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CEO message

Dear Stakeholders,

One year into ABB's 2030 sustainability strategy, we are off to an excellent start in the pursuit of our ambitious targets. Compared with our baseline year of 2019, we have cut our greenhouse gas (GHG) emissions by 39 percent and reduced lost time from injuries by 44 percent. Last year, we recorded no work-related fatalities for the first time since 2011. We also increased the number of women in senior management positions to 16.3 percent, up from 13.5 percent a year ago, in line with our goal of having 25 percent of senior management roles filled by women by 2030.

Alongside these headline achievements, we made strong progress in laying the foundations to embed sustainability across all of our Divisions as well as our value chain. Our 2030 GHG emissions reduction target was validated by the Science Based Targets initiative (SBTi) as being in line with the 1.5°C goal of the Paris Agreement. We also joined the SBTi's Business Ambition for 1.5°C, an urgent call to action from a global coalition of United Nations agencies and business and industry leaders, in partnership with the "Race to Zero" campaign. Our participation in this initiative reinforces our longstanding support for the 10 core principles of the Global Compact, which covers human rights, labor, environment, anti-corruption and other societal goals.



Reducing customer emissions

While we are on track to achieve carbon neutrality by 2030, our greatest contribution to sustainable development is through our offerings to customers. By 2030, our target is to help our customers reduce their annual GHG emissions by at least 100 megatons, equal to the annual emissions of 30 million combustion cars.

In 2021, we identified a basket of products, services and solutions from our portfolio that deliver substantial reductions in GHG emissions of our customers. Based on sales of ABB offerings from this basket in 2021, we calculated that they will enable our customers to reduce their GHG emissions by 11.5 megatons after the first year. The methodology for this assessment has been verified by a third party. We are well on the way to enabling our



customers to deliver annual savings of 100 megatons of GHG emissions by 2030. In the coming years, we expect savings of GHG emissions from our offerings to increase as new products and solutions are added to the basket.

ABB has assessed the extent to which our activities are reflected in the European Union's new classification system for sustainable economic activities, known as the "EU taxonomy." We found that 36 percent of our revenue in 2021 was eligible under the objective of "climate change mitigation." We consider this to be a significant underestimate of the contribution that our products, solutions and services make in reducing our customers' carbon footprint and in aligning their activities with the EU taxonomy. We estimate that a further 31 percent of ABB's revenue could be attributed to solutions that are indirect enablers of climate change mitigation, which would mean that 67 percent of our revenue comes from solutions that mitigate climate change (see ABB's [EU taxonomy disclosure](#)).

Towards circular business models

A second goal of our 2030 sustainability strategy is to preserve resources at every stage of the value chain. In December 2021, we unveiled a new company-wide approach to drive circularity in our own, our customers' and our suppliers' operations. By 2030, at least 80 percent of ABB's products and solutions will be evaluated against a clear set of key performance indicators (KPIs), corresponding to each stage of the product lifecycle. We will also send no waste to landfill, wherever this is compatible with local conditions. Today, 40 percent of our around 440 sites around the world are already sending zero waste to landfill.

Along with the actions we are taking to reduce carbon emissions and preserve resources, we aim to promote social progress across our value chain as well as in the more than 100 countries where ABB is present. Our human rights training program is embedding awareness and expertise in all our businesses across the globe. We now run community engagement programs in more than 40 countries where we do business, providing support for education, diversity and inclusion, poverty alleviation and disaster relief.

We continued to train, coach and assess selected high-risk suppliers on sustainability topics, keeping us on track towards our goal of covering 80 percent of supply chain spend in focus countries by 2030.

Building safe, equitable and inclusive working environments

Our highest priority at ABB is the safety of our people. In 2021, we reduced the number of lost-time injuries per 200,000 hours worked to 0.14 from a 2019 baseline of 0.25. Our high level of preparedness also helped us protect most of our people from COVID-19 and keep our operations running. Tragically, we lost several colleagues to COVID-19. On behalf of ABB, I extend our deepest sympathies to their families.

As part of our commitment to establish a more inclusive and equitable working environment, we not only increased the proportion of women in senior management



positions, as mentioned above, but we also launched a new gender-neutral parental leave program for all employees around the world.

To drive the achievement of our sustainability goals, we are progressively integrating KPIs for sustainability into our performance management planning. Our Business Areas now report on these in conjunction with their financial KPIs. Sustainability KPIs are also part of our senior management incentives, and a selection of KPIs is included in our quarterly financial reports.

Finally, we launched our Sustainability Changemaker Award, inviting our people to submit ideas and innovations that support the achievement of our 2030 sustainability goals.

On behalf of the ABB Executive Committee, I want to thank our people for their excellent performance in 2021 and all of our stakeholders for their collaboration, support and trust. Together, we are leading the way to a sustainable future.

Best regards,


Björn Rosengren

Chief Executive Officer



Sustainability at ABB

About ABB

ABB  is a leading global technology company that energizes the transformation of society and industry to achieve a more productive, sustainable future. By connecting software to its electrification, robotics, automation and motion portfolio, ABB pushes the boundaries of technology to drive performance to new levels. With a history of excellence stretching back more than 130 years, ABB's success is driven by about 105,000 talented employees in over 100 countries.

What sustainability means to ABB

Sustainability is central to ABB's Purpose and the value that we create for our stakeholders. To us, sustainable development means progress towards a healthier and more prosperous world, today and for future generations.

A sustainable society balances the needs of society, the environment and the economy. ABB achieves this by embedding sustainability in our value chain and by pushing the boundaries of technology to provide our customers with solutions that help preserve the earth's natural resources while contributing to an economically vibrant, low-carbon society.

Our focus on sustainability includes our commitment to responsible business practices. ABB's corporate governance and operating model are underpinned by integrity and transparency. Promoting social progress for our people and in the communities in which we operate is central to our Purpose and our identity as a company.

ABB's **2030 sustainability strategy**  positions our company to address the world's greatest challenges. As a technology leader, we focus on those areas where we can make the biggest impact: enabling a low-carbon society, preserving resources and promoting social progress, while complying with relevant regulations and applying our own standards wherever we operate. To meet our 2030 sustainability targets, we are taking action across the value chain because we believe we can have a greater impact by acting in coordination with our customers, suppliers and other stakeholders.

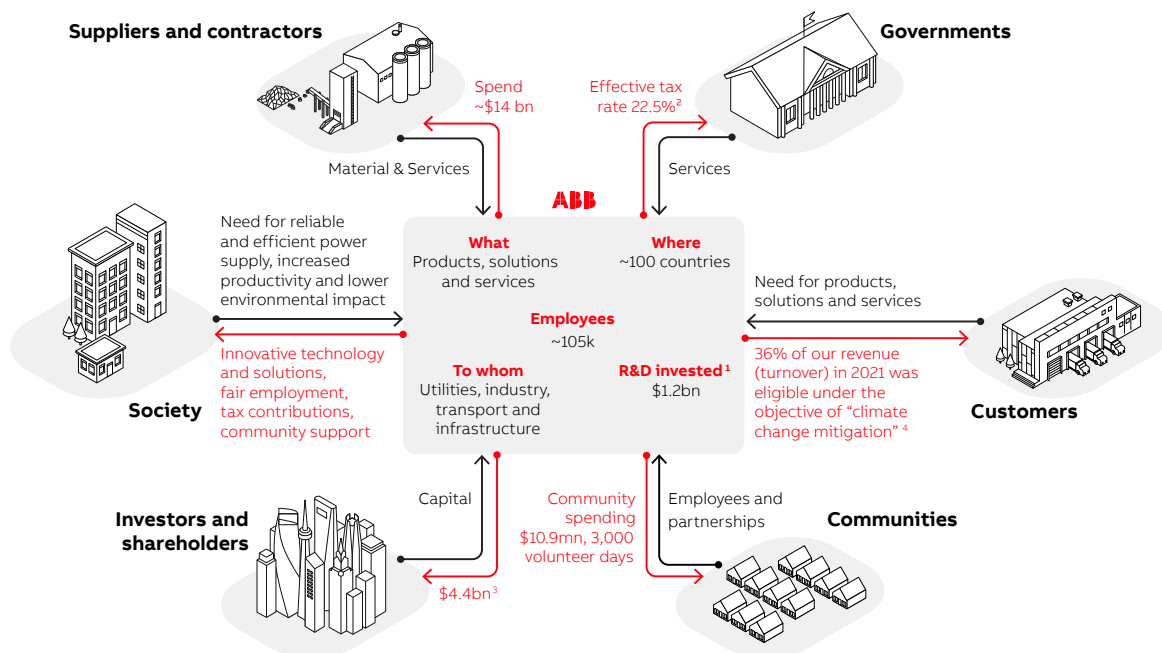
ABB has also assessed how its strategy and business could be affected by climate change. Based on the various scenarios, we consider it most unlikely that climate change would pose an existential threat to our business.

In 2021, we initiated our 2030 sustainability strategy by establishing new sustainability governance structures, by beginning to work towards our new targets, and by carrying out pilot studies for additional new targets. In the course of the year, concerted efforts were made to build awareness among our stakeholders of the scope of our ambitions.

Business model and value chain

Our operating model, the ABB Way, has our Purpose at its core and serves as a framework for implementing our strategy. By pushing the boundaries of technology and embedding sustainability in everything we do, we are raising the performance of our market-leading and empowered businesses to new heights. Alongside our values, governance framework and strong brand, the ABB Way is making ABB a more transparent and efficient company, driving a performance culture and creating value for all of its stakeholders.

ABB value chain



1 Non-order related R&D expenses

2 Adjusted Group effective tax rate, adjusted primarily to exclude gains and losses on sale of businesses

3 Consists of \$2.7bn for the share buyback program and \$1.7bn dividend payments

4 See chapter on [EU taxonomy](#)

Sustainability governance

With the organizational changes made in 2021, accountability for the implementation of Group requirements for health, safety and the environment (HSE) was transferred to the Business Areas and Divisions. The ABB Group Sustainability and HSE & Security functions are responsible for the development and coordination of the Group's policies and programs that address matters related to health, safety, the environment and corporate responsibility. These functions report directly to the Chief Communications and Sustainability Officer, who is a member of the Executive Committee.

Sustainability governance



Board of Directors

The **Governance and Nomination Committee** is responsible for overseeing corporate social responsibility (including health, safety and environment as well as sustainability), while ultimate responsibility for ABB's sustainability strategy, its sustainability targets and its annual Sustainability Report lies with the entire **Board of Directors**. The **Compensation Committee** ensures that ABB's remuneration policies are linked to the achievement of its sustainability targets.

Sustainability Board (full Executive Committee)

Implementation of the strategy is led by ABB's **Sustainability Board**, comprising the full Group Executive Committee. The Sustainability Board oversees policies and programs, reviews developments, and monitors progress towards targets.

HSE Council

The four Business Area HSE managers and the corporate HSE & Security function work together in an **HSE Council** that convenes twice yearly. The council reviews the function's steering committees, approves and monitors the common Annual Plan, and assesses risks and opportunities for the company. The work of the HSE Council is overseen by the HSE & Security Board, which meets twice yearly to perform a management review and consists of the four Business Area Presidents, the CEO, the Chief Communications and Sustainability Officer and the Head of Corporate HSE & Security.



Sustainability Council

The Sustainability Board is advised by a **Sustainability Council**, consisting of the Group Head of Sustainability and representatives from our four Business Areas. The Sustainability Council's purpose is to ensure alignment across Business Areas on the strategic direction of sustainability, common topics and sharing of best practices.

Business-level performance management

Efforts within the Business Areas are supported by a strong set of policies and procedures, along with sustainability leads in each Business Area and Division, responsible for driving the sustainability agenda and for representing the Division in Business Area and Group-wide discussions.

Topic-specific work groups

Thematic work groups are appointed by the Sustainability Council to provide expertise and develop methodologies on topics and initiatives linked to the sustainability targets. The work groups ensure their operational definition and implementation action plans. They share best practices and propose relevant KPIs.

Remuneration and incentives

In 2021, as in prior years, safety was one of the KPIs in our management incentives. As of 2021, additional sustainability KPIs are progressively being incorporated into our senior management incentives. For further information, please refer to **“Senior Management Sustainability Incentives”** in this report.

Division-level implementation

Based on the Group's and Business Areas' policies and procedures, each Division has developed its own sustainability governance and organizational model, suited to its operational approach. In some Divisions, a network of “sustainability champions” was formed and cross-Division workstreams have been created to ensure alignment and the sharing of best practices and to coordinate sustainability programs.

ABB employs a worldwide network of HSE and sustainability specialists, who report to each of the Business Areas and support the Sustainability and HSE & Security functions. In each of the regions in which ABB operates, ABB employs HSE & Security advisors or managers. The country and regional specialists are supported by sustainability officers and health and safety advisors. Overall, the sustainability network is supported by some 600 full-time and part-time employees. The impact of ABB's sustainability network has been expanded by our new strategy, which mobilizes ABB employees and all functions across our four Business Areas and throughout our corporate organization to act on our sustainability initiatives on a global basis.



In 2021, the Sustainability Council focused on deploying the action plans linked to the major targets of ABB's 2030 sustainability strategy - in particular, ABB's goals for carbon neutrality, on developing ways to measure ABB's contribution to reducing our customers' GHG emissions, and on further embedding circular economy principles within our businesses.

In 2021, our Sustainable Supply Base Management (SSBM) system replaced our Supplier Sustainability Development Program (SSDP). The process is governed by a steering committee and a working group comprised of representatives from the Business Areas and the Sustainability function. For further information, please refer to [Responsible Sourcing](#) in this report.

Contribution to the Sustainable Development Goals (SDGs)

Adopted by the member states of the United Nations in 2016, the 17 SDGs were developed as a blueprint for achieving peace and prosperity by 2030. ABB continues to align its sustainability strategy with the SDGs on which we can have the greatest impact.




In 2021, ABB [contributed to the global effort to meet the SDGs](#)  by supporting policies that promote the electrification of land-based and marine transport systems, improvements in energy efficiency in industry and buildings, and industry-specific sustainable technologies. For example, we are promoting high electric charging infrastructure targets (including for e-trucks) in the revision of the EU's [Alternative Fuels Infrastructure Regulation](#)  (AFIR), which is currently in the legislative process.

ABB also worked within industry associations to accelerate sustainable development. For instance, ABB is using its position as Chair of the Sustainable Mobility Task Force at Orgalim, Europe's technology industry association, to promote ambitious decarbonization and electrification commitments for road transport. ABB also participated in sector-specific working groups on energy, mobility, buildings and industry, which supported a major [study on fighting climate change in Germany](#) . ABB additionally became a founding member of the Zero Emission Transportation Association, an advocacy organization in the United States.


In 2021, as the world's major economies launched plans for sustainable development in the post-COVID-19 era, ABB engaged in an assessment of the associated risks and opportunities. Initiatives assessed included Next Generation EU, the EU's Green Deal policy initiatives, and the Infrastructure Investment and Jobs Act in the US, among others.




ABB ECOSYSTEM

Stakeholder engagement and material topics

Our approach to stakeholder engagement and determining materiality relies on meaningful dialogue and collaboration with stakeholders.

This dialogue serves to clarify ABB's positions and policies and, at times, to illuminate different viewpoints. For further information, please visit the page on [Stakeholder Engagement](#)  on the ABB global website.

ABB's 2030 sustainability strategy, the implementation of which began in 2021, is based on new materiality matrices developed in 2020 through a comprehensive external stakeholder engagement process. The process provided a qualitative basis for the development of a matrix for each Business Area. As in the previous sustainability reporting cycle, we have left open the possibility of adjusting our sustainability strategy and its related KPIs to reflect significant changes in our material issues or our stakeholder's priorities. We plan to refresh the Group materiality matrix, which is available online [here](#) , on the basis of periodic engagement with our stakeholders.

As the implementation of our strategy got underway, we continued to consult with internal and external stakeholders in 2021 to refine our sustainability targets. A direct result of this engagement was the confirmation of our decision to include an [SASB table](#) in our 2021 Sustainability Report. We regularly interacted with our stakeholders, holding sustainability-specific meetings with our investors, customers and suppliers in 2021. We will follow up with them in 2022 to review ABB's sustainability performance in 2021.

Of special note, in 2021 we conducted an internal and external stakeholder review of ABB's participation in environmental, social and governance (ESG) rating schemes. In October 2021, the ABB Sustainability Board decided to re-evaluate ABB's engagement with ESG rating agencies to focus on requests for information from those agencies that are deemed the most important. As a result, we scheduled a series of interviews for late 2021 and early 2022 to obtain input from our main stakeholders on which ESG rating agencies they value most and which ESG criteria they expect us to report on.

In addition to its dialogues with stakeholder groups, ABB consults an external stakeholder panel for advice and input on sustainability issues. The panel also regularly reviews our materiality matrix and our annual Sustainability Report. ABB last engaged with this panel on the definition of our 2030 sustainability strategy at the end of 2020 and received positive feedback on the framework and the targets. There was no further engagement in 2021. As the implementation of the 2030 strategy progresses, we will re-define our collaboration with this panel.



In 2021, ABB engaged with key stakeholder groups in seven categories:

Customers

Over the past year, we continued to meet regularly with customers to discuss how ABB's offerings can be used to reduce their greenhouse gas (GHG) emissions, preserve resources and meet other sustainability requirements. In addition to providing valuable insights into our customers' operations and their sustainability challenges, these meetings provided our experts with opportunities to share advice and served to build and strengthen relationships of trust. Notably, our customers have also been reaching out to us to talk about their emissions; they expect leadership from us on this topic, which we provide by supporting their sustainability journeys with our knowledge and solutions. Most cases are based on products that improve energy efficiency. An example would be a variable speed drive produced by our Motion Business Area. The use of variable speed drives enables electric motors to adjust speed and torque during operations. When a drive is added to an existing motor, the electricity savings can be substantial.

Investors

In 2021, we engaged with investors and analysts on the subject of ABB's 2030 sustainability strategy and how our market-leading portfolio benefits from the fact that ESG concerns are driving demand for energy efficiency and automation. Among the main ESG topics of interest were ABB's own carbon footprint, our ability to support customers in reducing their emissions, our forward-looking corporate governance policies, including linking ESG to remuneration, and diversity and inclusion.

Suppliers

We recognize that ABB can only be as sustainable as its supply chain. Our Supplier Code of Conduct clearly outlines our expectations, based on the 10 principles of the UN Global Compact, and is updated periodically to address new developments. In 2021, we began to engage our suppliers on the topic of their own GHG emissions. Through these engagements, we seek to assess the status of their efforts on this front and to begin setting appropriate emissions reduction goals. In 2021, we also continued to help our suppliers improve their overall sustainability performance. To this end, we regularly conduct on-site evaluations, provide training and engage in special projects to address the root causes of persistent challenges. We track their improvement through risk-based monitoring plans using our Sustainable Supply Base Management system.

Employees

In 2021, ABB created the annual Sustainability Changemaker Award, which recognizes outstanding ideas from individuals or teams who display a strong commitment to sustainable progress and inspire others to follow their example. The award covers each of the four pillars of ABB's 2030 sustainability strategy. In addition to seeking out new ideas



from new sources, the award aims to promote and embed sustainability across ABB; to foster our entrepreneurial spirit and performance culture while maintaining clear ties to our values and Purpose; and to provide employees with more opportunities to participate in ABB's efforts to meet its 2030 sustainability ambitions. The winner of the 2021 Changemaker Award will be announced in spring 2022.

Also in 2021, we conducted our annual employee Engagement Survey. For further information, please refer to our [Employee Engagement Score](#) in this report.

Public policy

ABB continued to engage with civil society and government agencies on a number of fronts to contribute to the ongoing global dialogue on sustainability.

In 2021, ABB played an active role in the [CEO Alliance](#) , which promotes global targets and standards for climate protection via its advocacy initiatives and industrial projects.

ABB advocated for greater investment in electric distribution grids as a necessary step in the decarbonization of the energy system, transport and the built environment. This advocacy was pursued on multiple occasions by CEO Björn Rosengren, other members of the Executive Committee and Division presidents.

ABB engaged in advocacy on methane leak detection rules in the United States with the goal of minimizing methane leaks from pipeline infrastructure through the deployment of advanced leak detection technology.

ABB highlighted the contribution of its products and technologies to a low-carbon society in China while engaging with decision-makers in such forums as the Global CEO Council's roundtable summit, China Development Forum, China International Fair of Trade in Service, IBLAC Beijing, IBLAC Shanghai, International Consultative Conference on the Future Economic Development of Guangdong Province (ICCFED), Chongqing Mayor's International Economic Advisory Council (CMIA) and others.

At the COP26 climate conference in Glasgow, ABB focused on communicating the goals of its 2030 sustainability strategy as well as the technologies that help ABB's customers reduce their carbon footprints.

Community

ABB's approach to community engagement combines strategic corporate partnerships with country-level projects to address local needs. In 2021, we contributed to more than 400 community projects and charities worldwide, as well as a number of initiatives to help employees, contractors and communities address the challenges of the COVID-19 pandemic. Our employees and businesses donated approximately \$10.9 million and around 3,000 person days in volunteer work, often under challenging circumstances.

ABB's 2030 sustainability strategy seeks to provide support for communities, among its other objectives. For further information, please refer to ["Provide Impactful Support for Community-Building Initiatives"](#) in this report.



External partnerships

In 2021, ABB supported multiple global initiatives that are paving the way to carbon neutrality, including the Business Ambition for 1.5°C and the Climate Group's RE100, EV100 and EP100 campaigns. Among our largest programs, we maintain a corporate-level agreement with the International Committee of the Red Cross to support humanitarian assistance in conflict zones. ABB is a member of many international organizations focused on sustainable development. [↗](#) We are starting a process to evaluate their climate-linked goals in relation to our own.



APPROACH TO REPORTING

Sustainability reporting

ABB has reported in accordance with the [GRI Standards](#) (2021) for the period January 1, 2021, to December 31, 2021. The EU Non-Financial Reporting Directive (NFRD) and the Sustainability Accounting Standards Board (SASB) provide the framework for our sustainability reporting. This report includes ABB's disclosures in accordance with [EU taxonomy](#) regulations.

We report on ABB's material economic, environmental and social impacts and how we manage them. We seek to maintain alignment between our sustainability reporting and changes that arise in international best practices – including the GRI Standards. ABB's 2030 greenhouse gas (GHG) emissions targets received [approval](#) from the Science Based Targets initiative (SBTi) in 2021, confirming that they are in line with the 1.5°C scenario of the Paris Agreement.

Omission from the material issues addressed in our report does not mean an issue is not managed. ABB reports quarterly on a selection of our KPIs and annually on all of our KPIs. The annual Sustainability Report for 2021 was published on March 14, 2022.

Our future reporting

In addition to the above-referenced standards and directives, for 2022, ABB's Sustainability Report will also incorporate the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). We will continue to review the ongoing evolution of sustainability disclosure standards and requirements and will consider the possibility of incorporating additional reporting frameworks into our sustainability reporting in the future.

Reporting boundaries

Our formal sustainability reporting system covers all ABB Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures and direct and indirect participations (as listed in the [2021 ABB Annual Report](#), pages 72-73 and 249-251).

Additional disclosures

All of ABB's policies, statements and declarations related to the topic of sustainability can be found on our Group's [website](#).



Certified ABB management system information

- 73 percent of our manufacturing and service sites are covered by a certified environmental management system (ISO 14001 or equivalent)
- 75 percent of our employees at manufacturing or service sites are covered by a certified occupational health and safety management system (OHSAS 18000 or equivalent)
- 21 percent of employees at manufacturing or service sites are covered by a certified energy management system (ISO 50001 or equivalent)

Changes in 2021

ABB completed the divestment of its Mechanical Power Transmission Division (Dodge) to RBC Bearings Inc. in the second half of 2021. Dodge is not included in our sustainability reporting for 2021, except where specified.

Also in the second half of 2021, ABB closed its acquisition of ASTI Mobile Robotics Group, a leading manufacturer of autonomous mobile robots (AMRs). The activities of ASTI are not included in our sustainability reporting for 2021, except where specified.

Data collection processes

To measure and gather data from across ABB, we rely on a global, online data reporting system. The system is used to file reports on hazards, incidents, sustainability observation tours and environmental performance at every production and service site, as well as a majority of our office locations. It is also used to collect annual social data from every country. This centralized reporting system simplifies data collection and facilitates greater transparency.

The data in this report relating to health, safety and our social performance covers 96 percent of ABB employees. Data relating to our environmental performance was sourced from 447 ABB sites and offices, covering approximately 95 percent of employees. Data on the environmental performance of the remaining employees, who are located at non-manufacturing sites with limited impacts, is generated by estimating energy, water and waste parameters pro rata.

Calculation of energy and GHG data

ABB uses the market-based method to calculate and report Scope 2 GHG emissions. For purchased electricity and district heating, we have obtained local emission factors from utilities. All GHG emission factors for fuels used at our sites are sourced from the GHG Protocol's "Emission Factors from Cross-Sector Tools" (March 2017). They include the emissions of CO₂, CH₄ and N₂O. Biogenic emissions from biofuels include only CH₄ and N₂O emission factors. Global warming potential (GWP) factors for CH₄, N₂O and SF₆ follow the IPCC's AR5 report. Starting with 2017, emissions from ABB's vehicle fleet are based on lease contract distances and tank-to-wheel gCO₂/pkm (grams of CO₂ per passenger kilometer). We applied lab-to-road uplift factors from the International Council on Clean Transportation Europe to better reflect our vehicles' real emissions on the road vs. the laboratory.

Scope 2 GHG emissions for electricity have also been calculated using the location-based method (source: International Energy Agency 2021). The results are provided for comparison below.

Scope 2 GHG emissions from electricity	Kilotons CO ₂ e
Market-based:	195
Location-based:	351

GHG emissions from air travel are calculated using emission factors, with radiative forcing (RF), published by the UK Department for Business, Energy & Industrial Strategy (BEIS) in its [2021 Government GHG Conversion Factors](#) [↗](#) for Company Reporting.

Definitions

Net-zero vs. zero emissions vs. carbon-neutral

“Net-zero” means that any carbon dioxide released into the atmosphere is balanced by an equivalent amount being removed. “Zero emissions” means that no GHGs are released into the atmosphere. “Carbon-neutral” means that carbon emissions can be offset by a reduction in emissions or a removal of carbon from the atmosphere, for instance through carbon sinks, which absorb more carbon than they emit. To achieve carbon neutrality, companies can buy carbon credits to cover the emissions they cannot eliminate. At ABB, one of our key sustainability targets is to achieve carbon neutrality in our own operations by 2030. We have identified areas that can reduce our CO₂e emissions (see “Greenhouse gas emissions” below) by at least 80 percent. We will make up the balance with new solutions or carbon credits.

Greenhouse gas emissions

GHG emissions refer to all emissions that have a warming effect on the earth’s surface by trapping heat in the atmosphere. Carbon dioxide (CO₂) makes up the vast majority of GHG emissions, but other gases like methane (CH₄), nitrous oxide (N₂O) and sulfur hexafluoride (SF₆) also have a warming effect. CO₂, methane and nitrous oxide are released during the combustion of fossil fuels, such as coal, oil and natural gas, to produce electricity. At ABB, we use the metric measure CO₂-equivalent (CO₂e) to calculate our GHG emissions and progress towards our emissions reduction targets.

Independent assurance

DNV Business Assurance Services UK Limited (“DNV”) has been engaged by ABB to provide independent assurance for ABB’s 2021 Sustainability Report. The assurance was completed using DNV’s assurance methodology, VeriSustain™, and the report was evaluated for adherence to the principles of stakeholder inclusiveness, materiality, sustainability context, completeness and reliability. Performance data’s scope was evaluated against the reliability principle. DNV’s full Assurance Statement, including opinion, observations and basis of opinion, is available [here](#) [↗](#).

Progress against 2030 targets

Low-carbon society

Target text – detail	Target	2019 Baseline*	2021 Status
Support our customers in reducing their annual CO ₂ e emissions by >100 million tons CO ₂ e***	100 million tons CO ₂ e/year	n/a	11.5 Mt
Achieve ABB carbon neutrality** by 2030; reduce own emissions at least 80%	80%	668 kilotons CO ₂ e	39% (28% in 2021 alone)
Deploy a systematic approach on CO ₂ emissions reduction with impactful suppliers	n/a	6,400 kilotons of CO ₂ e	The target for the reduction of upstream Scope 3 emissions is not yet defined. The production of steel, aluminum, copper and plastic materials make up the bulk of the emissions in our supply chain. In 2022, we will pinpoint a selection of our main suppliers to engage with to reduce the GHG emissions in our supply chain. Reducing GHG emissions in the supply chain for these materials can be achieved by switching to a higher recycled content, a low-carbon primary material, or low-carbon transportation between tiers of suppliers.

* where a baseline applies

** [Approach to reporting](#)

*** Savings in the year 2030 from solutions provided to customers 2021-30

Preserving resources

Target text – detail	Target	2019 Baseline*	2021 Status
Cover at least 80% of ABB's portfolio of products, solutions and services with circularity approach	80%	n/a	In 2021, we defined our circularity approach that applies to all four Business Areas at ABB. We also developed a qualification/scoring system to evaluate our products, solutions and services against our circularity approach. In 2022, we will calculate the baseline and will implement the methodology across the company. The value of sales of products, solutions and services covered by our circularity approach is targeted to represent 80% of total sales by 2030. The qualification process will cover all four



Target text – detail	Target	2019 Baseline*	2021 Status
			phases of the product lifecycle (supply - manufacturing - use - end of life).
Zero waste to landfill while taking measures to prevent waste generation	Zero waste to landfill where compatible with local conditions	17.6 KT (equivalent to 8.5%)	12.6 KT (equivalent to 6.9%)

* where a baseline applies

Social progress

Target text – detail	Target	2019 Baseline*	2021 Status
Zero harm through LTIFR	0	0.246	0.142
Increase proportion of women in senior management roles	25%	11.70%	16.30%
Top-tier employee engagement score (out of 100)	n/a	71	74
80% of supply spend in focus countries covered by Sustainable Supply Base Mgmt (SSBM) - covering topics from human rights to environment	80%	n/a	Using a risk-based approach, an interim 2025 target has been set, focusing on high-risk suppliers in focus countries**
Interim target for 2025 (spend on high-risk suppliers in focus countries**)	80%	n/a	27%
Common program for community engagement	Common programs in place	n/a	Common ABB program to be defined in 2022

* where a baseline applies

** Argentina, Brazil, Bulgaria, China, Colombia, India, Indonesia, Malaysia, Mexico, Peru, Poland, Saudi Arabia, South Africa, Thailand, Turkey, Vietnam



Integrity and transparency

Target text – detail	Target	2019 Baseline*	2021 Status
Include Supplier Code of Conduct (CoC) compliance in procurement T&Cs	n/a	n/a	<p>Prepared stronger integrity and sustainability clauses for agreements, terms & conditions with counterparties to include:</p> <ul style="list-style-type: none"> • clauses with regards to acknowledgement of ABB's Supplier Code of Conduct • agreement to comply with anti-bribery, anti-corruption (ABAC) and human rights laws and right to audit
Apply a CoC-based approach to projects and counterparties	n/a	n/a	<ul style="list-style-type: none"> • New procedures addressing both joint integrity and human rights associated with third party management • Training of our internal ABB stakeholders on the new process • Start testing compliance with the new process
Management sustainability incentive	Yearly rotating target	n/a	<ul style="list-style-type: none"> • Safety target by Division • ABB CO₂ Scope 1&2 action plan by Division as a "boundary condition" • Achievement against 2021 targets set has been assessed by the Board of Directors' Governance and Nomination Committee and Compensation Committee and are considered as reached

* where a baseline applies

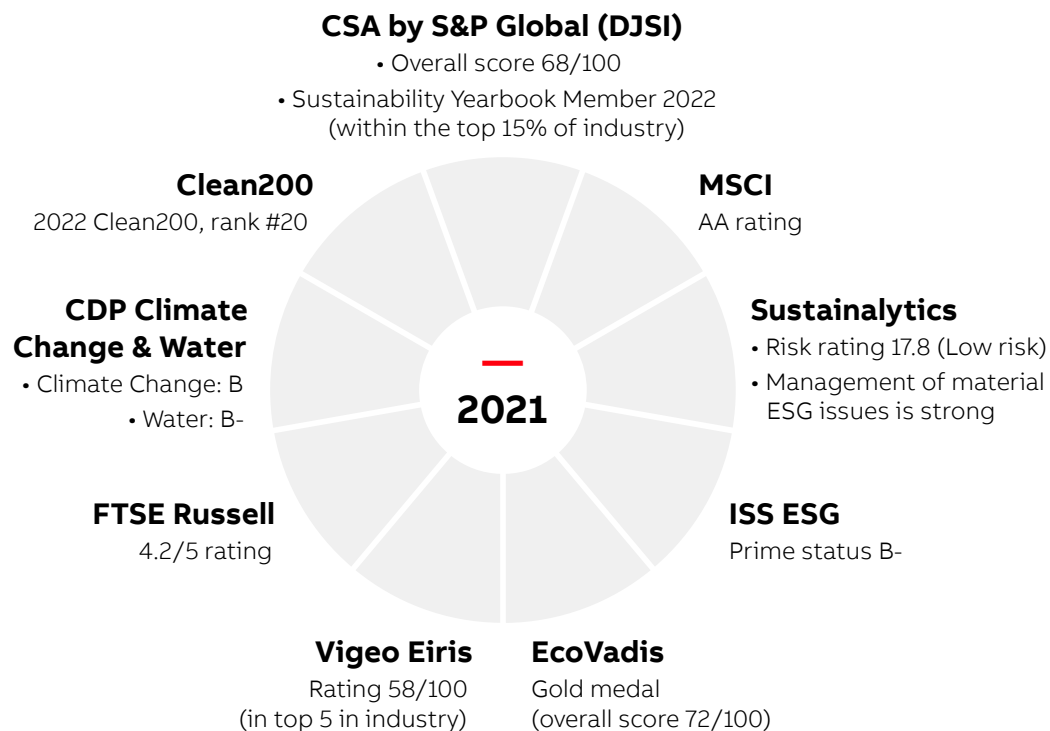
AWARDS & ACHIEVEMENTS

Prize-winning sustainable value creation

In 2021, ABB reviewed the various ratings and acknowledgements it received in the course of the year to determine which of them were most relevant to ABB's key stakeholders. The recognition we received affirmed the validity of our Group's approach to sustainability while encouraging us to strive for even more rapid progress.

The below awards and achievements for 2021 are based on our 2020 performance and do not fully take into consideration the new ambitions and targets of our 2030 sustainability strategy.

Awards and achievements



Learn more about the 2021 awards and achievements by visiting the following websites:

www.msci.com/our-solutions/esg-investing/esg-ratings

www.issgovernance.com/esg

www.corporateknights.com/-clean-technology/2022-carbon-clean200

www.ftserussell.com/products/indices/ftse4good

www.vigeo-eiris.com

www.ecovadis.com

www.sustainalytics.com

www.spglobal.com/esg/csa

www.cdp.net/en