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# 04

## Social progress

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## PILLAR OVERVIEW

# We promote social progress

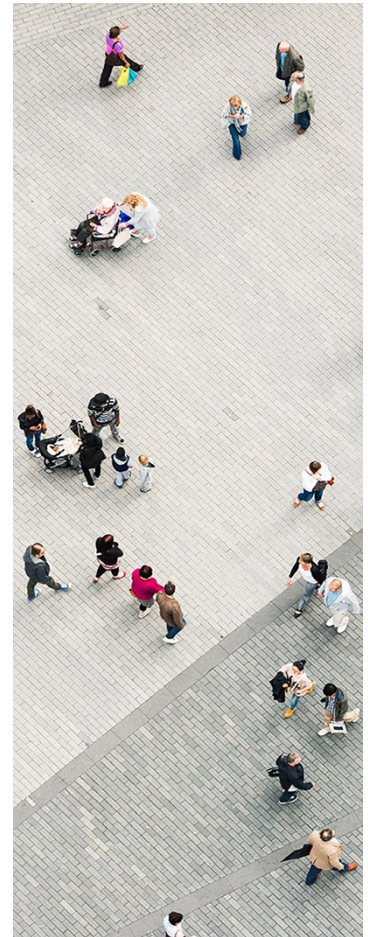
At ABB, we take care of our employees and promote social progress around the world.

We create safe, fair and inclusive working environments where our colleagues can succeed and develop. By continuing to invest in reducing workplace injuries, improving well-being, increasing diversity and inclusion and targeting a top-tier employee engagement score, we are making ABB a place where people want to work and build their careers.

Our support for social progress is underpinned by our respect for people and human rights. As an organization, we embed human rights considerations into our decision-making processes – both by prioritizing them in the risk analyses we perform for our value chain, and by building awareness, knowledge and understanding of them throughout our businesses.

In the communities where our employees and customers live and work, we engage with and support local organizations and people who are making a meaningful social difference. In ABB's supply chain, our Sustainable Supply Base Management (SSBM) program enables us to ensure that our suppliers meet our high expectations for environmental, social and governance performance.

We have established four sustainability targets to reflect how we are working to promote social progress. The first target is to achieve a yearly reduction in lost-time incidents. The second is to double the proportion of women in senior management roles to 25 percent by 2030 from a 2019 baseline. The third is to achieve and maintain a top-tier employee engagement score in our industry. And the fourth is to provide impactful support for a range of community-building initiatives.



Since introducing our 2030 sustainability targets to promote social progress, we have made continuous progress:

Targets 2030	2019 baseline <sup>1</sup>	2022 status
Zero harm is caused to our people and contractors - we aim for a yearly reduction in lost time from incidents (LTIFR value = 0)	0.246	0.143
Increase proportion of women in senior management roles to 25%	11.7%	17.8%
Achieve a top-tier employee engagement score (out of 100)	71	76
Expand programs for community engagement	n/a	Guidance for emergency and disaster relief aligned with the new operating model

1 Where a baseline applies.

CASE STUDY

**Projects, initiatives, and achievements from ABB in India**



ABB strives to support communities according to their local needs. We often support a portfolio of programs at the country level, so that we can positively impact communities around our facilities while also providing volunteer opportunities for ABB employees. For example, ABB’s country-level organization in India has a long, rich history of community engagement, ranging from educational programs for students of all ages to diversity and inclusion initiatives and from healthcare to local environmental projects.

ABB India's flagship educational initiative is its scholarship program with the Lila Poonawalla Foundation. Launched in 2019, the program provides 200 scholarships per year to economically challenged young women. These scholarships help them pursue degrees in the disciplines of their choice at engineering colleges in several regions of India and is supplemented with mentoring activities provided by ABB volunteers.

ABB India also runs educational programs to assist local communities, including a skill development initiative for unemployed youth in Kolar, Karnataka. Under a partnership with the Sambhav Foundation, a total of 120 candidates – one-third of them female – have received IT skills training, and 240 candidates have completed training as domestic assistant electricians. All of these candidates have been successfully placed with employers following course completion.

Three more projects have been carried out with the Association of People with Disability. The first of these, at the Shradhanjali Integrated School, aims to mainstream 200 children with disabilities. The project helps develop curricula, formulate individual support plans, including occupational therapy and physical therapy, and provide training for parents. A second project aims to provide early intervention services, screening 2000 children to identify needs and provide support for rehabilitation and capacity-building. A third project provides appropriate interventions for children with developmental delays. This first-of-a-kind initiative offers holistic rehabilitation services for communities via a mobile rehabilitation van equipped with assistive and adaptive devices.

ABB India also supports water management projects in drought-prone tribal villages in the Nashik district. ABB India has worked in partnership with a local organization to construct seven check dams, with three completed in 2022. The check dams have improved water table levels and water availability during the summer for people and livestock in the region.

Combining ABB's interest in education and the environment, ABB partnered with Paryavaran Mitra ("Friends of the Environment") to develop an environmental education program for students at 98 government schools in Nelamangala. The program – which covers water and sanitation, energy, waste management, biodiversity and climate change – also provides teacher training activities and customized manuals for teachers and students.

The breadth and depth of the programs provided by ABB's country-level programs is notable, and we are proud of the efforts of our people to give back to the communities where they live and work.

# Occupational health & safety

Target 2030: Zero harm is caused to our people and contractors; we aim for a yearly reduction in lost-time incidents

Safety is the foremost standard by which we measure ABB's performance. Our long-term success, reputation and standing as the best partner for our customers and other stakeholders depend on our ability to ensure the safety of our people.

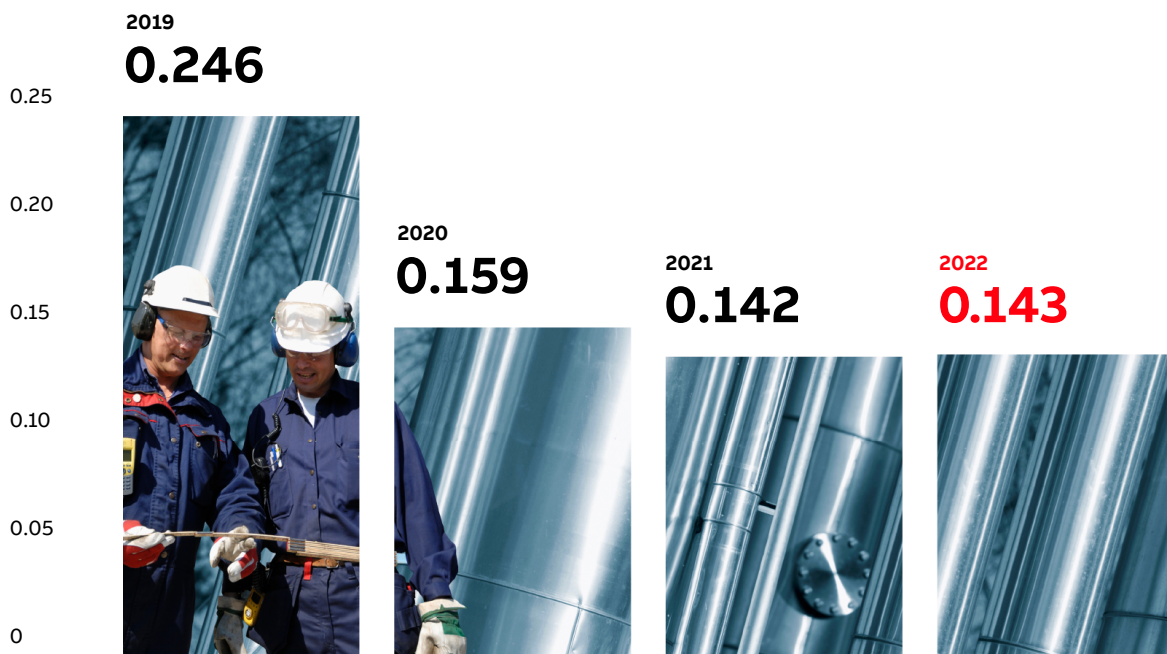
We achieved our safety target in 2022. Our lost-time injury frequency rate (LTIFR) of 0.14 was down from the 0.25 we recorded as a baseline in 2019. LTIFR is defined as work-related injuries that result in at least one day away from work per 200,000 hours worked (equivalent to 100 full-time employees per year).

In 2022, ABB recorded zero workplace-related employee fatalities and zero workplace-related contractor fatalities, with the caveat that every safety incident has the potential to result in a fatality. Over the past decade, ABB has built a robust safety culture, and we are proud of the downward trend in the total number of serious incidents we have experienced since 2014. However, we refuse to become complacent about our strong safety record. Instead, we diligently seek to ensure that all hazards and incidents are reported and investigated and that we learn from them and avoid similar incidents in the future.

## Safety at ABB

### Lost-time injury frequency rate (LTIFR)

0.30



Under ABB's decentralized business model, our business areas and divisions are encouraged to design and implement their own safety programs. As a result, their programs vary widely, adopting strategies customized to the specific risks faced by each division, service product group or industry. Over the years, their safety programs have proved to be highly effective at reducing or eliminating conditions that can lead to incidents. For example, ABB Electrification's Global Electrical Safety team identifies common electrical hazards across ABB and develops actions to address the risks and opportunities they pose. The team is also responsible for sharing and promoting lessons learned and best practices across ABB, as well as for developing and implementing new training courses to address ABB's changing business portfolio, such as our increased focus on electrical vehicle charging and our growing reliance on lithium battery systems. ABB Electrification also initiated and ran its own pilot program in 2022 to test out Proxxi, a special voltage-detecting wristband; field service engineers using this device in the United States, Switzerland, Singapore and Spain will report back on its effectiveness.

ABB's safety-first approach is exemplified by the construction and commissioning of ABB Robotics' new factory in Shanghai (China). During construction, we required the landlord, construction contractors and ABB personnel to acknowledge safety as the highest priority; this consideration dominated each stage of the facility's construction. To help local workers follow ABB's safety requirements and standards at all times, we employed safety experts on site full-time. On a daily basis, we evaluated and then mitigated the risks posed by people, procedures, equipment, tools and activities. We also made sure that the landlord, construction firm, its subcontractors and ABB's safety experts conducted daily safety inspections and Sustainability Observation Tours (SOTs). This granular approach to safety continued after the factory commenced operations in September 2022. As of November 2022, we had zero lost-time incidents and have identified 493 hazards, 99.5 percent of which have been resolved. In addition, 81 SOTs have now been undertaken at the factory by managers.

Supporting the overall health and well-being of our employees is a priority at ABB, and we dedicate much time and effort to providing them with a broad spectrum of resources. Mental illness affects one in four people globally, a situation that was exacerbated by the pandemic. Our businesses have responded with a wide range of initiatives. For example, in 2022, ABB Motion continued to run its "Are you ok?" mental health training program, which it first launched at the end of 2021. The program, composed of a series of training modules for staff and managers, was made available both online and in person in nine languages. In addition, to celebrate World Mental Health Day in October 2022, ABB Motion held an "Are you ok?" week. The week was packed with training sessions delivered in multiple languages, and employees shared their personal stories via social media posts. Since the launch of "Are you ok?," 2,300 employees – roughly 10 percent of ABB Motion's global workforce – have completed its training programs.

At the same time, we continue to strengthen the overall governance of ABB's safety activities by means of regular council meetings and steering committees. These ensure proper corporate monitoring of corrective actions and lessons learned. With this critical input, ABB's corporate leadership and its business areas can identify, align and collaborate on company-wide improvement programs.

Among our cross-Group security initiatives, we run a robust travel risk management program that prepares travelers for their trips, oversees their security in high-risk areas, monitors 24/7 any changes in the risk landscape, and offers support for security and medical emergencies while traveling. Our partner International SOS plays an important role in exercising our duty of care for our employees and contractors.

Our safety teams were active throughout ABB in 2022, coordinating preparations for and responses to emergency situations, conducting internal safety inspections, obtaining third-party verifications for our health, safety and well-being reporting, and developing procedures to investigate work-related injuries and incidents. In addition, our safety teams provided occupational health and safety (OHS) trainings to employees to raise awareness and reduce operational health and safety incidents; and they introduced OHS criteria to ABB's procurement processes and contracts.

# Diversity & inclusion

Target 2030: Double the proportion of women in senior management roles to 25 percent, using 2019 as our baseline, within our comprehensive diversity and inclusion framework

The diversity and inclusiveness of ABB's workforce has a positive impact on our company and society at large. Recruiting the talent to be found across genders, generations, abilities, sexual orientations, ethnicities and diversity of thought yields dividends for our employees, our organization and our communities.

Our 2030 sustainability target – to double the proportion of women in senior management roles – is also a target of our broader Global Diversity and Inclusion Strategy 2030.

## Women in senior management



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



In 2022, ABB increased the proportion of female senior managers to 17.8 percent<sup>5</sup>, up from 16.3 percent in 2021.

To build on these results, in 2022, we continued to run mentoring and leadership development programs across all business areas. These programs strengthen our pipeline of female talent by providing women at ABB with professional guidance, support and high-level networking opportunities. In addition, these programs create mutually supportive communities of women that extend across divisions and business areas, further enabling them to achieve their career goals and advance to more senior positions at ABB.

Our four business areas have taken full advantage of the ABB mentoring and leadership development programs, and in some cases have seen fit either to modify them or create their own versions. For example, to ensure the promotion of females within the organization, in 2022, ABB Electrification ran a leadership program it developed the previous year in partnership with Catalyst and other women's organizations. Also in 2022, one of ABB Electrification's divisions continued to run its own global mentoring program for women, which it created in 2020. At ABB Process Automation, 111 high-potential women participated in the business area's Women Development Program in 2022; one of their divisions also created the hashtag #HerStoryatABBEnergyIndustries to inspire women in key roles to share highlights from their professional careers and insights from their personal lives. And the Female Mentoring and Development Program, a joint collaboration launched by ABB Motion and ABB Robotics and Discrete Automation, marked its fourth year in 2022. This past year, the program opened its application process to every woman working in those business areas and began to monitor the career progress of current mentees and program alumnae. ABB Motion took further steps in 2022 to attract external female talent to ABB by launching a new initiative called LeadHer.

At the local level, in 2022, ABB Motion Italy launched "Women in Motion," a new female leadership program. Run in cooperation with Valore D., an Italian association promoting gender equality and inclusive culture, the program's first 81 participants were provided with special training and coaching sessions. And in 2022, ABB Sweden was recognized with the Industry Gender Equality Award 2021 for the achievements of its Motor Starting & Safety unit, where 41 percent of its managers are female.

As part of our commitment to promote gender equality and women's empowerment in the workplace, marketplace and community, in 2022 ABB adopted the United Nations Women's Empowerment Principles and signed the CEO statement of support. Additionally, as announced in 2022, ABB will propose one additional female member for election to the Board of Directors at the Annual General Meeting in 2023, which will help strengthen the Board's gender diversity.

5 This figure excludes the proportion of female senior managers from ABB Turbocharging, which was divested as Accelleron in 2022.

## CASE STUDY

**Strengthening our  
commitment to gender  
equality**

In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**Established by UN Women and the  
UN Global Compact Office

ABB has a stake in and a responsibility for gender equality and women's empowerment. On International Women's Day in 2022, we made an important commitment to closing the gender gap when we adopted the United Nations Women's Empowerment Principles. Established by the UN Global Compact and UN Women, the principles offer guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace and community.

Gender equality is one of the key goals of ABB's Global Diversity & Inclusion Strategy 2030. By embracing the WEPs, ABB agreed to work collaboratively in multistakeholder networks to foster business practices that empower women. These business practices include high-level corporate leadership for gender equality, education, training and professional development for women and promotion of equality through community initiatives and advocacy.

After signing a statement of support for the WEPs, ABB CEO Björn Rosengren said: "At ABB, we see diversity as a core strength. Gender diversity is a key goal of our people and sustainability strategies, and we aim to increase the number of women in senior management roles as well as female early talents."

In parallel with adopting the WEPs, ABB expanded its Gender Equality Week, adding a range of new activities in 2022. These included a virtual meeting of ABB executives, employees and UN Women representatives, as well as unconscious bias webinars and other activities to raise awareness of stereotypes and discrimination.

## Diversity and inclusion targets

Complementing our 2030 sustainability target for increasing the representation of women in senior management, we have set three internal ABB targets for diversity and inclusion:

1. to achieve equal gender balance among our early talent hires
2. to provide broad access for our people to employee resource groups (ERGs)
3. to improve our inclusion scores in the annual employee Engagement Survey

In 2022, 41.3 percent<sup>6</sup> of our early talent hires were women.

We were proud of the achievements of our employee resource groups in 2022. The mission of these voluntary, employee-led groups is to champion diversity initiatives and embrace the differences that make us unique, thereby fostering an environment of inclusion, equity and belonging at ABB. We have established ERGs for women, young professionals, senior professionals, Asians, Blacks, Hispanics/Latinx, LGBTQ+ employees, employees with disabilities and military veterans, among others.

To improve employees' sense of inclusion at ABB, our business areas have embraced ownership of the targets and taken a series of proactive steps. ABB Motion, for example, ran inclusive teams workshops. These manager-led sessions trained 1,161 colleagues in 2022, equipping them to contribute more effectively to an inclusive environment, where differences are appreciated and respected. To follow up on the workshops, managers are provided with briefing sessions so they can accurately disseminate new content and materials to their teams.

Other programs have addressed issues related to the LGBTQ+ community and people with disabilities. These initiatives included a global LGBTQ+ reverse mentoring pilot and an LGBTQ+ sensitization program in India. For the reverse mentoring program, 16 senior leaders volunteered to be paired with LGBTQ+ employees at ABB. This pairing aimed to help senior leaders better understand the challenges these individuals face, raise their awareness of the community and generate action plans to implement within the company.

For more than 20 years, ABB has been proud to partner with the Special Olympics, and our people were on hand in June 2022 when the Special Olympics National Summer Games took place in Berlin. It was a celebration of inclusion for the athletes and for the ~100 ABB employees who volunteered to work at the event. In Switzerland we have been running programs that familiarize employees with the challenges faced by colleagues with a disability.

In parallel with the array of smaller programs under way at all levels of our company, we continued to run ABB's Global Unconscious Bias Program in 2022. At ABB, we rank

<sup>6</sup> This figure excludes the proportion of female senior managers from ABB Turbocharging, which was divested as Accelleron in 2022.

diversity and inclusiveness among our core leadership competencies and have a wide selection of learning opportunities on this topic available to all of our people.

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#### CASE STUDY

## ABB employees turn out in force to support the Special Olympics



In June 2022 at the German Special Olympics in Berlin, around 4,000 athletes competed in basketball, beach volleyball, handball, table tennis and triathlon, among others. These athletes were supported and cheered on by some 100 volunteers from ABB, together with thousands of other volunteers and spectators.

The ABB volunteers at the event either requested time off or used vacation days to participate in the year's largest inclusive sports event in Germany. In addition to providing support for the athletes, some ABB employees participated in tandem activities, where a person with a disability would partner with a person without a disability to engage in such services as providing guest information or helping with award ceremonies. Among the many ABB employees who either attended or volunteered at the games were Carolina Granat, Chief Human Resources Officer, Adrienne Williams, Head of Corporate Responsibility, and Heidi Robertson, Group Head of Diversity & Inclusion.

At ABB, we are proud that our premium partnership with this event is more than just a financial commitment. Our people have consistently taken advantage of the opportunity to be actively involved in the Special Olympics in Germany at both the state and national levels. Since our partnership began in 2000, more than 3,400 employees have volunteered their time and energy to support this major sporting event.

To drive social progress within our company and throughout society, ABB has partnered with UN Women, the Society of Women Engineers, the Society of Hispanic Professional Engineers, the National Society of Black Engineers, Stonewall, Catalyst, FEMTEC, Parks, Open for Business, #EmbraceDifference and WeQual, among others. In 2022, ABB

continued its role as 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.

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## CASE STUDY

### **LGBTQ+ reverse mentor program: from allyship to advocacy**



Over the past two years we have made significant progress in raising awareness across ABB on the challenges and issues faced by members of the LGBTQ+ community. Most recently, we piloted a reverse mentoring program in which 16 senior leaders volunteered to be paired with LGBTQ+ employees at ABB. The pairing aimed to help senior leaders better understand the challenges these individuals face, raise their awareness of the community and generate action plans to implement within the company.

Under the guidance of Diversity Hub, a Polish think tank specializing in diversity and inclusion, leaders across ABB have been working to increase their awareness, understand challenges, identify opportunities to influence the ABB culture and remove barriers to inclusion. The reverse mentoring program proved to be a strong step in the right direction, enabling leaders at ABB to move from allyship to advocacy.

The feedback received to date from ABB senior leaders has been very positive. All of the participants say the program helped them to become better allies and to embrace the idea of full advocacy, progressing from providing passive support to stepping up and celebrating LGBTQ+ inclusion. Specific actions these leaders have taken include adding their pronouns to their signatures, enrolling their teams in LGBTQ+ online training sessions, and taking part in meetings with Encompass Pride networks.

The reverse mentoring program successfully leveraged the influence wielded by ABB's senior leaders to improve our company's culture in ways that will allow the full potential of all of our people to flourish.

# Employee engagement score

Target 2030: Achieve a top-tier employee engagement score in our industry

As an organization, ABB is deeply interested in knowing what its people's on-the-job experiences are like. Our annual Engagement Survey helps us understand how our people feel and lets them voice their opinions on a broad set of topics. The survey helps us see what is going well in the organization, so we can build on our strengths. It also serves as a formal mechanism through which our people can provide us with transparent feedback on areas where we can improve, along with their concrete suggestions.

We partner with the Glint platform from LinkedIn to benchmark ourselves against our peers.

In our 2022 employee Engagement Survey, ABB received a total employee engagement score of 76 out of 100, compared with scores of 74 in 2021, 75 in 2020 and 71 in 2019. We scored above the benchmark for eight questions, at the benchmark for nine questions, and below the benchmark for 18 questions.

Overall, we have made steady progress since the survey's launch in 2019, when many of our scores were significantly below the benchmark. This year, we came in slightly above the external benchmark, boosted by our strong scores on the topics of safety climate (87), integrity (83) and role clarity (81). We are gratified that these results reflect our company's sharp focus on safety and integrity and that we have successfully created clear roles and responsibilities for our people. Based on the Glint external benchmark, the survey results suggest that we are a leading company in terms of safety, communication flow between managers and teams, and accountability.

For each of the individual survey questions, the feedback we received was broadly positive. Of the 35 items that could be compared with last year's survey, we saw an improvement in 29, while six items stayed at the same level. It was particularly rewarding to see the improved scores for work-life balance and barriers to execution, as teams in the businesses and functions have been working to address these areas, in line with past recommendations.

Participation in the 2022 Engagement Survey reached a record high level of 82 percent, with more than 85,000 ABB employees taking part, thanks largely to a rise in the number of production employees who completed the survey. This result compares favorably to the 78 percent response in 2021, 73 percent in 2020 and 65 percent in 2019, when the survey was first launched.

In addition, we received 113,266 comments. This decrease from the 147,803 comments received in 2021 was expected, since the survey featured only one open-ended question in 2022, vs. two in the previous year. Additionally, thanks to technological improvements in Glint’s platform, comment boxes that employees may have clicked on but not filled in are no longer tallied as comments. This past year, we received more than 25,500 actionable suggestions for improvement; these targeted suggestions are particularly valuable because teams can immediately use them to kickstart action planning processes. As always, we are grateful for the critical insights our people have provided, and we will use them to make ABB an even better place to work.

**113,226**

comments received



**82%**

response rate  
(=85,878 employees)  
in **2022**



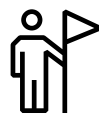
is an improvement  
compared to

**78%**

achieved in **2021** and

**65%**

response rate in (baseline)  
**2019** when the survey  
was introduced



**104,259**

ABB employees invited  
to the **2022** Engagement Survey

in **2022** ABB received a total  
employee engagement score of

**76/100**

compared to

**74/100**

in **2021**

**71/100**

in **2019** (baseline)

# Community engagement

Target 2030: Provide impactful support for community-building initiatives around the world

ABB has a longstanding 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.

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, community healthcare, and poverty and disaster relief.

**COMMUNITY ENGAGEMENT HIGHLIGHTS:  
OUR EMPLOYEES AND OUR BUSINESS AREAS  
SUPPORTED OUR COMMUNITIES**

**40**

countries  
worldwide

**\$10.2**

million  
donated

**4,050**

person-days  
volunteered

**400+**

community projects  
and charities

Our largest program is a corporate-level agreement with the International Committee of the Red Cross (ICRC), which provides humanitarian protection and assistance to victims of armed conflict and other forms of violence. During 2022, as a special initiative to support the humanitarian effort in Ukraine, we contributed more than CHF 2.2 million in employee and Group funds to the ICRC response. In addition, ABB employees in several countries took it upon themselves to travel to the borders of Ukraine to transport refugees from the country to safe locations, while others donated such essentials as food and warm clothing.

Education has long been a focus of ABB's community engagement activities. Since 2007, ABB has funded the ABB Jürgen Dormann Foundation for Engineering Education, which helps financially disadvantaged engineering students in 12 countries. In 2022, the foundation supported 91 students at 13 universities.



## CASE STUDY

## Preparing people to thrive in an age of robotics and automation



In 2022, ABB expanded its global Robotics and Automation education program with several new training centers, including our €100 million global innovation and training campus in Austria. The new site, along with new regional training centers in the UK, Germany, Brazil, Sweden and Vietnam, raises the number of ABB's Robotics and Automation training facilities to more than 40 around the world. More than 30,000 students from high schools, colleges and universities, as well as apprentices and staff, now participate in our training programs each year.

The sites complement the business area's other instructional offerings, which include software suites and hardware, in the form of collaborative robot cells and application packages. Through more than 100 global partnerships with schools and universities, ABB works with educators to generate curriculum materials that will train young people and prepare them for the jobs of tomorrow.

The Robotics and Automation education program was developed to bridge a critical skills gap that has been identified by our research. In a 2022 survey of U.S. and European business leaders conducted by ABB, 74 percent of European and 70 percent of U.S. businesses said they planned to re- or nearshore operations to improve the resilience of their supply chains. The majority of these businesses view automation as a key to enabling these shifts and plan to invest in robotics and automation in the next three years.

Despite this growing appetite for automation, ABB's 2022 global education survey found a significant shortfall in the education and training needed for the automated workplaces of the future. Only one in four educational institutions currently make any use of robots as part of their teaching programs.

For more information on our drive to prepare people for success in an age of robotics and automation, please visit the webpage [ABB Robotics in Education](#).

We also continued our local commitments to promote STEM education and careers, particularly for girls and women. ABB's scholarship and mentoring programs continued in China, Estonia, Hungary, India, Italy, 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 2022, ABB marked 20 years of support for Junior Achievement, a non-profit organization that runs entrepreneurship and job preparation programs in Italy. In 2022, 50 ABB employees served as "dream coaches" in this program, providing their knowledge and expertise to over 870 students.

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#### CASE STUDY

### Smart grid lab in Vietnam



The Industrial University of Ho Chi Minh City (IUH) has launched the first university Smart Grid Lab in Vietnam with support from ABB. Located within the Electrical, Electronics, Control and Automation Faculties, this lab will give 350 students a year the opportunity to build the skills they need to address the power network challenges of the future.

The lab offers an advanced distribution grid setup equipped with a range of ABB solutions that allow students to visualize how a power grid operates in real time. As the fast-moving megatrends of urbanization and digitalization collide with the necessary shift toward renewable energy sources, it is essential that the next generation of engineers understand the complex technical interactions among power systems, control systems and power protection systems.

Partnerships with educational institutions are crucial to address energy challenges, and we support such initiatives that help prepare people to thrive in the future. The young engineers who have begun to hone their skills at the Smart Grid Lab in Vietnam will help ensure that power grids continue to evolve in a way that builds resilience and avoids shortages and outages as the energy transition accelerates.

In 2022, we added a range of major new initiatives to the large number of educational, technical, entrepreneurial and hands-on training programs that ABB runs for young people. These initiatives included support for the establishment of the first university Smart Grid Lab in Vietnam, our sponsorship of the Science Olympiad in the United States for K-12 students, and the inauguration of our expanded training center in Berlin.

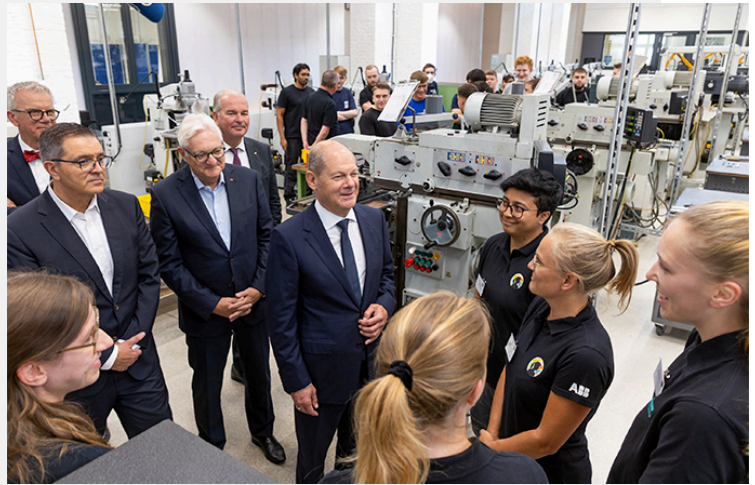
Across the world, we also made donations or provided services and other forms of support to vulnerable people and those affected by natural disasters, such as the hurricanes, tornadoes and floods that occurred in the United States and Pakistan. In the United States, ABB employees were able to donate to help their colleagues in need by making tax-deductible gifts to the ABB Employee Relief Fund. The ABB Foundation, funded by ABB in the United States, provides a large portion of the relief fund and covers program costs and fees. Cash grants are available to U.S.-based full- and part-time employees or temporary contract workers who experience a catastrophic disaster. The fund is administered by E4E Relief, a leading operator of relief funds for large companies.

ABB's employees were active over the past year, providing assistance to those suffering from food insecurity. Through donations and volunteer activities, ABB employees supported food banks and other programs in Australia, Canada, Hungary, the United Arab Emirates and the United States.

Over the course of 2022, we were unable to initiate the research and consultations that had been planned to develop our community engagement strategy further. We will kick off this process in 2023, with a view to developing a harmonized approach to volunteer activities and community programs.

## CASE STUDY

## Learning Factory Industry 4.0 at ABB in Berlin



At ABB, we understand the critical importance of preparing apprentices to meet the industrial needs of tomorrow. To this end, in 2022, ABB in Germany inaugurated its expanded training center in Berlin. The “Learning Factory Industry 4.0” forms the centerpiece of a new multifunctional extension building. The site contains cutting-edge training facilities that prepare trainees for the digital future of manufacturing.

Creating training centers of this kind benefits not only ABB but also the many companies we partner with. By working together and supporting each other, we can stay competitive and make important joint contributions to strengthening the talent pool that represents the future of Germany’s workforce.

The facility resembles a highly automated industrial plant and is designed to impart a holistic understanding of digitally networked production processes. Under the guidance of their instructors, the trainees work to produce a model of an ABB Formula E racing car at the plant. With the new expansion, the ABB training center in Berlin more than doubled its capacity, welcoming an additional 205 apprentices working in 17 different apprenticeships.

These young people are now learning skills that will set them up for long-term success in an Industry 4.0 world. For example, apprentices at the facility learn to monitor networked systems and to rectify any faults that arise in the production processes themselves. This remarkable new resource is making it possible for apprentices to master critical new skills in a clear and practical way.

# Human rights

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, the Human Rights policy and the Social policy. These codes and policies 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.

Our goal is for human rights to be well understood and managed in all ABB operations along the 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, strengthening risk identification and management, and monitoring performance. A human rights working group, consisting of a representative from each business area and the Group Head of Corporate Responsibility, supports the implementation of our human rights plan through operational management review and coordination, sharing best practices, and monitoring and reporting performance progress. The working group reports to the ABB Sustainability Council.

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. ABB 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.

## **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 have also established a human rights self-assessment process for our own operational sites. We are continually evaluating and adjusting these processes to ensure they meet legal requirements and the expectations of ABB's stakeholders.

During 2022, we undertook a high-level human rights risk assessment and a review of our human rights due diligence (HRDD) framework to identify key gaps and potential

measures for improvement. The reviews were conducted at the Group level and involved a range of internal stakeholders and subject-matter experts, as well as desktop research. The reviews were facilitated by external human rights experts and were conducted according to the requirements of the OECD Guidelines and UNGPs. External stakeholder engagement will be undertaken as a next step to validate the conclusions.

The scope of the human rights risk assessment that was conducted included all internationally recognized human rights, as per the Universal Declaration of Human Rights, which were clustered into 12 human rights issues for ease of analysis. We mapped our full value chain and identified the human rights risks per value chain element, considering all potentially affected people. We consolidated the findings to assemble a high-level human rights risk map. We then prioritized risks according to their severity and likelihood, in order to define an updated risk matrix, with salient human rights issues consolidated at the Group level. Inherent risks were evaluated, without considering existing preventive or mitigation measures.

## Salient human rights issues

Environmental issues impacting human rights	Child labor	Impact on communities and land rights
Contributing to conflict and use of force	Corruption and bribery	Fair employment
Human trafficking and modern slavery	Freedom of association and collective bargaining	Information security and data privacy
Non-discrimination and harassment	Health and safety	Technological change impacting human rights

For the review of our HRDD framework, we assessed the current implementation status of the six core elements of HRDD – policy commitment, risk and impact assessment, risk-based measures, embeddedness, tracking and communication, grievance and remedy – assigning scores for 31 criteria. The study concluded that ABB has taken a solid approach to managing human rights. It also identified a range of key actions to undertake to reach our targets.

Main actions for 2023 will include:

- Updating ABB's human rights policy to better align with international requirements
- Conducting gap and risk assessments at business level to define business-specific actions and appropriate governance systems
- Refining the Group-wide human rights risk management system and human rights roadmap to ensure appropriate risk-based measures are in place and regular risk assessments are conducted

In addition to the Group-wide initiative to develop new risk assessment methods for both our sales channels and supplier relationships, in 2022 we continued to embed the new review criterion based on country risk. This criterion was introduced in 2021 to reinforce our risk screening process for major projects.

We also continued our program for conducting human rights self-assessments at selected ABB sites. This program was piloted in 2021, with 50 sites in 26 countries undertaking the assessment. Following a review of the pilot, the program was revised, improved and then systematically promoted and implemented across all of ABB's business areas. In total, 58 sites in 25 countries undertook the assessments in 2022. The program will continue in 2023.

To address human rights risks related to our suppliers, we rely on our Sustainable Supply Base Management system and our conflict minerals management program. For further information on these two programs, please refer to the chapter ["Responsible sourcing."](#)

## **Building ABB's internal capacity regarding human rights**

After an intensive three years of capacity-building activities, with programs targeting both management and functional roles, in 2022, we reduced the pace at which we were delivering internal trainings and took a step back to review our overall program and its contents.

Following extensive internal consultation, we concluded that the program has been successful in raising awareness of human rights at all levels of the organization and embedding human rights expertise within each business area and division. However, there was a desire for content to be delivered more flexibly and for the courses to be self-paced, in smaller units, while including more practical elements so participants could work through actual situations and dilemmas. Through 2023, we intend to restructure our capacity-building programs to provide clearer learning pathways for participants, allowing for more self-directed learning as well as in-depth training.

During the year, we maintained the engagement activities of ABB's Human Rights Champions Network via regular network calls and newsletters, and we formally defined the role descriptions for the champions to assist in setting individual objectives. We continued to make general human rights awareness training available to all ABB employees and managers, with 4,687 employees completing general human rights e-learning courses, and provided targeted trainings for management and job roles specifically exposed to human rights risks.



**4,130** **Number of hours** of instructor-led human rights training delivered to ABB personnel during 2022

At the end of 2022, we surveyed our network to understand how ABB Human Rights Champions engaged with their businesses during the year and to identify where further support or improvement were needed. The results not only showed the benefits of business-specific engagement activities but also reinforced the need for new capacity-building opportunities.

### ABB's 2022 human rights performance

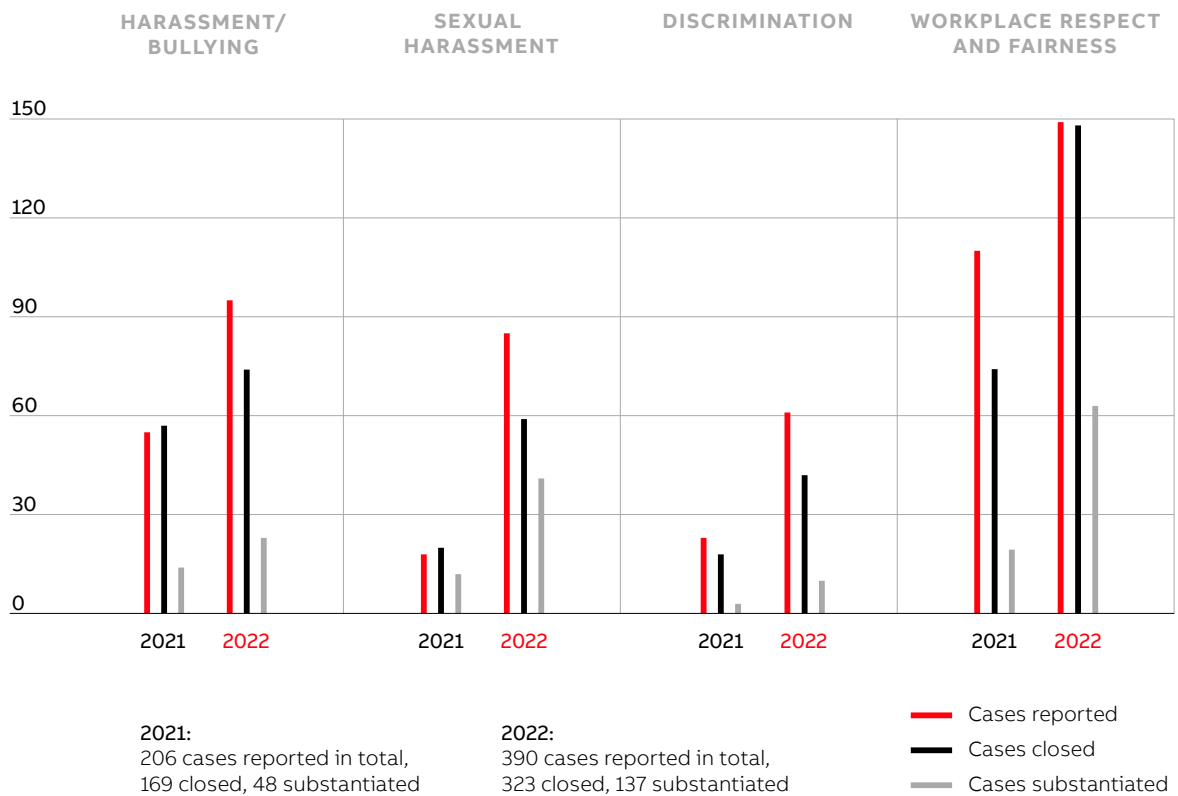
ABB has internal reporting and allegation management processes to deal with any alleged violations of ABB's Code of Conduct, including matters relating to human rights. Our allegation management team aims to listen attentively and respond swiftly to employee concerns and manage a fair justice adjudication process aligned with our values. That said, work continues to enhance employee trust in our integrity and



reporting programs and to ensure concerns of potential non-compliance with our Code of Conduct are reported in a timely fashion.

Our ABB Way transformation – a companywide reorganization of business strategy, operating model and culture transformation – commenced in 2020. This transformation included various enhancements aimed at the health of our workplace including launch of an open job market, new leadership learning ecosystems, innovations in our integrity learning and speak up culture, and messaging regarding the use of our business ethics helpline to report any non-compliance with our Code of Conduct.

Following this progress, in 2021 we launched Straight Talk, an Integrity initiative intended to drive open discussion and continuous learning regarding integrity successes and failures within our organization and the key learnings from those. We coupled this with (1) clarity that all potential non-compliance with the Code of Conduct should be reported to our business ethics helpline, and (2) focus on driving safety in reporting to build confidence in our zero tolerance for retaliation risk. As a result, we have seen greater employee engagement in the use of our learning tools intended to drive heightened integrity awareness.



We have seen a consistent increase since 2021 in total concerns reported to our business ethics helpline. We attribute this to the increased confidence in our reporting and allegation management processes noted above coupled with more in-person interactions, coming out of the pandemic. Irrespective of this, we will be taking specific steps over the next 12-18 months to further promote integrity, psychological safety, and accountability for poor workplace behaviors.

Investigations carried out in 2022 resulted in varying levels of corrective actions, including coaching, retraining and warnings. Twenty nine employees were terminated.

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

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#### CASE STUDY

### Learning from experience



At ABB, we are always looking for ways to improve our oversight and management of critical topics such as human rights. That is why, in 2021, we launched a program to conduct human rights self-assessment processes at our own operations and conducted pilot assessments at 50 sites in 26 countries. In 2022, we analyzed the results and feedback from the program participants and concluded that there was a need to provide clearer instructions for on-site questions and better-defined roles and responsibilities, as well as enhanced training, for all participants.

Therefore, we restructured the self-assessment questionnaire, making sure that it provided more objective guidance on scoring to limit the possibility of misinterpretation. We also worked to improve comparability across questionnaires. The new format that was devised not only describes ABB's expectations for each of the topics more clearly, but also facilitates the development of improvement plans to strengthen outcomes.

ABB Motion led this review process, setting ambitious training and self-assessment targets as part of their overarching commitment to embedding human rights into their business processes. As a result of the review, progress toward human rights-related targets is now systematically monitored and integrated into the Sustainability Strategy Review dashboard for each of ABB Motion's divisions. Other ABB business areas have taken notice of ABB Motion's best practices and are implementing comparable plans appropriate to their operations and risk levels.