human rights and strengthen best practices, while also responding to regulatory requirements and the increased expectations of our stakeholders.

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. We have also made it clear that there is no place in ABB's business or within the operations of our business partners, contractors and suppliers for modern slavery and human trafficking.





In 2020, we reinforced these expectations with the introduction of a new ABB Code of Conduct, a new ABB Purpose, a new set of ABB values, and a new human rights control standard for ABB's HSE/SA management system. The ABB Supplier Code of Conduct, the ABB Policy Combating Trafficking in Persons, our Human Rights policy and our Social policy further reinforce this message.

The main human rights issues of concern can vary by business sector, portfolio, geographic location and the business partners we engage with directly or indirectly. In supply chains, the main human rights issues of interest include child labor, human trafficking and modern slavery, fair employment conditions, and health and safety. In customer-related business, the main issues include modern slavery, fair employment, impact on communities, and business-specific risks. Across ABB's operations, the main issues of interest can include discrimination, fair employment, and health and safety.

Our human rights specialists perform due diligence to help ABB understand its risks and avoid causing or contributing to negative human rights impacts. This due diligence ranges from desktop research and the commissioning of third-party reports to on-the-ground visits. This work emphasizes internal risk assessment processes and research into potentially high-risk projects or operations in high-risk countries.

Human rights criteria are also included in the risk review process for screening major ABB projects, in prequalification and assessment work with ABB suppliers and in our process for examining potential ABB mergers and acquisitions.

### **Primary objective and 2020 target**

Our primary objective for human rights is for this subject to be well-understood and well-managed in all ABB operations along the value chain and integrated into ABB's daily business. To achieve this goal, we have focused on four main activities: building awareness and capacity, identifying risks, improving the performance of our supplier base, and limiting our exposure to conflict minerals.

ABB's 2020 target was to conduct two training campaigns during the year for specific job roles exposed to human rights risks. Given the wide variety of human rights trainings we deliver each year, we once again exceeded this target.



## CASE STUDY

## ABB's human rights training plan



At ABB, our goal is to make sure that human rights are integrated into ABB's day-to-day business considerations and, as such, are well understood and managed in ABB's operations all along the value chain.

To ensure we meet this goal, over the past two years we have worked to revise and reinforce our internal human rights training plan. This involved systematically monitoring participants, their feedback, our course content, and the outcomes we achieved. Our training plan is designed for different target audiences and customized to the needs, roles and responsibilities of participants. Beyond the immediate benefits of raising employees' awareness and knowledge of human rights principles and their relevance for ABB, we have discovered a few other benefits emerging from the training sessions we deliver.

One benefit is that our training programs provide employees with an opportunity to build relationships with colleagues from different functions and Business Areas. In this way, they are able to learn about human rights and other matters from a range of different perspectives. Another benefit is that participants in our programs tend to learn more about ABB through the case studies and human rights dilemmas we present to them for discussion. These experiences serve to increase their engagement with and commitment to the subject matter of our courses. And finally, the homework assignments provide participants with opportunities to engage with senior managers on topics they would not normally discuss during the normal course of their work. These opportunities serve to strengthen their knowledge of ABB's internal processes and expectations.

At the same time, we have gained a greater understanding of the challenges related to our human rights awareness program. Firstly, we came to see that the specialized vocabulary used to discuss human rights issues is new to most members of our organization, and can present a barrier to understanding. Additionally, establishing meaningful business cases that not only describe risks, but also focus on the opportunities provided by respecting and promoting human rights can be challenging. Developing useful indicators to monitor performance will help us to move beyond qualitative measures and better understand the impacts of our programs and of our business.



## Building awareness and capacity

To more deeply integrate human rights principles into all of ABB's business processes, we continued with the advanced awareness and competence building program that we launched 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.

This was reinforced by the continued expansion of our human rights champions network in 2020, as we trained a further 41 candidates from different functions, including HSE, integrity, marketing & sales, human resources and procurement. These internal business experts are charged with supporting ABB's human rights strategy. We continue to develop an internal network of these experts with the aim to ensure there are human rights champions in all parts of our Business Areas who can advise on the best ways to identify, mitigate and avoid human rights risks.

Over the past year, our champions defined human rights plans for their Business Areas and carried out training and communication initiatives to promote and raise awareness of human rights within their Business Area. These champions also supported our most important training initiative of 2020: the launch of customized programs for three specific job roles exposed to human rights risks – marketing & sales, procurement and operations. We trained our champions to deliver these customized courses and then disseminate the training according to their business needs. As a result, 530 managers received general human rights awareness training and 185 marketing & sales managers, 120 operations managers and 142 procurement managers received targeted human rights training. Despite the COVID-19 pandemic, 15 of the targeted 18 divisions received at least three of these customized training sessions from our champions. The remaining divisions will participate in similar programs during 2021.

## Identifying risks

In 2020, we continued to map internal risk identification and risk assessment processes. The training courses for our human rights champions enabled us to expand our understanding of how effectively human rights considerations are embedded in a range of business decision-making processes and to identify gaps. The information we gathered informed our work to draft a five-year plan for human rights activities.

The five-year plan (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.

The plan also entails deployment of our new human rights internal audit process in 2021. The aim of this process is to assess aspects of human rights performance at ABB facilities covering both ABB employees and contractors. The internal audit program will consist of a self-assessment that will be rolled out to all sites as part of our HSE/SA



management system and a periodic audit to be conducted by an internal ABB auditor. This program will help to ensure proper assessment, management awareness and implementation of improvement plans where needed.

## **Supplier development and conflict minerals**

To address human rights risks related to our suppliers, we leverage our Sustainability Supplier Development Program (SSDP) and our conflict minerals management program. For more information on these two programs, please refer to the [Responsible Sourcing](#) chapter.

### **Major initiatives**

Aside from the aforementioned awareness and capacity building initiatives and the creation of a five-year plan, one of our most significant initiatives in 2020 was contributing to the development of ABB's sustainability strategy 2030. We used this opportunity to engage our stakeholders, discuss ABB's future positioning on human rights, and consider new ways to more deeply integrate human rights into ABB's corporate strategy and objectives.

### **Engaging stakeholders**

Staying in close contact with our stakeholders on labor and human rights issues is critical to performing at a high level, and maintaining our social license to operate.

ABB speaks to and works with a wide variety of stakeholders, including customers, investors, suppliers, civil society representatives and international organizations to understand their expectations and improve performance. Our Group also engages with and learns from human rights specialists. These activities include peer learning reviews in the Global Business Initiative on Human Rights, lessons drawn from the annual United Nations stakeholder forum in Geneva, the World Business Council for Sustainable Development (WBCSD) and participation in local network meetings of the UN Global Compact.

### **Reporting on incidents and negative impacts**

ABB has different ways of reporting alleged human rights incidents or negative impacts. These range from an internal process to report allegations of abuses to publicly available hotlines for internal and external stakeholders worldwide. These hotlines are for reporting suspected violations of the ABB Code of Conduct or applicable laws and are mostly used by current employees. While hotline contact details for all stakeholders are provided on our website, few external complaints or allegations are registered on them.

As in many large organizations, human rights violations do occur within ABB. There were 39 substantiated cases of harassment and no substantiated cases of discrimination in



2020, resulting in varying levels of corrective action including 16 terminations of employment. We are undertaking a root cause analysis and will implement appropriate actions to continue to enhance our culture, reduce misconduct in the future, and ensure all employees are aware of our zero tolerance approach on these matters

## **Lessons learned**

During the implementation of our sustainability strategy 2020, we have learned a number of critical lessons.

The commitment of senior management to human rights, as well as the creation of links between human rights and business targets, have proven to be the key to triggering action. Programs thrive when participants understand the reasons for and benefits of their actions and can see that these actions are linked to the success of the business.

We also learned that changes to the external environment, and particularly the steadily increasing interest of our customers and investors in human rights issues, significantly reinforced the value of our program. In the same vein, increasing regulatory requirements that explicitly linked human rights to business activities helped ABB employees to understand and properly value our various training programs and the time commitment required to complete them.

The connections we built across ABB's functions and Business Areas were critical to our success over the past seven years, as they enabled us to view our programs and the issues we are charged with promoting from a wide range of perspectives.

Lastly, the most important lesson we learned was that human rights expertise must be embedded within ABB's Business Areas and divisions, as well as at the corporate center, to help deliver meaningful and long-lasting improvements.



## OUR PEOPLE

# Thriving in a purpose-driven culture

We want everyone at ABB to feel safe, secure and empowered to perform their best and achieve their full potential



To fulfil ABB's Purpose and create value, we need people in the right positions at the right time. To this end, people and leadership development are at the center of the ABB Way, our company's new operating model. As well as providing opportunities for learning and personal development, we empower our people to shape their own careers with an open job market across our organization. In this way, we attract, develop and retain capable employees who can run successful businesses, motivate their colleagues with the passion and spirit for success, and who also have the maturity to understand the value of cooperating for mutual accomplishments.

## A shared purpose

ABB's Purpose was announced in June 2020, after we concluded a project to address questions about our Group's identity, core business activities and overall strategic direction.



The need to identify ABB's purpose became apparent in the wake of the series of profound changes undertaken by our Group in recent years. The desire for more direction was especially voiced in the 2019 employee Engagement Survey, which highlighted that colleagues wanted a clear sense of where the Group is headed. With significant empirical evidence from other companies that a strong, lived purpose has a positive impact on business performance, value creation and employee engagement, we formed a purpose project team of some 20 colleagues from across all of ABB's Business Areas, functions and regions.

From January until the end of May 2020, we conducted extensive interviews and listening sessions with all stakeholder groups, including employees, customers, investors, suppliers and multilateral organizations. Our aim was to build up a holistic picture of how ABB is perceived by its stakeholders and to articulate an overall strategic direction for the company, which would energize our employees. From these discussions, we crafted a series of purpose themes, which led to a clear statement of purpose that can be summed up as follows.

- **We succeed by creating superior value.**
- **We push the boundaries of technology to drive performance to new levels.**
- **We energize the transformation of society and industry to achieve a more productive, sustainable future.**

After the introduction of our Purpose, teams across ABB held workshops to discuss how they can bring our Purpose and the ABB Way to life. They discussed how we can work together to truly express what ABB stands for, how we can all identify with our Purpose, and how we can work together to realize it.

## **Becoming an even better company**

Excellence in people is the key to value creation. That is why we are fostering a high-performance, purpose-driven culture.

Our values are the cornerstone of this performance culture: courage, care, curiosity, collaboration. We identified these values in much the same way as our Purpose – through listening to our leaders and people and using their ideas and input to capture the essence of ABB's corporate culture. Our values reflect the attitudes and behaviors we need to drive our decentralized company with its empowered divisions. They are there to guide and shape our actions and interactions with each other, our customers, partners and society as a whole. By living our four ABB values, we lead by example.





In the context of our Purpose and our ABB Way operating model, our Purpose explains “why we are in business,” the ABB Way defines “how we operate,” and our values determine “how we behave.”

CASE STUDY

## Employee resource groups




In 2019, a grassroots effort within ABB’s United States operations spotlighted the power of employee resource groups (ERGs) to shape ABB’s corporate culture, demonstrating how they can foster a diverse, inclusive workplace aligned with organizational missions, values, goals, business practices and objectives. By the end of 2020, it was clear that this effort was a great success: Six ERGs with more than 1,700 active members had been created in just 12 months. These ERGs, which all fall under the umbrella name of Encompass, include Encompass Women, Black Professionals, Hispanic-LatinX, Military & Allies, Pride and Young Professionals.

Each Encompass group welcomes all employees to join. All were active in the ABB community over the past year, sharing their time and talents while raising funds on behalf of organizations that help girls in STEM (science, technology, engineering and mathematics), providing scholarships to underrepresented minorities, offering meals to the less fortunate, and supporting veterans and their families. Our six ERGs also supported ABB’s diversity recruiting and external Diversity & Inclusion brand efforts by remaining active with leading advocacy organizations, including the Society of Women Engineers, the National Society of Black Engineers, the Society of Hispanic Engineers and Out 4 Undergrad.

By fostering an environment where Diversity & Inclusion is at the forefront of our company’s culture, ABB’s U.S. team has set in motion a natural shift towards engagement, “allyship” and professional development within our Group. In 2020, Encompass initiated impactful programming, led communications and networking efforts, and drove important policy changes within ABB. It also established a Diversity & Inclusion executive council that will continue to drive this grassroots transformation of ABB’s culture well into 2021.



For more information on Encompass and their work to create an environment of inclusion, equity and belonging, please look [here](#) .

## 2020 target and related goals

For 2020, our target was to increase the number of women in senior management positions (Hay grades G1–7) by 30 percent from 2017 and to increase the proportion of employees covered by ABB’s well-being program to 70 percent. Gender diversity and the health, well-being and resilience of our workforce were core priorities that we sought to embed in ABB’s people strategy, with the view that these variables will continue to have a significant influence on our overall performance and future success.

To achieve our 2020 target and, more generally, promote gender balance in our workforce, ABB relies on its stated gender diversity ambitions and associated framework. This framework is built on three pillars: talent, career life cycle, and awareness. The talent pillar entails our people processes and practices, including recruitment, development, retention and career planning. The career life cycle pillar covers a wide range of options for supporting the full career arc of our employees. And the awareness pillar encompasses our work to build a diverse and inclusive culture by raising understanding of its benefits externally and internally.

We are proud to have performed well against our 2020 target of a 30 percent increase in the number of women in senior management. By the end of the year, 13.5 percent of the senior managers at ABB were women, up from 11.7 percent in 2019 and 10.5 percent in 2018. This figure represents a 30 percent increase over our 2017 baseline, when 10 percent of our senior managers were women.<sup>8</sup>

Our second gender diversity goal in 2020 was to identify 100 female candidates for succession to senior leadership positions (G1–7). As in 2019, almost every division identified five or more women for this purpose in 2020, enabling us to once again exceed our goal. In total, more than 100 women were nominated for leadership talent pools over the past year.

Our third goal was to ensure that females comprise at least 30 percent of our early talent hires, i.e., recent university graduates. As in 2019, we achieved this goal in 2020, with the proviso that, once again, most of these hires were in functional areas. We made a significant effort to meet this target for business roles at our company in 2020 and will continue our focused efforts as we move into the new strategy cycle.

<sup>8</sup> Data from 2017 – 2019 includes Power Grids. Data from 2020 excludes Power Grids. ABB elected not to restate the baseline and the 2020 target following the completion of the divestment.



## CASE STUDY

## Creating a gender diverse and inclusive workforce within ABB India



Over the past three years, ABB in India has increased the number of female employees in its workforce to 14 percent, up from 9 percent in 2017. To make this promising start in gender diversity, ABB India worked closely with leaders from all of our Business Areas and divisions to identify “Diversity & Inclusion champions” in each business. These champions were assigned to work closely with our business leaders to foster an environment of inclusion across ABB, with a particular focus on enhancing gender diversity within our organization.

This further incentivized managers, teams and Business Areas with the introduction of a “Diversity Reward & Recognition” policy, which makes driving progress on Diversity & Inclusion one of ABB India’s core business goals. ABB India also expanded its training and sensitization initiatives, introducing “Unconscious Bias” training programs to help managers build an inclusive culture; a “Women Excellence Program” to provide female staff in the Global Business Function with new pathways for success; and the “RISE Women Leadership Development Program,” which is designed to identify promising female employees within the organization and provide them with professional development opportunities to be ABB India’s leaders of tomorrow.

To enhance its ability to engage and retain female talent, ABB India introduced policies that make its workplace more open and friendly for women. This included permitting telecommuting, a groundbreaking step for an organization that was overwhelmingly dedicated to manufacturing, which involved optimizing digital tools and systems to increase employees’ ability to connect with the workplace from home. It also revamped its daycare centers for employees’ children and made them more inclusive.

ABB India then successfully increased its gender diversity by focusing on hiring female university graduates. The number of female university graduates recruited and retained by ABB India increased from 42 percent in 2017 to 49 percent in 2019. In 2020, this figure decreased to 45 percent in 2020 due to the COVID-19 pandemic, which reduced hiring throughout ABB India.

To complement its effort to increase the gender diversity of its workforce, ABB India worked with its vendors to encourage them to hire women, and the number of females employed by some of our manufacturing suppliers increased from 4 to 11 percent over



the same three year period. ABB India also launched an innovative “re-boarding program” to connect with former female employees, resulting in the rehiring of 10 of them. Lastly, to monitor this push for gender diversity and ensure that it continues, ABB India set up a governance structure, with Diversity & Inclusion council members working together with the Country Managing Director and the Country Human Resources Officer to track progress over time.

## Major initiatives in 2020

In 2020, ABB was among more than 50 leading European companies in the industrial and technology sectors to reaffirm its pledge to EmbraceDifference, a pan-European diversity and inclusion (D&I) initiative. Developed and led by the European Round Table of Industrialists, of which ABB CEO Björn Rosengren is a member, the pledge aims to spur progress in the creation of diverse and inclusive work environments. We signed the EmbraceDifference pledge in 2018, and have linked our D&I initiatives for the next strategy cycle to its six focus areas: Inclusive Culture, Inclusive Leadership, Aspiration & Goal Setting, Clear Responsibility, Equal Opportunities & Societal Engagement, and Responsibility.

In response to COVID-19-related social distancing requirements, we successfully turned our unconscious-bias training materials into virtual workshops. To preside over the virtual delivery of these materials, we specially trained 168 in-house facilitators in the practice of online workshop management. In 2020, more than 1,100 managers participated in these workshops, up from the 900 managers that participated in 2019.

We also revised and adapted the global guidelines for the flexible working practices that we introduced in 2018, adjusting them to meet the unique demands of the COVID-19 pandemic.

Regarding the Lesbian, Gay, Bisexual, Transgender, Questioning and all of the communities encompassed by the “LGBT+” acronym (herewith LGBTQ+), ABB kicked off its LGBTQ+ strategy in 2020, which included trainings, awareness raising campaigns and benefits reviews, among other actions. The company also signed the UN Standards of Conduct for Business Tackling Discrimination against Lesbian, Gay, Bisexual, Trans and Intersex People (LGBTI), in addition to signing a partnership with Stonewall, Europe’s largest LGBT rights organization, to help develop a roadmap on LGBTQ+ for our employees.

In 2020, ABB also joined the Gender and Diversity KPI Alliance together with more than 50 large companies; the alliance supports the use of a common set of key performance indicators to accelerate diversity in corporations. Relatedly, within our own organization we included D&I metrics on the global people analytics dashboard, in addition to our already established D&I dashboard. We continued to build our female mentorship programs around the world and support the establishment and growth of employee resource groups across ABB.



## Lessons learned



From 2010 to 2014, ABB was working to establish diversity and inclusion initiatives on both the local and regional levels. In 2015, the concept of D&I was embedded in our HR strategy and we created our global diversity & inclusion framework. Thanks to local and regional initiatives across our organization, we were able to achieve continued growth and progress in the D&I space within our company in 2016.

Our work received new impetus in 2017, when we set our current 2020 target. Serious work toward achieving this target began at that time, together with work to achieve our D&I goals. In January 2018, ABB's Executive Committee signed off on our global gender diversity ambitions; this marked the beginning of our first truly global D&I strategy, complete with clear key performance indicators on female early pipeline, development and growth into senior leadership roles (G1–7).

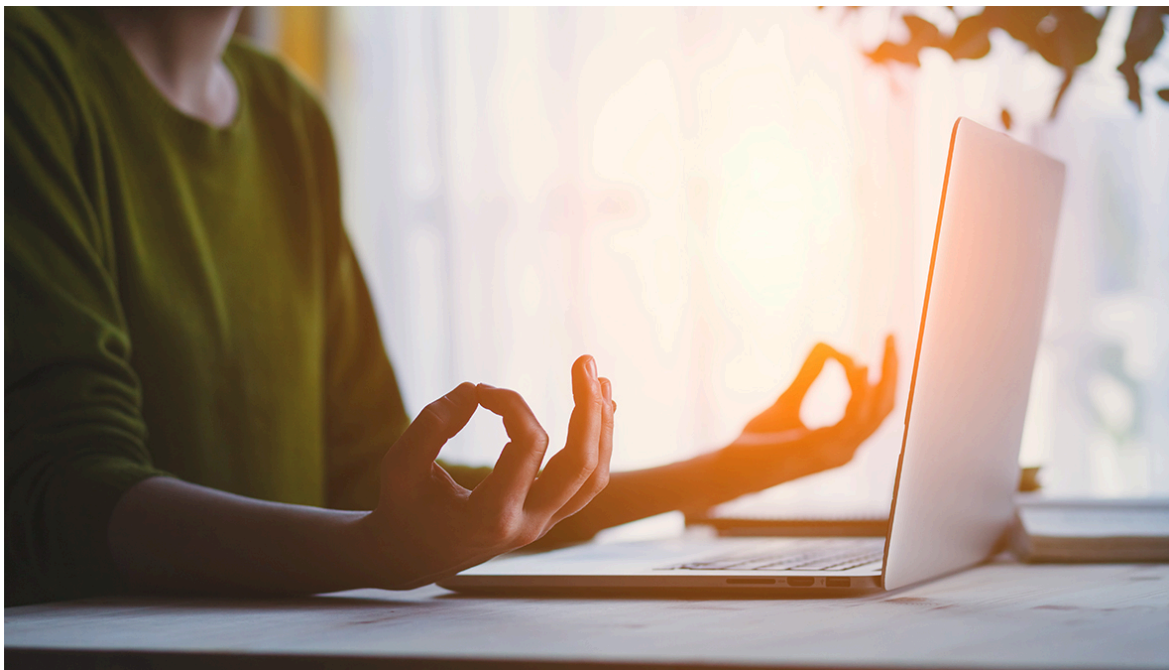
The major lessons we learned during the execution of our 2020 D&I strategy was that the strong engagement of our senior management, the empowerment of our passionate people on the ground and our regular follow up on metrics was crucial to achieving our goals.



## OUR PEOPLE

# Prioritizing health, well-being and resilience

ABB believes there is a direct link between the physical and mental health of its people and the company's overall performance



At ABB, we understand that the health, well-being and resilience of our people is critical to our ability to achieve our strategic goals. To this end, we provide them with standards and guidelines on identifying, reporting and managing health risks. ABB's health programs, which we offer to our people across the world, are built around awareness-raising activities and training focused on general and occupational health issues and concerns. We aim to provide proactive coverage of both risk-related health issues and the task of promoting good health in general.

## A year like no other

Because of the COVID-19 pandemic, we required many of our employees to work remotely; by making physical distancing mandatory, ABB was able to significantly slow down the transmission of the virus at its sites around the world. Remote working and the need to adhere to physical distancing guidelines presented our people with a new set of



challenges, however, and we moved swiftly to provide them with guidance, support and tools aimed at assuring their mental health and well-being.

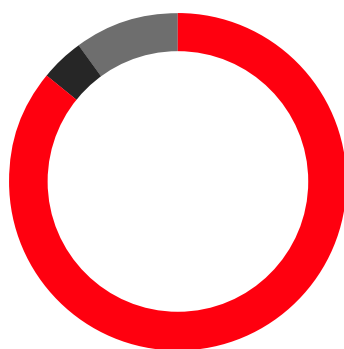
From global pandemic risk assessment tools and home workstation safety guidance to locally run programs and customized approaches, we worked to meet employees' health and well-being needs. At the corporate level, our HSE and HR functions identified a global EAP (employee assistance program) provider for entities based in countries without a local EAP provider.

## 2020 targets

We achieved our 2020 sustainability target, which was to have at least 70 percent of all ABB employees participating in one or more ABB well-being program. Over the year, 86 percent of our people were covered by an ABB well-being program, an increase of 9 percent over 2019. The top three globally reported programs were voluntary medical checks, mental health and fitness and physical activity.

## 2020 wellbeing status

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- **86% Good**  
Non-smoking policy / program and minimum 3 well-being programs in place
- **4% Making progress**  
Non-smoking policy and 1-2 programs in place
- **10% Needs improvement**  
Lack of non-smoking policy or program

At present, we require all of our entities to provide employees with a no-smoking policy and access to smoking cessation programs, as well as three other well-being programs. ABB's well-being programs are designed to give employees the skills, knowledge and self-confidence they need to properly manage their health, quality of work, and productivity. These programs include: healthy nutrition, physical fitness, mental health, vaccinations and infection control, medical checks, good ergonomics and addiction prevention.

## Major initiatives in 2020

Over the year, our resilience building program continued to provide support to employees coping with challenges related to the 2019 carve-out of our Power Grids business; this process concluded on June 30, 2020. By the end of 2020, some 7,000 more employees were able to complete the program, many of them via the new version of the course we created in response to the COVID-19 pandemic. Since we began offering resilience training in 2017, more than 55,000 employees in 84 countries have completed our courses.





The training has been well received by our employees, who have on average rated it 4.0 and above on a scale of 1–5.

In 2020, we also updated the well-being, resilience and occupational hygiene portions of the health section on ABB’s intranet. In addition, we posted articles on pandemic-related topics on ABB’s social channels. Typical titles included, “Boosting your immune system during the pandemic,” “COVID-19 – dealing with loneliness,” and “Family options during isolation – COVID-19.”

The COVID-19 pandemic has increased the world’s focus on mental health, and we continue to develop programs related to managing work-related stress and the impact of physical distancing requirements. For example, inspired by the unique challenges our employees faced this past year, we have begun to conceptualize a mindfulness meditation program. The program will not only train employees in basic meditation techniques but also will teach managers to understand the importance of the program, recognize the signs and symptoms of employees under too much stress, and take appropriate measures to assist over-stressed employees.

CASE STUDY

**Pandemic plan implementation**




In Q1 2019, ABB released its pandemic management standards, together with supporting risk assessment tools and preparedness checklists. These documents enabled our organization to take swift action when we realized the SARS-CoV2 virus had pandemic potential.

Since the January 2020 outbreak and subsequent lockdown in Wuhan, ABB’s emergency response was carried via corporate, business and country crisis management teams together with representatives from the Health and other functions. From the very beginning, these well-prepared teams delivered the right levels of guidance to the organization. Consequently, ABB was able to continue its critical operations without putting employees at risk of infection.



In addition to the support given to the local crisis team, ABB's corporate crisis team also produced documents that covered interrupting virus transmission chains, protecting employees, travel restrictions, remote work guidance, case definition and management, disinfection and cleaning protocols, physical distancing, how to use masks within the workplace, testing policies, return to work measures, and guidance on vaccinations.

We also tracked and monitored all potential cases around the globe. This work helped us to limit disruptions in our operations from any cases acquired within the community.

More information on ABB's pandemic response can be found [here](#) .

## Lessons learned

Since 2017, when ABB's health function started to develop the ABB well-being program, we have derived many valuable lessons that will serve us well in the years ahead.

In the beginning, we required each of ABB's Business Areas to implement a no-smoking policy and provide employees with access to three well-being programs. While this was effective, we realized that we needed to be able to determine how our program was impacting each business. To this end, by the end of 2020 we had adopted the INTELEX system for collecting program data. Critically, we also required each business to track the cost of the program, monitor participation rates, and determine business-specific objectives and KPIs for their well-being programs. Giving our Business Areas increased responsibility for these programs helped us to exceed our 2020 target.

Based on this experience, next year we will give our Business Areas responsibility for setting their own health and well-being targets. During our past sustainability cycle, the health function determined the participation targets for each business based on their headcount, the number of trainers available to them, and the number of their employees that were trained in the previous year.

In addition, we learned that management collaboration with employees was essential to building the right health program. Facilitating such cooperation brought us closer to our goal: fostering a culture where health is taken into account for all decision-making processes. Based on this lesson, we made such collaboration the core of our 2030 health strategy.

Our 2030 health strategy has three core components: understanding the cost of poor health and how to reduce its occurrence; enhancing employee involvement in creating a sense of their own well-being; and ensuring collaboration between ABB's functions and Business Areas for the creation of health programs.

We also gained valuable lessons while delivering our resilience awareness trainings. Very early on, we realized that managers provide crucial support for employees and that we could strengthen our resilience program by bringing managers onboard. To this end, we worked to give managers the skills required to identify the early warning signs of a person



experiencing emotional distress; we also provided managers with guidance on how to support employees through such periods of difficulty.



Finally, we learned that we needed to give employees and their families ready access to continuous support from a competent EAP provider.





## COMMUNITY ENGAGEMENT

# Driving social progress

ABB actively supports the communities in which our people live and work

ABB has a long and distinguished tradition of serving the community. Our approach is to combine strategic corporate partnerships with country-level projects to address local needs. Our company's and employees' contributions make a real difference in people's lives and we are proud of our employees for donating both time and money to help others in need.

By design, our initiatives aim to provide assistance for the most vulnerable and help sustain progress in the fields of education, diversity & inclusion, and care in the community.

Among our largest programs, we have a corporate-level agreement with the International Committee of the Red Cross (ICRC) to support innovative water and habitat projects, while the Jürgen Dormann Foundation assists financially disadvantaged engineering students. We are also members of the select group of Nobel International Partners.

Our assistance for local and international educational institutions and programs provides students with better learning opportunities, raises ABB's profile, and helps us to recruit qualified engineers and other staff. Our support for healthcare and diversity & inclusion can deliver positive social and economic benefits to our employees, customers, suppliers and the communities in which we are present, among other major stakeholders. Supporting impactful, community-building projects demonstrates our values and helps secure promote social progress.

## Making a difference in 2020

In 2020, ABB contributed to more than 340 community projects and charities worldwide. Out of the 67 countries that report on their social activities, 53 countries hosted ABB operations that engaged in community-level projects. We are particularly proud of our employees and our Business Areas; together, they donated some \$10.1 million and bravely provided about 2,000 person-days in volunteer work under extremely challenging circumstances.

While restrictions related to the COVID-19 pandemic limited our ability to implement many projects and activities, we carried out many new activities in response to the unfolding crisis. In addition to implementing measures to protect the health and safety of our own employees and contractors at ABB sites around the world, we launched a range of new



initiatives to help our employees, their families and our contractors get through this challenging year.

In countries around the world, local ABB managers assessed the specific needs of their employees before taking action; many of their measures focused on helping employees cope with challenges associated with remote working. A wide range of on-line courses was provided to help employees adapt to working from home; topics included stress prevention and management, ergonomics for home offices, refreshers on time management, and practical home schooling strategies.

We also provided our employees with supplementary health services in areas where local health providers were overwhelmed or access was limited. In the Americas, a number of our local operations offered telemedicine programs to ABB employees and their families. And in countries across the world, our operations worked to equip employees and their families with masks and hand sanitizer.

Particularly during the opening stages of the pandemic, our company mobilized to support hospitals, healthcare workers and first responders, among others. We directly procured and donated tens of thousands of protective masks along with supplies of hand sanitizer and other critical medical supplies. Together with our employees, ABB made direct contributions to hospital or community relief. Our employees also took the initiative by, for example, applying their technical skills to the design and manufacture of goggles and face shields for paramedics, nurses and doctors. Notably, we leveraged ABB's unique domain expertise to help customers repurpose assembly lines for the manufacture of ventilators; our company also provided emergency response services for hospitals to ensure their electrical systems stayed online.

To address the pandemic's many secondary effects, we have reached out to help the most vulnerable. Our company and our people donated money and food to foodbanks in Egypt, Spain, United Arab Emirates, and the United States, among other countries. In Brazil, we gave the non-perishable items from our canteen to restaurants serving affordable meals to underprivileged communities. In India, we delivered packages of essential food supplies to over 22,000 children and their families. And in a number of countries, local ABB operations donated personal computers and laptops to schools so that disadvantaged students could attend remote classes during school shutdowns.

Where possible, we upheld our educational commitments to promote STEM education and careers, particularly for girls and women. ABB's scholarships and mentoring programs continued in China, Hungary, India, Poland and Sweden, among other countries; given the situation, most of these interactions took place online. These academic programs also aim to enhance the employability of students by helping them develop their "soft skills" and giving them practical experience in real industrial environments.

In 2020, ABB in the U.S. established a new collaboration with the National Urban League to support education and promote diversity and inclusion. An ABB Foundation grant will support Project Ready Mentor, the League's signature education program. Project Ready



Mentor equips African-American and other historically underserved youth with the tools they need to succeed at college and in their professional career.

In Italy, ABB continued its 15-year association with Junior Achievement Italia to mentor the young people participating in its entrepreneurial education program, Enterprise in Action. As part of this program, classes set up mini-enterprises for training purposes, developing project ideas from initial concept to launching the enterprise on the market. Thanks to investments in digital technologies and processes, the classes and their volunteer “dream coaches” proceeded without interruption during the pandemic, even in the most heavily affected areas, such as around Bergamo.

Across the world, we made donations or provided services and other forms of support to health initiatives and services. For example, in India mobile health units funded by ABB gave advice and medicine to treat chronic illnesses in the poor and the elderly in rural areas with restricted access to regular healthcare. And in New Zealand, ABB provided electric-vehicle chargers to Asthma NZ’s offices as well as to the homes of its nurses so that the organization could begin switching its fleet over to EVs.

## **Major initiatives**

During 2020, we significantly reinforced two of our existing partnerships – with the International Committee of the Red Cross (ICRC) and with the World Childhood Foundation.

ABB has a longstanding relationship with the ICRC as a founding member of its Corporate Support Group. As part of numerous initiatives within the company to support COVID-19 relief efforts, we undertook a joint initiative with the ICRC to directly assist the world’s most vulnerable people in the fight against COVID-19. ABB made an initial contribution of CHF 1 million and matched contributions from employees in 72 countries to provide a total donation of CHF 2 million. The money raised helped to provide infrastructure for healthcare centers, sanitation infrastructure, and crucial items such as soap and masks in countries such as Nigeria and South Sudan.



## CASE STUDY

## ABB and ICRC helping those in need



As part of numerous initiatives within the company to support COVID-19 relief efforts, ABB undertook a joint initiative with the International Committee of the Red Cross (ICRC). This initiative is aimed at directly assisting some of the world's most vulnerable people affected by the COVID-19 pandemic.

The ICRC specializes in providing emergency response and has been at the forefront of fighting the pandemic in places of armed conflict and other situations of violence.

The joint ABB-ICRC initiative was launched in early April, with ABB making an initial contribution of CHF 1 million to the ICRC COVID-19 prevention and relief efforts. Additionally, ABB employees from 72 countries contributed to the initiative, and their donations were matched by the company. Overall ABB and its employees donated CHF 2 million to the ICRC.

Regarding the tremendous outpouring of support from the ABB community, CEO Björn Rosengren said, "I have been truly impressed by the generosity and solidarity shown by our employees during this time of crisis. Their support of those communities most at risk shows true ABB spirit and I am proud to be part of such a company."

More than 90 percent of donations made to the ICRC are used directly for its work in the field. The money raised by ABB is being used to provide infrastructure for healthcare centers and better sanitation, as well as crucial items such as soap and masks in areas such as Nigeria and South Sudan.

Examples of the direct use of the donations on a local level are readily apparent. "With these donations we can increase our stock of personal protective equipment and support the national society, the South Sudanese Red Cross, to disseminate the message of precautionary measures that the population needs to take," explains Filippo Gatti, Deputy Health Coordinator, ICRC South Sudan. "For example, additional water tanks supplied are filled with clean water and are being used in the communities to encourage people to wash their hands to prevent the spread of the disease."

In Nigeria, the ICRC is using the donations to help farming communities who have been affected by conflict violence and disruptions caused by lockdowns due to the spread of





COVID-19. The ICRC has been distributing seeds and financial support to help farmers grow enough food for their families and communities.

As a founding member of the ICRC's Corporate Support Group, ABB has a long-standing and trusted relationship with the ICRC. The partnership has covered a range of topics over the years, most recently focusing on knowledge exchange around the electrification value chain, security cooperation and leadership development.

As part of our efforts to promote social progress, in 2020 we renewed our partnership with the World Childhood Foundation, a global children's rights organization that focuses on preventive actions so kids can enjoy a safe childhood. ABB provided CHF 1 million to support the charity during times when many children across the world are particularly at risk as a result of the COVID-19 pandemic.

ABB and the World Childhood Foundation have a longstanding and trusted partnership that started more than 20 years ago, when the company became one of the founding partners of the organization. Established by H.M. Queen Silvia of Sweden, the mission of the foundation is to defend the rights of children and to promote better living conditions for vulnerable and exploited children at risk all over the world. The foundation presently supports more than 75 projects in 14 countries, focusing on prevention, intervention and education efforts.

During the year, ABB also announced it would support the inaugural Ashesi-ETH Master's in Engineering Program in partnership with two of the world's leading universities for technology and the natural sciences, ETH Zurich in Switzerland and Ashesi University in Accra, Ghana. The program, which is for African undergraduate students with an engineering background, will provide them with a modern, interdisciplinary engineering education over six semesters. Students admitted to the program will receive a scholarship that covers their living expenses and tuition fees; they will also be required to complete an industrial internship with a partner such as ABB. Upon completion of the three-year program, graduates will receive degrees from both ETH Zurich and Ashesi University.

Internally, our two most important initiatives in 2020 were to update the focus areas for our community engagement activities and begin a comprehensive review of our community engagement strategy. We carried out these initiatives in response to the rollout of the ABB Way, our company's new operating model, and ABB's newly described Purpose and values.



Based on our successful, existing activities, the interests of our Business Areas and the views expressed by our stakeholders, we will now focus our activities and partnerships on three core areas, which are thematically linked to ABB's values:

- Education (curiosity): Supporting STEM education, lifelong learning, job readiness and preparedness for digitalization
- Diversity & inclusion (courage): Contributing to employability and diversity in communities and at ABB
- Care for communities (care): Caring for the most vulnerable through disaster relief, health & well-being promotion

In alignment with our fourth value (collaboration), we will work to create value through shared purpose, partnerships and business-driven programs. Our updated community engagement strategy will be developed following further research and consultation during 2021.

CASE STUDY

## Rebuilding critical infrastructure in Beirut



In response to the devastating 2020 explosion in the port of Beirut, Lebanon, ABB is donating products and solutions to secure the city's power infrastructure.

Many public buildings, including 159 schools and several hospitals, were damaged or destroyed by the blast that occurred on August 4. More than 6,500 people were injured in the incident, while some 300,000 were left homeless.

Major hospitals and a school in Beirut are receiving products and solutions from ABB to restore and accelerate reconstruction efforts. Working with ABB's local partner, Harb Electric, ABB's donations include a UPS (Uninterruptible Power Supply) System for each hospital, along with various smart power and energy distribution solutions.

The UPS and smart power components are being supplied as a holistic solution from ABB to future proof the electrical and power infrastructure of the hospitals in the event of



blackouts. The infrastructure is feeding all critical loads from operating theatres and rooms with power sensitive equipment, including X-ray machines, MRI (Magnetic Resonance Imaging) and respirators.

With these solutions, we are providing urgent help as the Lebanese medical sector needs every single one of its hospitals to fight the COVID-19 pandemic. This ABB initiative is enabling Beirut's hospitals to resume operations and play their much-needed role in helping local communities, curing people and saving lives.

Among others, ABB's donations are going to the Rosary Sisters Hospital, which was severely hit by the explosion due to its immediate proximity to the port area. The hospital suffered extensive structural and equipment damage that shut down all of its medical and administrative operations.

ABB donations of electrical equipment and systems are going to the Lebanese Hospital Geitaoui – UMC and the Quarantine Government Hospital, which continued to tend to the sick and injured despite damages to their structures. ABB's commitment of support is enabling key parts of the hospital to be reconstructed.

Many of the components donated by ABB are also being used in the Collège du Sacré-Coeur to fit and replace the school's ageing electrical infrastructure, which was almost completely destroyed in the blast. ABB smart power and distribution components are assuring the safety of the electrical supply in time for the school year.

## Lessons learned

During the implementation of our sustainability strategy 2020, we learned that our community service projects enjoyed the most success when they were based on clearly identified needs and supported by a core group of passionate ABB employees who worked to bring the project to life. When projects are driven by enthusiasm and provide demonstrable benefit to communities, success often snowballs into wider employee support and new project ideas.

We also learned the value of demonstrating the impact of our programs and initiatives. Given that our community engagement projects typically yield results that are difficult if not impossible to quantify, we have learned the importance of communicating the impact of our work through powerful images and stories that illustrate the difference our efforts are having on the people and communities we partner with to achieve shared goals.

Over the past seven years, it has become clear not only that ABB's employees would like more volunteer options but also that we need to communicate more clearly about the options we already provide. Our people are proud to work for a company that lives its values and cares for their community, and they welcome the opportunity to volunteer their support. In the coming years, we will make a concerted effort to provide employees with more options for and information about volunteering for our various community service projects.



Relatedly, we have noticed that while a local focus can be critical to the success of engagement projects, our people have a deep interest in knowing how their efforts fit into a larger story. Quite often, our employees and local business managers prefer their contributions to be a part of a wider corporate or Business Area effort; they want to experience a strong sense of solidarity and to see the potential global impact of their efforts. This is a critical insight, one that is also related to the challenges of measuring and assessing the impact of community-level projects.

We will take these lessons learned into full account as we work to further develop our Group-wide and business-specific programs for the upcoming 2030 sustainability reporting cycle.