



# 04

## Social progress

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## STRATEGY PILLAR OVERVIEW

# We promote social progress

At ABB, we are building safe, fair, equitable and inclusive working environments where our people can succeed and develop. That means continuously reducing workplace injuries, improving our employees' sense of well-being, increasing diversity & inclusion, promoting respect for human rights, and making ABB a place where people want to work and build their careers.

## Target overview



- Achieving **zero harm** through yearly reduction in lost time from incidents
- Doubling **proportion of women** in senior management roles to **25 percent**
- Achieving **top-tier employee engagement score** in our industry
- Providing impactful support for **community-building** initiatives

Beyond our own operations, we support community development around the world through impactful initiatives focused on education, diversity and inclusion, and care in the community.

Additionally, we promote social progress in our supply chain through our Sustainable Supply Base Management system, which also drives broader environmental, social and governance performance (ESG).

In the field of human rights, ABB goes beyond compliance by embedding human rights considerations in our decision-making processes, by prioritizing human rights in the risk analyses we perform for our entire value chain, and by building human rights awareness, knowledge and expertise throughout our businesses. Respect for human rights - or, simply put, respect for people - underpins our approach to social progress.



Four of the targets in our 2030 sustainability strategy relate directly to how ABB is working to promote social progress. First among them is our effort to ensure a safe working environment: We aim to achieve a yearly reduction in lost-time incidents. Second, we are working to double the proportion of women in senior management roles to 25 percent. Third, we are seeking to achieve and maintain a top-tier employee engagement score in our industry. Fourth, we will provide impactful support for a range of community-building initiatives.



## SAFETY

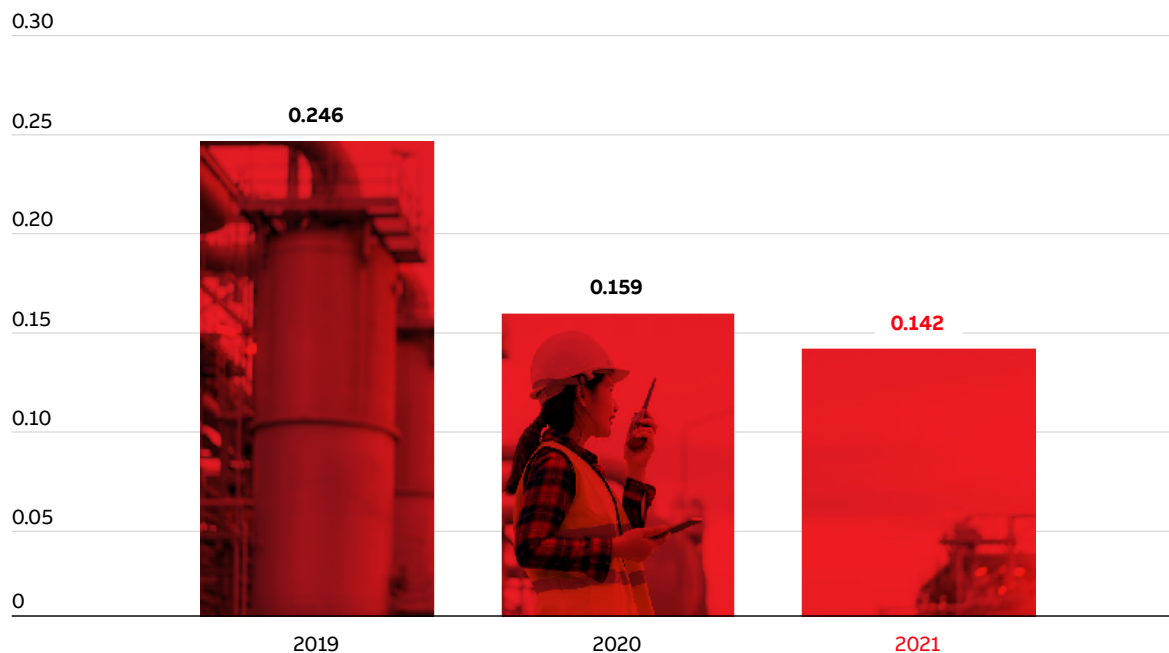
# Zero fatalities for the first time in 10 years

Target: Zero harm is caused to our people and contractors; we aim for a yearly reduction in lost-time incidents

At ABB, safety is our highest priority and the foremost standard by which we measure our performance. Our ability to ensure the safety of our people is critical to our long-term success, reputation and standing as the best partner for our customers and other stakeholders.

In 2021, we recorded a lost-time injury frequency rate (LTIFR) of 0.14. In our previous sustainability reporting cycle, we used a total recorded injury frequency rate (TRIFR) to measure our progress in making ABB a safer place to work. We opted to use LTIFR for the current sustainability cycle because it is directly related to productivity and more widely accepted within our industry. Furthermore, LTIFR is generally more accurate, because in today's reporting culture, there is a minimal probability of a lost-time incident going unreported.

## Safety at ABB





For the first time since 2011, ABB recorded zero employee fatalities and zero contractor fatalities for the year in 2021. While we are very pleased with this result, we are aware that any safety incident has the potential to lead to a fatality. With this caveat, we have reason to be proud of the robust safety culture ABB has built over the past decade. Our Business Areas' safety programs have been highly effective at reducing or eliminating conditions that can lead to incidents, for example by focusing on hazard reporting and conducting sustainability observation tours. This is also evidenced by the downward trend in the total number of serious incidents ABB has recorded since 2014.

Since they have the freedom to design and implement their own safety programs, our Business Areas and their Divisions were able to create a wide variety of thoughtfully targeted and granular approaches to the specific risks that each Division, service product group or industry faces. These programs are not required to conform to "one size fits all" prescriptions.

To mitigate the risks associated with this flexible, decentralized approach to safety, our Business Areas and their Divisions are required to take full ownership of their respective safety programs. They are thus fully accountable for delivering results commensurate with our Group's strong commitment to safety. Furthermore, to increase corporate monitoring of corrective actions and lessons learned, we are strengthening the governance of ABB's safety activities via regular council meetings and steering committees. In this way, ABB's corporate leadership and its Business Areas can identify, align and collaborate on company-wide improvement programs.



## DIVERSITY &amp; INCLUSION

# Leveraging diversity and increasing female representation in management

Target: Double the proportion of women in senior management roles to 25 percent, within our comprehensive diversity and inclusion framework

Our aim to double the proportion of women in senior management roles is part of our broader Global Diversity and Inclusion Strategy 2030, which has the ambition to make ABB a truly diverse, fair and inclusive place to work for everyone. That strategy is underpinned by a comprehensive diversity and inclusion framework that recognizes diversity in all of its dimensions: gender, ethnicity, age, ability and sexual orientation. The strategy is based on three pillars:

1. Governance
2. Inclusive leadership and culture
3. Partnerships

## Women in senior management (%)



At ABB, senior managers are defined as employees in Hay grades 1-7.





In 2021, we ran mentoring and leadership development programs across all Business Areas to develop and strengthen our pipeline of female talent globally and regionally. These programs provide promising female employees with mentors for professional guidance, learning and support, as well as networking opportunities with ABB senior leaders. They also help our female team members become part of a mutually supportive community to enable them to realize their potential and assume more senior leadership positions.

Our Business Areas have embraced these programs. In 2021, more than 100 mentees and 100 mentors from both ABB Motion and ABB Robotics & Discrete Automation participated in ABB's Female Mentoring Development Program. In ABB Process Automation, 112 talented female employees joined the "PA Women Development Program" for a period of nine to 12 months. And ABB Electrification launched the Women's Leadership Development Program (WLDP) to strengthen its female talent pipeline, providing visibility, development, senior sponsorship and executive coaching for program participants.

Along with our 2030 target for increasing the representation of women in senior management, we have three additional targets for diversity, equality and inclusion (DEI): to achieve an equal gender balance among our early talent hires, to provide broader access for our people to Employee Resource Groups<sup>3</sup> (ERGs) and to improve employee perceptions of inclusiveness at ABB.

## Diversity & inclusion highlights in 2021

 <p>Launch of new flexible work practices <b>first global, gender-neutral, parental leave program</b></p> <p><b>40.5%</b> of early talent hires were women</p>		 <p>Official Global Partner of the <b>FIA Girls on Track</b> ABB Formula E Project</p>	 <p>dedicated <b>D&amp;I</b> initiatives within ABB's four Business Areas</p>  <p>moving ABB's culture of inclusion forward through dedicated activities during <b>Pride Month 2021</b></p>
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## Early talent hires, ERGs and inclusiveness at ABB

In 2021, we made good progress on all three of our internal DEI targets. Among our early talent hires, 40.5 percent were women; we now have 22 active ERGs in countries across the world; and we established a baseline for our inclusiveness target. In keeping with our efforts to build a robust culture of inclusion, more than 7,600 ABB managers and other employees have completed our "Interrupt Unconscious Bias" program. Diversity and inclusion are also among our core leadership competencies, and we have made a wide selection of learning paths on this topic available to all of our people.

<sup>3</sup> Employee Resource Groups are voluntary, employee-led groups whose mission at ABB is to champion diversity initiatives and embrace the differences that make us unique, thereby fostering an environment of inclusion, equity and belonging at ABB.



## Global, gender-neutral, parental leave program

Among other initiatives to make ABB more inclusive, in 2021, we revised our Group-wide guidelines for flexible work practices, which are now being rolled out across ABB and we launched a global, gender-neutral, parental leave program, providing 12 weeks of paid leave for primary caregivers and four weeks for secondary caregivers. Additionally, substantial work has been done in the past year to attract, recruit, develop and retain diverse talents.

### ABB Pride

During [Pride Month 2021](#), thousands of our people participated in events aimed at promoting a culture of inclusion. ABB was recognized by Germany's [Prout at Work Foundation](#) as an LGBTQ+ ERG Global Leader for our efforts to support ERGs and mobilize our LGBTQ+ colleagues and allies in such a short time. In Switzerland, ABB was honored with the [Swiss LGBTI-Label](#) – a seal of approval awarded to organizations that actively promote equal opportunities and equity for LGBTI people within the organization.

### Partnering to drive social progress

To drive social progress within our company and throughout society, ABB has partnered with the Society of Women Engineers, Society of Hispanic Professional Engineers, National Society of Black Engineers, Stonewall, Catalyst, FEMTEC, Parks and Open for Business, among many others. In May 2021, ABB announced that it had become the Official Global Partner of [FIA Girls on Track](#), an ABB Formula E project to empower girls and promote gender equality in motorsport and beyond.

### Initiatives within ABB's four Business Areas

At the Business Area level, ABB implemented a number of actions in 2021 linked to our D&I objectives.

ABB Motion piloted manager-led "Inclusive Teams Workshops" and ran leadership team engagement sessions on the topic of "LGBTQ+ Inclusive Leadership."

ABB Robotics & Discrete Automation celebrated Pride Month in 2021 by displaying Pride-themed YuMi and GoFa robots and hosting a panel discussion on LGBTQ+ issues; more than 900 participants attended the event virtually.

In addition to kicking off its "PA Women Development Program," ABB Process Automation actively supported its Divisions in setting up DEI councils and executive sponsorships.

As well as the establishment of the Women's Leadership Development Program, ABB Electrification initiated a working group on diversity, equity & inclusion and formed the ABB Executive Diversity & Inclusion Council in the United States. The Business Area also conducted unconscious bias training for nearly 1,600 Electrification colleagues around the world.





## EMPLOYEE ENGAGEMENT SCORE

# Engaging with our employees

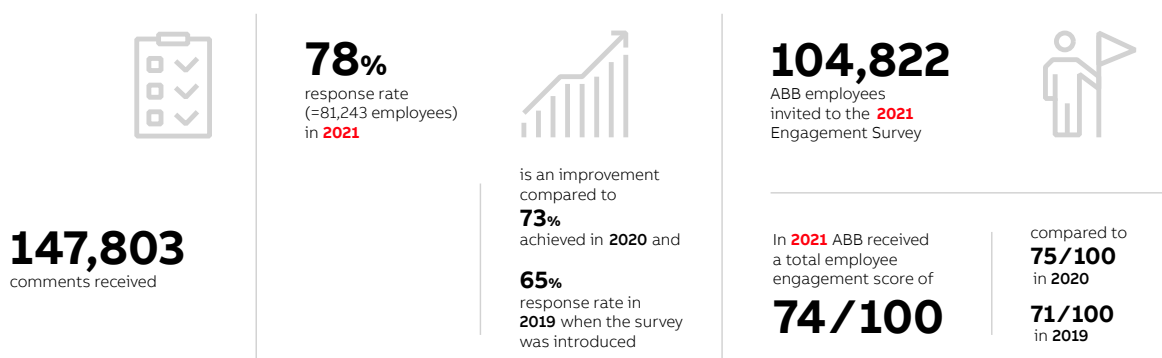
Target: Achieve and maintain a top-tier employee engagement score in our industry

Our ambition is to rank consistently among the top quartile of companies in the Glint Global Benchmark.

In our 2021 employee Engagement Survey, ABB received a total employee engagement score of 74 out of 100, compared with scores of 75 in 2020 and 71 in 2019. We scored above the benchmark for six questions, at the benchmark for one question, and below the benchmark for 29 questions. Overall, we have made steady progress since the survey's launch in 2019, when many of our scores were significantly below the benchmark. We remain slightly under the external benchmark but our strong scores on the topics of role clarity and accountability are encouraging, as these two areas are among the cornerstones of our ABB Way operating model. Our efforts over the past two years to simplify our organizational structure and create clear roles and responsibilities for our people are reflected in these results.

More than 81,200 ABB employees took part in our 2021 Engagement Survey - a response rate of 78 percent. That compares favorably to the 73 percent response rate in 2020 and 65 percent in 2019, when the survey was launched.

## Employee engagement survey highlights



In addition, we received 147,803 comments, demonstrating a high level of engagement and a willingness among employees to embrace our “speak-up culture” and participate in a Group-wide dialogue. While the number of comments decreased from 279,170 in 2020 – mainly due to the elimination of some open-ended questions – the robust response is still indicative of strong commitment to ABB. The comments have provided valuable insights into what is working well and what we can still do to make ABB an even better place to work.



## COMMUNITY ENGAGEMENT

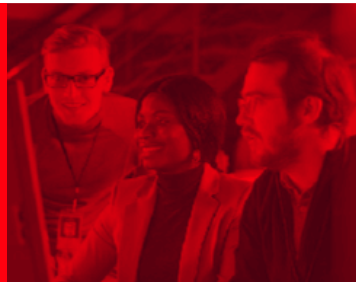
# Supporting community development

Target: Provide impactful support for community-building initiatives around the world

ABB has a long-standing tradition of active engagement in the communities in which its employees and customers live and work. As part of our 2030 sustainability strategy, we are reinforcing that engagement by providing impactful support for community-building initiatives.

## Community engagement highlights

**Together,**  
our employees  
and our Business  
Areas supported  
our communities



  
**>40**  
countries worldwide

  
**\$10.9**  
million donated

**3,000**  
person-days  
volunteered

**400+**  
community projects  
and charities

ABB's approach to community engagement combines strategic corporate partnerships with country-level projects to address local needs. We aim to assist the most vulnerable and to support community building in education, diversity and inclusion, and community healthcare, poverty and disaster relief.

Our largest program is a corporate-level agreement with the International Committee of the Red Cross (ICRC), which provides humanitarian protection and assistance for victims of armed conflict and other situations of violence. ABB also supports the World Childhood Foundation, a global children's rights organization.



Education has long been a focus of ABB's community engagement activities. One of the many initiatives we support is a new world-class master's program in mechatronics engineering at Ghana's Ashesi University in collaboration with the ETH Zurich. The program aims to promote a new generation of leaders in sub-Saharan Africa who will take responsibility for sustainable development in the region. Since 2007, ABB has also been funding the ABB Jürgen Dormann Foundation for Engineering Education, which helps financially disadvantaged engineering students in 12 countries. In 2021, the foundation supported 93 students at 15 universities.

## ABB Jürgen Dormann Foundation

**In 2021,**

we assisted financially disadvantaged engineering students together with the Jürgen Dormann Foundation



**12**

countries



**93**

students supported



**200**

days of ABB  
volunteers' time



Supporting and mentoring the students to ensure efficient management of the scholarships

**15**

universities



Wherever possible, we maintained our commitments to promote STEM education and careers, particularly for girls and women. ABB's scholarships and mentoring programs continued in China, Estonia, Hungary, India, Sweden and the United States, among other countries. Many of these academic programs include modules that provide students with practical experience in real industrial environments and assist them in developing soft skills to enhance their employability upon graduation.

In 2021, we added three major new initiatives to the large number of educational, technical, entrepreneurial and hands-on training programs that ABB runs for young people.



## CASE STUDY

## Supporting India's next generation of female engineers



In 2019, ABB India launched a scholarship program with the Lila Poonawalla Foundation (LPF) to promote more inclusive development, both in the workplace and the broader community. The program has been consistently and gradually expanded and now annually provides 200 scholarships to economically challenged young women to help them pursue degrees in the disciplines of their choice at engineering colleges in several regions of India. Each year, interested young women with strong academic backgrounds are encouraged to apply to LPF for the scholarships, which help them pursue careers as leaders in the fields of science and technology.

The new partnership extends well beyond providing the financial support that these young women need to complete their engineering degrees. The scholarship program takes a holistic approach and imparts additional technical training through structured online sessions with ABB employee volunteers. Through supplemental mentorship activities of this kind, the program seeks to help prepare young women for the workforce and develop their skills as future leaders. This program complements ABB's support for other educational initiatives around the world, including the ABB-run Jürgen Dormann Foundation, which operates a scholarship program for students from disadvantaged backgrounds. The foundation seeks to break down the barriers that prevent these students from entering careers in engineering and becoming future leaders in technology.



## CASE STUDY

**Forging stronger ties with academia**

In 2021, ABB announced a new collaboration and a donation of CHF 2.5 million to help position Switzerland as one of the world's leading robotics research hubs. ABB has long worked with ETH Zurich, a leading research university, across multiple disciplines. The new partnership provides support for ETH's RobotX strategic initiative, launched in 2019, which is intended to serve as a global hub for research in advanced robotics. With its exceptional in-house expertise, ABB's Robotics & Discrete Automation Business Area will support ETH's ambition to train new talent and attract worldwide experts who can drive progress in a range of vital disciplines, including mobile robotics.

ABB already supports ETH's research in the use of robotic fabrication in architecture and construction. Our Group helped establish the world's first laboratory for collaborative robotic digital fabrication in architecture, which is hosted at ETH's Institute of Technology in Architecture. Together with ETH, ABB also participates in a project launched by Schindler, a leading manufacturer of elevators and escalators, to develop an automated robotic installation system for elevators. Such a system would improve final build quality and ease working conditions for elevator installers.

ABB is committed to supporting and working with more than 100 universities such as ETH as part of the company's technology ecosystem. These collaborations, which strengthen the ties between academia and industry, are essential to the future of innovation and provide students with new pathways to growth and employment.



## CASE STUDY

## Helping American students acquire real-world skills



ABB makes a point of investing in education in the communities where our people live and work. In 2021, ABB USA's NEMA Motors Division announced a \$1 million donation to the Peak Innovation Center, a regional career and technology center in the public school system of Fort Smith, Arkansas. The center is expected to provide a sustainable boost to the economic landscape of the region by offering innovative, career-focused educational opportunities in the STEAM (science, technology, engineering, art and math) disciplines. The funds from ABB will be used to purchase advanced manufacturing equipment, including hands-on simulators, project control simulators, robotics, and more. This equipment will be used to teach students about real-world scenarios using state-of-the-art technology and equipment.

A collaboration between Fort Smith Public Schools and the University of Arkansas at Fort Smith, the Peak Innovation Center's educational programs will be available to approximately 43,000 students from 22 regional school districts. It will provide them with job-specific simulation training that will equip them with real-world skills for well-paying jobs in advanced manufacturing, health care, information technology, and visual arts or to pursue higher education in their chosen fields. The center will also help meet the reskilling and retraining needs of mid-career workers so they can build new skills and earn new certifications.





Across the world, we also made donations or provided services and other forms of support to vulnerable people and those affected by natural disasters, such as the 2021 floods in Henan, China, and the Ahr Valley in Germany. ABB's employees were particularly active over the past year. Many volunteered in Mexico to support emergency responder groups; in Canada, our people contributed more than CAD 170,000 to address poverty, health and the emergency needs of local communities.

Among the many actions taken by ABB in response to the ongoing COVID-19 pandemic, ABB's Board of Directors and Executive Committee, along with around 200 senior leaders, donated 10 percent of their compensation or salary to COVID-19 relief programs for employees worldwide. We raised \$3.4 million through this initiative in 2020 and used these funds in 2021 to provide COVID-related assistance across the world.

Over the course of 2022, we intend to conduct additional research and consultations to develop our community engagement strategy further. These efforts will include the development of a harmonized approach to volunteer activities and of KPIs to measure the effectiveness and impact of our programs.

## HUMAN RIGHTS

# Integrating respect for human rights into our business

ABB's commitment to responsible business practices includes respecting and promoting human rights as expressed in the International Bill of Human Rights. We support the principles contained within the OECD Guidelines for Multinational Enterprises and the ILO Core Conventions on Labour Standards, and we are committed to implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs) throughout our operations and our value chain. These commitments are underpinned by the ABB Code of Conduct, the Supplier Code of Conduct and the Human Rights policy and statement, which clearly set forth our expectations for every individual who works for ABB or engages with us as a business partner or through our supply chain.

To ensure that we understand our stakeholders' expectations and improve our effectiveness in safeguarding human rights, we stay in close contact with a wide variety of stakeholders, including customers, investors, suppliers, civil society representatives and international organizations. Our Group also engages with and learns from human rights specialists. These activities include peer learning reviews at the Global Business Initiative on Human Rights and participation in the annual United Nations stakeholder forum in Geneva, the World Business Council for Sustainable Development (WBCSD) and local network meetings of the UN Global Compact.

Our goal is for human rights to be well understood and managed in all ABB operations along the full value chain and integrated into ABB's daily business. To achieve this goal, we have developed a five-year plan for human rights activities that focuses on capacity building, risk identification and management, and monitoring performance. Early in 2021, we established a human rights working group to better support the implementation of our human rights plan. The working group consists of a representative from each Business Area and the Group Head of Corporate Responsibility and aims to ensure operational management review and coordination, to share best practices and monitor and report performance progress. The working group reports to the ABB Sustainability Council.

## Building ABB's internal capacity regarding human rights

In 2021, we continued the extensive capacity-building program that we launched in 2019. This program targets both management and functional roles to raise awareness of human rights at all levels of our organization and to embed human rights expertise within each Business Area and Division.

Over the past year, we trained an additional 93 candidates to join our Human Rights Champions Network. These champions provide advice to our businesses on how to identify, mitigate and avoid human rights risks, among other activities. We continued to

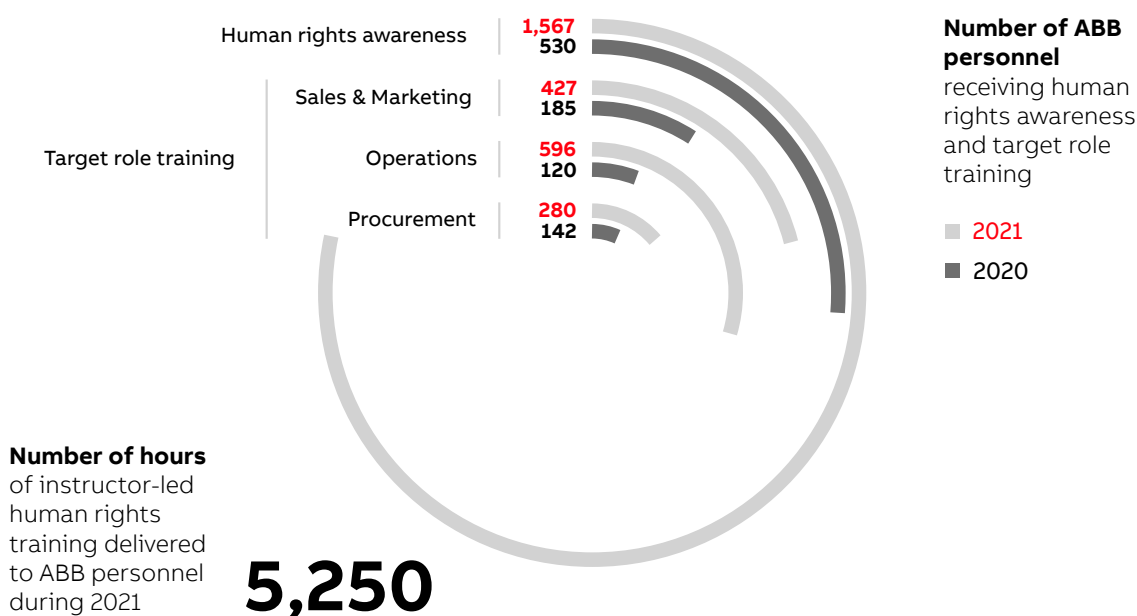




make general human rights awareness training available to all ABB employees and managers and to provide targeted trainings and customized programs for management and job roles specifically exposed to human rights risks.

At the end of 2021, we surveyed our network to assess the effectiveness of training programs and to understand where further support or improvement were needed. While the results were encouraging regarding content and delivery, we also identified areas for improvement, such as the need to further define the role of the champions and to provide more practical case studies and online content to facilitate continuous learning.

## Human rights training and capacity building in 2021



## Strengthening human rights risk management and mitigation processes

Human rights criteria are part of the standard risk review process for screening major ABB projects, for prequalification and assessment work with ABB suppliers, and for examining potential mergers and acquisitions. We are continually evaluating and adjusting these processes to ensure they meet legal requirements and the expectations of ABB's stakeholders.

To this end, in addition to the Group-wide initiative to develop new risk assessment methods for both our sales channels and supplier relationships, in 2021, we introduced a new review criterion based on country risk to reinforce our risk screening process for major projects. We also launched a program for conducting human rights self-assessments at selected ABB sites. In total, 50 sites in 26 countries undertook the assessments. This program will be expanded in 2022.

To address human rights risks related to our suppliers, we rely on our Sustainable Supply Base Management (SSBM) system and our conflict minerals management program. For further information on these two programs, please refer to [“Responsible Sourcing”](#) in this report.



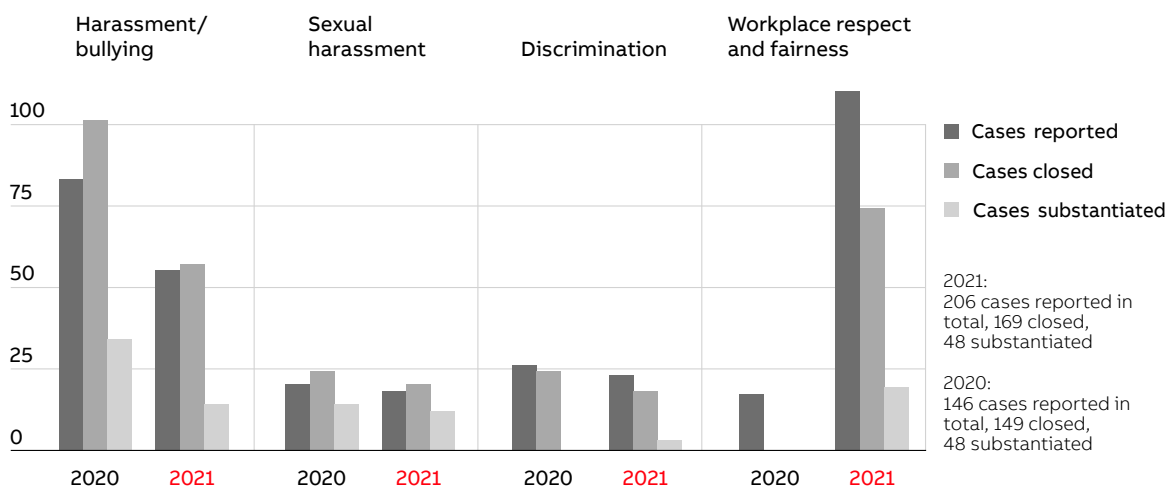
Due to the various projects underway across ABB to reinforce our risk identification and management processes, we postponed our planned review of ABB's salient human rights risks. However, our Motion Business Area undertook a pilot project to identify its own human rights risks, which it then used to reinforce its internal human rights governance structure and to set business-specific objectives. You can read more about this initiative in the case study below.

The results of Motion's project confirmed earlier findings that the main human rights issues of concern 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 include discrimination, fair employment, and health and safety.

## ABB's 2021 human rights performance

In 2021, we reinforced ABB's internal reporting and allegation management processes concerning any alleged violations of ABB's Code of Conduct, including matters relating to human rights. As a result, we received more reports, saw better cooperation during our investigations and had more oversight of the handling and resolution of these matters.

### Human rights related cases



Improvements made to our methods of categorizing cases resulted in the addition of nine new, substantiated cases of harassment to the data previously reported for 2020.

Investigations carried out in 2021 resulted in varying levels of corrective action, including retraining, demotion, reassignment and termination of employment. Remediation for parties subjected to harassment, discrimination or disrespectful behavior are dealt with on a case-by-case basis. We are working to ensure our company culture drives appropriate behaviors internally and externally. Read more about ABB's speak-up culture and reporting channels in "[Integrity](#)" in this report.



In the past year, we did not receive any reports of child labor, forced labor or threats to freedom of association. For further information about our findings of non-conformance within our supply chain, please refer to [“Responsible Sourcing”](#) in this report.

#### CASE STUDY

### Strengthening human rights governance



ABB recognizes its responsibility to incorporate the principles of human rights into its day-to-day business around the world. While respect for human rights has long shaped ABB's values and policies, in recent years, to ensure that human rights risks are understood and managed across the Group, the ABB Way operating model has brought accountability for human rights governance to the Business Areas and Divisions.

In 2021, the Motion Business Area engaged in this responsibility with a high-level project to identify its salient human rights risks and define priorities for action. Drawing on analysis from the Business Area's growing network of human rights champions – internal business experts trained to identify human rights risks specific to their areas of work – as well as due diligence projects and additional desktop research, Motion developed a profile of its human rights risks.

This analysis mapped value chains associated with common business processes, identifying the relevant rights-holders and potential human rights impacts. It proceeded to evaluate the potential severity of risks by assessing scale of impact, the number of people who could be affected, and whether those potential impacts could be remediated.

The project then created actionable objectives and business targets to address the identified salient human rights issues and considered whether further action was required to ensure legal compliance, meet stakeholders' expectations and uphold ABB's license to operate. These objectives and targets have been embedded into the sustainability governance process that Motion has defined to drive sustainability as a key business strategic priority. This approach reinforced the business focus on human rights and ensured full business accountability to implement human rights targets and objectives in line with the ABB Way operating model.