



# Sustainability in our business

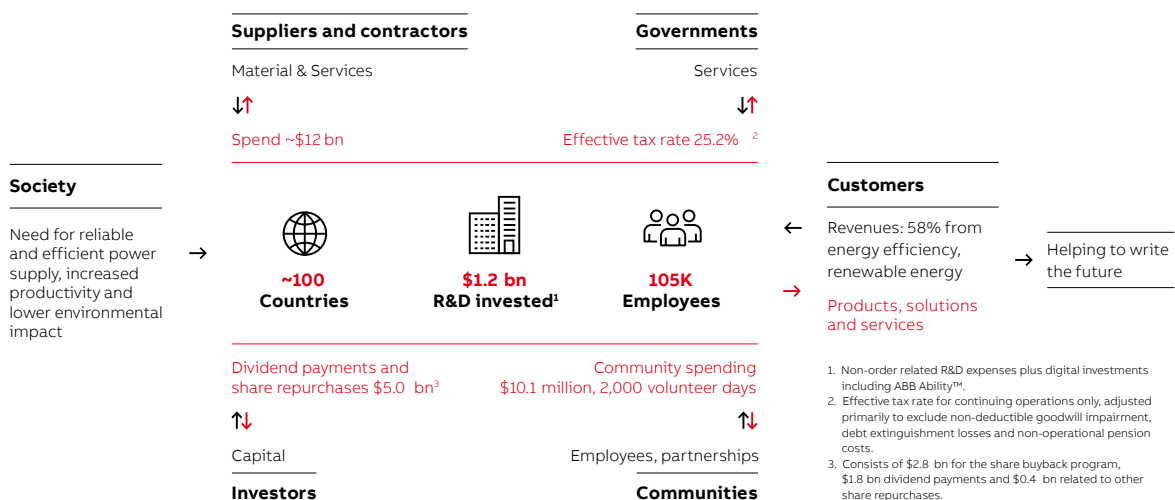
## Business model

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



## 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 CO<sub>2</sub> 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](#) .