SUSTAINABILITY LO AT ABB

LOW-CARBON SOCIETY PRESERVING RESOURCES SOCIAL PROGRESS INTEGRITY & TRANSPARENCY TABLES & FIGURES

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#### SUMMARY OF GRI INDICATORS

## ABB Group Sustainability Indicators 2021

#### Environmental

GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Hazardous materials <sup>1,2</sup>				
-	Phthalates (tons)	$\bigcirc$	119	107	102
-	Brominated flame retardants (tons)	$\bigcirc$	-	-	0.0
-	Organic lead in polymers (tons)	$\bigcirc$	0.0	0.0	0.0
	Lead in other products (tons), e.g., backup batteries and counterweights in robots	$\oslash$	2,092	2,196	2,316
	Cadmium in batteries (tons)	$\bigcirc$	15	7	15
-	Cadmium in lead alloy and other uses (tons)	$\bigcirc$	-	0.1	0.3
-	Mercury in products (tons)	$\bigcirc$	-	-	0.001
	Mercury in instruments in ABB facilities (tons)	$\bigcirc$	0.01	0.01	0.0570
-	Chlorinated volatile organic compounds (VOC-CI) <sup>3</sup>	$\bigcirc$	1	2	2
-	$SF_6$ insulation gas (inflow to ABB facilities) (tons)	$\oslash$	260	241	1,211

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	$SF_6$ insulation gas (outflow to customers) (tons)	$\bigcirc$	257	238	1,204
	No. of transformers with PCB oil in ABB facilities	$\bigcirc$	_	1	14
	No. of capacitors with PCB oil in ABB facilities	$\bigcirc$	-	-	89
302-1	Energy consumption within the organization (gigawatt-hours – GWh) <sup>1,2</sup>				
	Biofuels	$\bigcirc$	1.98	0.92	52.9
	Oil (11.63 MWh/ton)	$\bigcirc$	6.8	7.3	49.0
	Diesel (11.75 MWh/ton)	$\bigcirc$	2.0	3.5	4.4
	Coal (7.56 MWh/ton)	$\bigcirc$	_	-	0
	Gas	$\bigcirc$	435	448	728
	District heat consumption	$\bigcirc$	127	125	208
	Electricity consumption	$\bigcirc$	981	1,031	1,635
	Total energy used	$\bigcirc$	1,553	1,616	2,677
	Electricity sold	$\bigcirc$	2.2	2	2
	Total energy consumption within the organization from renewable sources		503	_	
	Total energy consumption within the organization from non-renewable sources		1,050	_	

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
302-4	Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives		17.5		
302-3	Energy intensity (MWh/million \$ sales) <sup>1</sup>	$\bigcirc$	52	62	72
303-3	Water withdrawal (kilotons) <sup>1,2</sup>				
	Purchased from water companies	$\bigcirc$	2,162	2,523	3,896
	Groundwater extracted by ABB	$\bigcirc$	585	576	2,066
	Surface water extracted by ABB	$\bigcirc$	76	109	2,406
	Collection of rainwater	$\bigcirc$	5.2	4.2	9.8
	Waste water from external source	$\bigcirc$	10.6	12.0	21.7
	Water withdrawal from areas of water stress	$\bigcirc$	1,252	1,268	2,711
_	Total water withdrawal	$\bigcirc$	2,839	3,224	8,401
303-4	Water discharge by quality and destination (kilotons) <sup>1,2</sup>				
	Public sewer		1,840	2,018	3,591
	treated (percentage)		27%	25%	36%
	untreated (percentage)		73%	75%	64%
	Recipient		543	585	1,123
	treated (percentage)		29%	29%	84%

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	untreated (percentage)		72%	71%	16%
	Hazardous treatment company		43	47	140
	treated (percentage)		52%	45%	81%
	untreated (percentage)		48%	55%	19%
	External use		0.74	0.01	0
	treated (percentage)		99%	0%	0%
	untreated (percentage)		1%	100%	100%
303-5	Water consumption				
	Total water consumption from all areas		2,839		
	Total water consumption from all areas with water stress		1,252		
304-1	<b>Biodiversity</b> <sup>13</sup>				
	Number of ABB sites located in or bordering a protected area		9		
	Water recycled and reused <sup>1,2</sup>				
	Volume of water reused and recycled (kilotons)		953	1,033	8,051
	As percentage of total water withdrawal (percentage)		25%	25%	96%

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
Greenho CO₂ equ	ouse gas (GHG) emissions <sup>4</sup> (kilotons ivalent)				
305-1	Scope 1 <sup>1</sup>				
	Use of energy	$\bigcirc$	90	94	162
	SF <sub>6</sub> <sup>5</sup>	$\bigcirc$	52	77	159
	Transport by own fleet <sup>6</sup>	$\bigcirc$	48	55	75
	Other				
	Biogenic CO <sub>2</sub> emissions <sup>7</sup>		0.7		
305-2	Scope 2 <sup>1</sup>				
	District heat consumption	$\bigcirc$	19	18	33
	Electricity consumption	$\bigcirc$	195	318	569
	Total Scope 1 and 2 GHG emissions	$\bigcirc$	405	561	998
305-3	Scope 3 <sup>1</sup>				
	Purchased goods and services		5,193	4,751	4,104
	Capital goods <sup>8</sup>		420	420	
	Fuel and energy-related activities not in Scope 1/	2	44	43	70
	Up- and downstream transportation <sup>8</sup>		760	800	1,150
	Waste generated in operations		19	17	12

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Business travel <sup>9</sup>	$\bigcirc$	71	60	148
	Employee commuting		175	187	249
	Up- and downstream leased assets		233	273	219
	Processing of sold products		NA	NA	
	Use of sold products <sup>8</sup>		118,000	118,000	
	End-of-life treatment of sold products <sup>8</sup>		148	148	
	Franchises		NA	NA	
	Investments <sup>8</sup>		54	54	
	Total Scope 3 GHG emissions		125,117		
305-4	GHG emissions intensity (tons CO2 equivalent/ million \$) <sup>1</sup>				
	Tons CO₂ equivalent per million \$ sales, Scope 1+2	$\bigcirc$	14	21	27
305-7	Significant air emissions (tons) <sup>1</sup>				
	Volatile organic compounds (VOC)	$\bigcirc$	592	668	1,128
	Emissions of $NO_{\rm X}$ and $SO_{\rm X}$ (tons $SO_{\rm 2}$ and $NO_{\rm 2}$ )				
	SO <sub>x</sub> from burning coal		-	_	0
	$SO_x$ from burning oil and biofuels		8	8	77
	NO <sub>x</sub> from burning coal		-	_	0
	NO <sub>x</sub> from burning oil and biofuels		6	6	57

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	NO <sub>x</sub> from burning gas		93	94	156
306-3	Number of significant spills <sup>1,10</sup>				
	Oil spills		8	_	9
	Chemical spills		-	5	4
	Emissions to air		-	_	6
	Others		2	_	7
_	Total number of significant spills		10	5	26
306-4	Waste (kilotons) <sup>1,2</sup>				
	Scrap metal recycled	$\bigcirc$	124	124	167
	Non-hazardous waste recycled	$\bigcirc$	36	35	61
	Non-hazardous waste sent for disposal	$\bigcirc$	22	24	41
	- sent to incineration with energy recovery		9.8	9.3	17.1
	- sent to landfill or other disposal method $^{11}$		12.6	15.1	24.2
	Hazardous waste recycled <sup>12</sup>	$\bigcirc$	4	3	7
	Hazardous waste sent for disposal <sup>12</sup>	$\bigcirc$	7	5	7
	Total waste (generated)	$\bigcirc$	194	192	283

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GRI ref.	Indicator description	2021 data assured	2021		2020	)	2019	
401-1	Total number and rates of new employee hires and employee turnover <sup>1</sup>							
	Total workforce by region (ABB employees) <sup>1</sup>							
	Europe		50,000		49,200		68,400	
	Americas		25,600		27,600		35,200	
	Asia, Middle East and Africa		28,800		28,800		40,800	
	Total		104,400		105,600		144,400	
	Employee turnover							
	Turnover of all employees <sup>14</sup>							
	Europe		7,129	14%	8,570	17%	9,732	14%
	Americas		5,805	23%	3,849	14%	5,443	16%
	Asia, Middle East and Africa		4,238	14%	4,252	15%	6,860	17%
	Total employee turnover: ABB Group		17,172	16%	16,671	16%	22,035	15%
	Turnover of all female employees <sup>14</sup>							
	Europe		2,303	4%	3,038	6%	2,871	4%
	Americas		1,920	7%	1,162	4%	1,553	4%
	Asia, Middle East and Africa		973	3%	906	3%	1,399	3%
	Total female employee turnover: ABB Group		5,196	5%	5,106	5%	5,823	4%

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GRI ref.	Indicator description	2021 data assured	2021		2020		2019	
	Employee hires							
	Hires of all employees <sup>14</sup>							
	Europe		4,799	9%	7,649	15%	11,560	17%
	Americas		3,970	15%	2,106	8%	4,221	12%
	Asia, Middle East and Africa		4,732	16%	4,209	14%	6,121	15%
	Total employee hires: ABB Group		13,501	13%	13,964	13%	21,902	15%
	Hires of all female employees <sup>14</sup>							
	Europe		1,493	3%	2,799	6%	3,898	6%
	Americas		994	4%	742	3%	1,357	4%
	Asia, Middle East and Africa		1,598	5%	1,006	3%	1,275	3%
	Total female employee hires: ABB Group		4,085	4%	4,547	4%	6,530	4%
403-9	Occupational health and safety: Injuries, lost days, diseases and fatalities <sup>1</sup>							
	Employee work-related fatalities <sup>15,17</sup>	$\bigcirc$	0		1		1	
	Incident rate <sup>16</sup>	$\bigcirc$	0.00		0.00		0.01	
	Employee business travel fatalities <sup>15,18</sup>	$\bigcirc$	0		0		0	
	Incident rate <sup>16</sup>	$\bigcirc$	0.00		0.00		0.00	
	Contractor work-related fatalities <sup>17</sup>	$\bigcirc$	0		1		1	

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Contractor business travel fatalities <sup>15,18</sup>	$\bigcirc$	0	0	0
	Members of the public fatalities <sup>15</sup>	$\bigcirc$	0	0	0
	Employee total recordable incident number <sup>17,19</sup>	$\bigcirc$	332	410	744
	Injury rate <sup>16</sup>	$\bigcirc$	0.29	0.31	0.47
	Contractor total recordable incident number <sup>17,19</sup>	$\bigcirc$	86	100	149
	Injury rate <sup>16</sup>	$\bigcirc$	0.45	0.46	0.46
	Employee lost-time incident number <sup>17</sup>	$\bigcirc$	145	197	372
	Injury rate <sup>16</sup>	$\bigcirc$	0.13	0.15	0.23
	Contractor lost-time incident number <sup>17</sup>	$\bigcirc$	49	56	96
	Injury rate <sup>16</sup>	$\bigcirc$	0.26	0.26	0.29
	Combined lost-time incident number		195	253	468.00
	Combined lost-time injury rate		0.142	0.159	0.246
	Employee lost days due to industrial incidents <sup>22</sup>		1,334	2,014	6,757
	Days lost rate <sup>16</sup>		1.2	1.5	4.3
	Employee occupational health illness <sup>17</sup>	$\bigcirc$	10	5	16
	Employee occupational health illness rate <sup>16,17</sup>	$\bigcirc$	0.01	0	0.01

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Sustainability Observation Tours (SOT) conducted <sup>21</sup>	$\bigcirc$	67,878	74,266	83,859
	SOT rate <sup>21,23</sup>	$\bigcirc$	5.15	4.31	5.52
	Hazards reported <sup>17</sup>	$\bigcirc$	248,038	270,985	336,747
	Hazards reporting rate <sup>20</sup>	$\bigcirc$	2.16	2.06	2.12
406-1	Non-discrimination <sup>1</sup>				
	Total number of incidents of discrimination		3	0	8
	Total number of incidents of harassment		26	36	19
415-1	Public policy <sup>1</sup>				
	Financial and in-kind political contributions		0	\$14,908	\$1,260
404-1	Training and education <sup>1</sup>				
	Training per year per employee (average hours) <sup>26</sup>				
	China		14	14	17
	Finland		10	10	12
	Germany		10	10	18
	India		23	23	10
	Italy		10	10	16
	Mexico		19	347	7
	Poland		7	4	10

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Sweden		12	12	12
	Switzerland		14	13	12
	USA		16	16	16
404-3	Employees receiving regular performance and career development reviews <sup>1,24</sup>				
	Top and senior managers		96%	94%	73%
	Middle and lower managers		95%	92%	89%
	Other employees		87%	90%	89%
	Total workforce		89%	92%	89%
405-1	Diversity and equal opportunity <sup>1</sup>				
	Composition of governance bodies				
	Board of Directors				
	Women in Board (percentage)		20%	18%	18%
	Age group diversity (percentage)				
	<30 years old		0%	0%	0%
	30–50 years old		30%	9%	9%
	>50 years old		70%	91%	91%
	Number of nationalities		9	9	7
	Executive Committee				
	Women in Executive Committee (percentage)		22%	22%	16%

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GRI ref.	Indicator description	2021 data assured	2021	2020	2019
	Age group diversity total (percentage)				
	<30 years old		0%	0%	0%
	30–50 years old		33%	33%	8%
	>50 years old		67%	67%	92%
	Number of nationalities Employees in senior and middle management <sup>25</sup>		7	6	8
	Women in senior and middle management		22%	20%	18%
	Men in senior and middle management		78%	80%	82%
	Total workforce (ABB employees)				
	Women in total workforce		27%	26%	24%
	Men in total workforce		73%	74%	76%

1 Power Grids (PG) is included in 2019 data but excluded from 2020 data.

- 2 Results for these indicators are based on reported data covering 96 percent of employees in 2021, 95 percent of employees in 2020, 93 percent in 2019, plus an adjustment for the remaining employees pro rata. See the "Approach to reporting" section for more details.
- 3 Emissions of chlorinated volatile organic compounds (VOC-Cl) are included in the volatile organic compounds (VOC) reported under 305-7.
- 4 See "Approach to reporting" for more details on GHG emission calculation.
- 5 In 2019, we updated the factor used to convert SF<sub>6</sub> emissions to CO<sub>2</sub> equivalent to 23,500 kg CO<sub>2</sub>e/kg SF<sub>6</sub>, as recommended by the IPCC 2013 (Fifth Assessment Report).
- 6 Reported fleet emissions for 2020 and 2019 lag one year behind. See "Approach to reporting".
- 7 ABB considers only methane and N<sub>2</sub>O emissions of biogenic emissions, following SBT guidance.
- 8 Data not yet calculated for 2021, which is why we have published 2020 data from our latest disclosure to CDP as our best estimate.

- 9 Assurance scope only covers air travel. As of 2021 business travel data includes air travel, rented vehicles and hotel nights. In 2020 and 2019, business travel included air travel only. Data for air travel is calculated using the emission factors published by the UK Department for Business, Energy & Industrial Strategy in its 2021 "Greenhouse gas reporting: conversion factors 2021".
- 10 An environmental incident is regarded as significant if at least one of the following criteria applies to the incident: obligation to inform local authorities or a governmental agency about the incident and/ or regulatory violation; inspection by an environmental agency results in a formal complaint; environmental Notice of Violation, a Consent Order or a Potential Responsible Party (PRP) notification; imposition of a penalty or fine; significant impact on an ecosystem; costs related to the incident exceed, or may exceed, \$10,000.
- 11 For 2019, waste sent to landfill or other disposal method was 17.6 kilotons without PG.
- 12 Hazardous waste as classified in the country where it is generated.
- 13 Sites responding "yes" to this question in yearly environmental questionnaire.
- 14 2020 data excludes PG. Includes part-time employees. Turnover rate calculated as number of ABB employees (fulland part-time) leaving during the year/total number of ABB employees (fulland part-time) as at 31 December. For the purpose of this calculation, employees and external workforce who leave the organization voluntarily or involuntarily whether due to dismissal, retirement, end of fixed-term contract or death in service or any other reason, are included. However, involuntary turnover arising out of divestments is excluded from the definition.
- 15 Fatalities include deaths occurring within one year as a result of injuries sustained; commuting is excluded.
- 16 Incident rates are according to the rate per 100 employees or per 200,000 contractor hours worked.
- 17 Data covers incidents that happened at workplace (ABB facility, customer site, project site) and excludes incidents that occurred during business travel.
- 18 Includes incidents during business travel by road. Air and rail travel are excluded.
- 19 Recordable incidents include fatalities, lost-time incidents, serious injury incidents, medical treatment injuries, occupational diseases and restricted workday cases.
- 20 Rate is calculated per employee.
- 21 SOTs are typically conducted by all line managers at all levels.
- 22 Days lost are calendar days and are counted from the day after the incident.
- 23 Rate per manager.
- 24 Eligible employees included in ABB HR system. Data covers previous year's cycle with completion by Q1 of the reporting year.
- 25 This indicator focuses on senior and middle management and includes employees in Hay grades 1 to 10. 2019 data includes PG.
- 26 Ten largest countries by headcount.

### SASB table

SASB requirement	SASB requirement – detail	ABB answer
Energy Management	<ul><li>a. Total Energy Consumed (Gigajoules)</li><li>b. Percentage Grid Electricity (%)</li><li>c. Percentage Renewable (%)</li></ul>	<ul> <li>a. 5,591,776 GJ (1,553,271 MWh) Summary of GRI indicators – 302-1</li> <li>b. 62% Summary of GRI indicators – 302-1</li> <li>c. 32% Summary of GRI indicators – 302-1</li> </ul>
Hazardous Waste Management	<ul><li>a. Amount of hazardous waste generated, percentage recycled (Metric tons, %)</li><li>b. Number and aggregate quantity of reportable spills, quantity recovered (Number, Kilograms)</li></ul>	<ul> <li>a. 11 kilotons, 36% – Summary of GRI indicators – 306-4</li> <li>b. 8 quantified spills reported in 2021. Total release of 438 kg of substance, mostly oil and diesel fuel. Summary of GRI indicators – 306-3</li> </ul>
Product Safety	<ul> <li>a. Number of recalls issued, total units recalled (Number)</li> <li>b. Total amount of monetary losses as a result of legal proceedings associated with product safety</li> </ul>	<ul> <li>a. As of 2021, this number is not yet available for all Divisions but will be communicated in the 2022 Sustainability Report</li> <li>b. Not applicable. Due to NDA agreements with third parties we are unable to disclose monetary values resulting from legal proceedings with these third parties.</li> </ul>
Product Lifecycle Management	<ul> <li>a. Percentage of products by revenue that contain IEC 62474 declarable substances (% by revenue)</li> <li>b. Percentage of eligible products by revenue, that meet Energy Star® Criteria (% by revenue)</li> <li>c. Revenue from renewable energy-related and energy-efficiency-related products (Reporting currency)</li> </ul>	<ul> <li>a. Unable to respond to this question at the time of reporting. Processes are being put in place to collect this data. Earliest reporting possible in 2023.</li> <li>b. Only applicable to North America products. All ABB products are included in point c.</li> <li>c. Using the EU taxonomy as reference: 36% eligible – see <u>EU</u> taxonomy and details</li> <li>In the EU taxonomy standards and complementary references, ABB will report on product lifetime management.</li> </ul>

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SASB requirement	SASB requirement – detail	ABB answer
Material sourcing	a. Description of the management risks associated with the use of critical materials (Discussion & Analysis)	<ul> <li>a. Responsible sourcing</li> <li>b. Right materials</li> </ul>
Business ethics	Description of policies and practices for prevention of:	a. Integrity
	<ul> <li>a. corruption and bribery and anti-competitive behaviour (Discussion &amp; Analysis)</li> </ul>	at Q4&FY 2021: Financial information (abb.com)
	b. Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption (Reporting currency)	
	c. Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations (Reporting currency)	
Activity Metrics	a. <b>Number of units produced</b> (Production should be disclosed as number of units produced by product category, where relevant	a. Please refer to the ABB Group Annual Report 2021 – English (Z (Page 138)
	product categories include energy generation, energy delivery, and lighting and indoor climate control electronics.)	b. 105,000
	b. Number of Employees	

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EU TAXONOMY

# ABB's position on the EU taxonomy

As a global technology company with sustainability at the center of its Purpose and value proposition, ABB welcomes the European Union's introduction of a common classification system for sustainable economic activities, known as the "EU taxonomy"

The goal of the EU taxonomy is to create a clear definition of what is "sustainable" in order to drive investment in economic activities that contribute to the EU's climate and energy targets and that support the European Green Deal. By clearly listing which activities and technologies are sustainable, the EU taxonomy should also help to limit "greenwashing" and make companies more climate-conscious.

#### How ABB adopted the EU taxonomy

To assess the extent to which ABB's activities are reflected in the EU taxonomy, we conducted a thorough analysis, supported by a third party, of our products, sites and activities around the world and reviewed them against the economic activities defined by the taxonomy. Based on this analysis, we determined that most of our products and services are classified as "enabling activities."

When we further broke down our activities to the level of granularity required to meet the EU taxonomy's definitions, we found that 36 percent of our revenue (turnover) in 2021 was eligible under the objective of "climate change mitigation" (see chart below for the results of our assessment on the eligibility of our offerings according to revenues, capex and opex).



## Results of ABB's assessment of the eligibility of our offerings in the EU taxonomy:

## Relevance of ABB's activities in the EU taxonomy and critical technologies absent from the taxonomy

In our view, the EU taxonomy as it stands significantly underestimates the contribution that our products, solutions and services make in reducing our customers' carbon footprints and in aligning their activities with the EU taxonomy. In particular, the alignment criteria do not address many associated activities that will be important in decarbonizing the energy system.

The EU taxonomy would need to take account of all economic activities that play an important role in the transition towards net zero. Currently, the taxonomy focuses on sectors that are directly responsible for greenhouse gas emissions, but takes no account of many critical technologies, such as electrical equipment or industrial automation, that are needed to enable a renewable energy system.

The EU taxonomy also does not consider the management of electricity consumption, which could be substantially reduced in a short time frame through the deployment of readily available and cost-effective technologies. For example, upgrading an electric motor to a higher energy standard can deliver significant energy savings that recoup the cost of the motor in lower energy bills. The same applies to industrial automation, which in the process industries can deliver energy savings of up to 25 percent.

If ABB were to extend the eligibility analysis to cover such activities, we estimate that a further 31 percent of ABB's revenue could be attributed to solutions that are indirect enablers of climate change mitigation. The results could then be interpreted according to the chart below.

## Results of ABB's portfolio analysis of the EU taxonomy including carbon emissions reduction-enabling activities:



#### **Recommendations and way forward**

In summary, we see the EU taxonomy as a significant step forward in developing a common classification system for sustainable economic activities. However, it needs to be expanded to include activities and sectors that contribute indirectly, but still significantly, to a low-carbon society – something that the EU acknowledges. ABB recommends and is ready to support greater private-sector involvement in determining which activities and sectors should be covered. ||| 日 へ Climate change is a global challenge that requires a global approach. The end goal should be a common global classification system for sustainable activities that is comprehensive, credible and relevant to the entire world. If the gaps and shortcomings in the EU taxonomy are addressed, we believe that it has the potential to serve as a model for such a system as well as an important driver of investment in sustainable development.

The detailed EU taxonomy disclosure document is available for download  $\underline{here} extsf{D}$  .