

---

# 01

## Sustainability at ABB

- 04** CEO letter
- 06** Sustainability strategy 2030
- 08** Progress against targets
- 12** ESG ratings
- 14** Sustainability governance
- 16** Materiality

# CEO letter

Dear stakeholders,

The year 2022 was one of crises and setbacks for society. While governments were preoccupied with the war in Ukraine, the energy crisis and rising inflation, greenhouse gas (GHG) emissions continued to rise. Against that backdrop, it is clear that ABB's purpose – to enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation – is more relevant than ever, especially when it comes to tackling climate change.

In terms of sustainability, ABB made solid, steady progress toward the goals for 2030 that we established two years ago. Our people also distinguished themselves and ABB with their generous contributions to the humanitarian aid efforts of the International Red Cross in Ukraine, which were matched by the ABB Group, as well as many other local initiatives and engagements at the community level. You can read about some of these in the chapter, [“We promote social progress”](#).



## Enabling a low-carbon society


Among our Group's sustainability highlights for 2022 was our progress on the first pillar of our sustainability strategy: enabling a low-carbon society. We reduced our GHG emissions by 43 percent and helped our customers reduce or avoid emissions through our leading electrification and automation technologies. We also defined a new emissions reduction target for our supply chain, covering suppliers that account for 70 percent of our procurement spending. Finally, to improve our accountability for reducing our value-chain emissions, we set mid-term targets, to be met by 2025, for our suppliers' and our own operations.

This report contains many examples of how we are contributing to a low-carbon society and supporting the Paris Agreement's target of limiting the rise in global temperatures to 1.5 degrees Celsius. One that stands out is a project in Norway, where we helped a wood pulp factory reduce its annual emissions by 14,000 tons, equivalent to taking 7,000 conventional cars off the road. I urge you to take a closer look at our case studies throughout the report to see how we are using technology to shrink ABB's

environmental footprint while working with our customers and suppliers to reduce and avoid emissions across our value chain.

## Circularity, social progress and integrity

While we are particularly proud of our progress on the first pillar of our 2030 sustainability strategy, we also continued to advance on the other three pillars: preserving resources, promoting social progress, and creating a culture of integrity and transparency along the extended value chain.

In 2022, we strengthened ABB's circularity approach by defining clear key performance indicators (KPIs) for every stage of the product life cycle, from design to end-of-life. One important initiative was the launch of our [EcoSolutions™ label](#) , which provides full transparency into the circularity value and environmental impact of a product, verified by a third party. In the "[We preserve resources](#)" chapter, you can find more examples of how we are putting circularity into practice in our products and processes and with our customers.

When it comes to social progress, we achieved many concrete gains, including improving workplace safety, increasing gender diversity in senior management, and enhancing our human rights due diligence process. At the same time, by supporting community-building in areas such as education, diversity and inclusion, and care in the community, we are empowering people to take actions that will make a positive difference to their lives and communities and benefit future generations.

The report's section on integrity at ABB details the strides we have made toward our 2030 goal of enhancing our risk-based approach that will promote integrity across our organization. This included the management of third parties and training to keep awareness high.

Technology cannot solve all of the world's challenges. But our experience at ABB shows that, with clear goals and targets, and engaged and motivated people with the right skills and expertise, we can develop and deploy solutions that will take us a long way toward creating a sustainable society.

I want to thank our people for their contributions to our sustainability goals and for the work they have done, not just as employees but also in a private capacity, to support the shift to a sustainable society. And I want to thank all our stakeholders for your collaboration, support and trust.

Together, we are leading the way to a sustainable future.



**Björn Rosengren**  
CEO, ABB Ltd



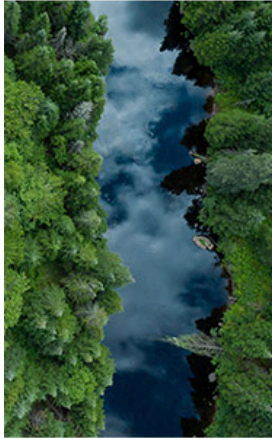
# Sustainability strategy 2030

[ABB](#) is a global technology company whose purpose is to enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation. Our solutions connect engineering know-how and software to optimize how things are manufactured, moved, powered and operated. Building on more than 130 years of excellence, ABB's ~105,100 employees are committed to driving innovations that accelerate industrial transformation.

At ABB, we believe that sustainable development represents progress toward a healthier and more prosperous world for future generations. To balance the needs of society, the environment and the economy, we act and embed a sustainable approach to business across our value chain, creating superior value for all of our stakeholders.

ABB's 2030 sustainability strategy is aimed at addressing the world's greatest challenges and at contributing to the achievement of the United Nations' Sustainable Development Goals (SDGs). We are confident we can have a greater impact by acting in coordination with our customers, suppliers and other stakeholders. Across this report, we provide specific case studies and indicate which SDGs they contribute to.

Our strategy is based on the following four pillars:



—  
**Enabling a low-carbon society**

We partner with our customers and suppliers to reduce and avoid value-chain emissions, and we aim to make our own operations carbon-neutral by 2030.

—  
**Preserving resources**

We aim to embed circularity across our value chain. Many of our solutions reduce waste, increase recycling and foster reusability.

—  
**Promoting social progress**

We take care of our employees and promote social progress around the world. We strive to create safe, fair and inclusive working environments where people can succeed and develop, and we support community-building.

—  
**Creating a culture of integrity and transparency**

We drive a culture of integrity and transparency across our value chain and take accountability for our actions.

For each of these pillars, we have defined specific targets. In 2022, we fulfilled the commitment made in our [2021 Sustainability Report](#) to set an emissions target for our supply chain. We will work with our main tier-one suppliers – which account for about 70 percent of our supply spending – to achieve a 50 percent reduction in their greenhouse gas emissions by 2030. To improve accountability, we also set mid-term targets to reduce and avoid emissions across our value chain by 2025.

Ultimate responsibility for ABB's sustainability strategy as well as the sustainability targets lies with the Board of Directors. For a detailed overview of ABB's Sustainability Governance, please refer to the section "[Sustainability governance](#)."



# Progress against 2030 targets

Since the launch of our 2030 sustainability strategy in November 2020, we have made continuous progress toward our goals of enabling a low-carbon society, preserving resources, promoting social progress, and creating a culture of integrity and transparency along the extended value chain.

## We enable a low-carbon society

We partner with our customers and suppliers in reducing and avoiding their emissions while reducing our own operational emissions with the aim of achieving carbon-neutral status by 2030. As we intend to have our targets validated against the Science Based Targets initiative's new Net-Zero Standard, we are no longer focusing on a limited amount of cases linked to the 100 megatons emissions' avoidance but rather on our complete portfolio of offerings.

**Target:** Carbon neutrality in own operations and own scope 1 and 2 GHG emissions reduced by at least 80 percent by 2030 compared with baseline year 2019

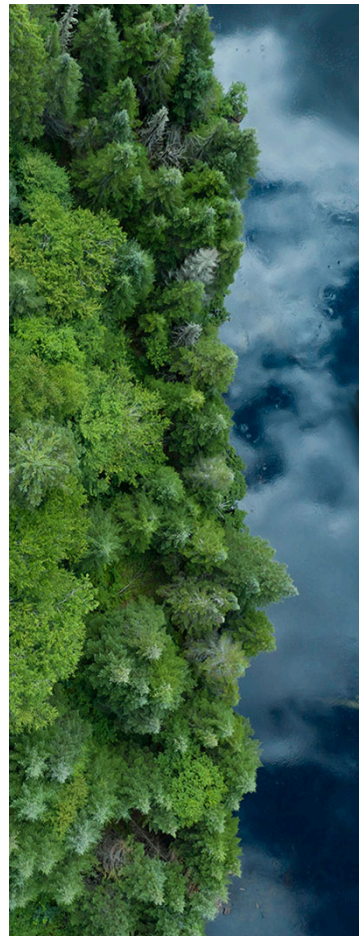
# 65%

reduction of own scope 1 and 2 GHG emissions since 2019

**Target:** Scope 1 and 2 GHG emissions of main tier-one suppliers covering 70 percent of our annual procurement spend reduced by 50 percent by 2030 compared to baseline year 2019

## Target established

Target finalized and published in October 2022 and measurement of baseline and performance in progress



## We preserve resources

By taking a systematic, company-wide approach to circularity, we are working to minimize the amount of resources we consume and to keep resources in productive use across ABB's value chain.

**Target:** Cover at least 80 percent of portfolio of products and solutions with circularity approach by 2030

# Refining approach

Clear alignment of circularity approach  
with regulations in progress

**Target:** Zero waste to landfill by 2030, where compatible with local conditions

# 32%

reduction of waste to landfill compared to  
baseline year 2019



## We promote social progress

At ABB we are building safe, fair, equitable and inclusive working environments where our people can succeed and develop. We also support community development around the world while systematically focusing on social progress in our supply chain.

**Target:** Zero harm is caused to our people and contractors; aim for a yearly reduction in lost time from incidents (LTIFR value = 0 by 2030)

# 42%

reduction in lost-time injury  
frequency rate (LTIFR) since 2019

**Target:** Increase proportion of women in senior management roles to 25 percent by 2030

# 17.8%

women in ABB senior management

**Target:** Achieve a top-tier employee engagement score

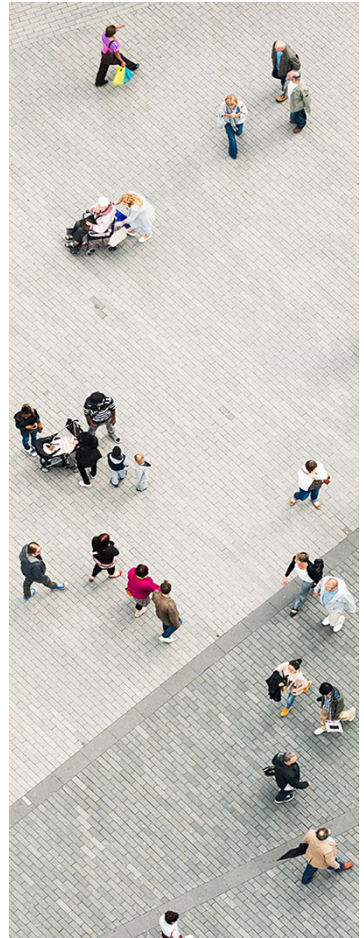
# 76

employee engagement score (out of 100)

**Target:** Expand programs for community engagement

# Guidance aligned

for emergency & disaster relief situations





## We create a culture of integrity and transparency along the extended value chain

At ABB, we strive to do the right thing and be transparent along our value chain. We measure our performance not only by the results we achieve, but also by how we achieve them.

**Target:** At least 80% of spending on high-risk suppliers in focus countries covered by Sustainable Supply Base Management (SSBM) by 2025

# 22%

of spending on high-risk suppliers in focus countries covered by Sustainable Supply Base Management (SSBM)

**Target:** Implement management sustainability incentive with yearly target

# 2 out of 3

annual individual leadership goals must be linked to sustainability goals

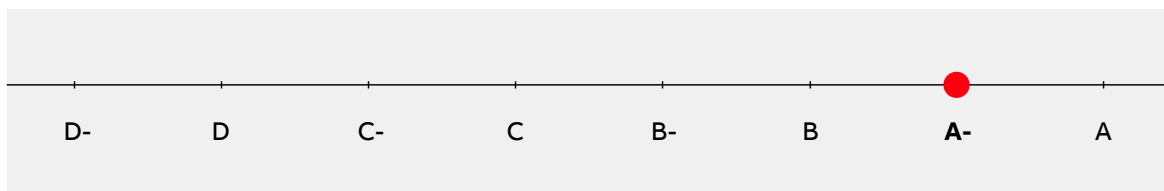


# ESG ratings

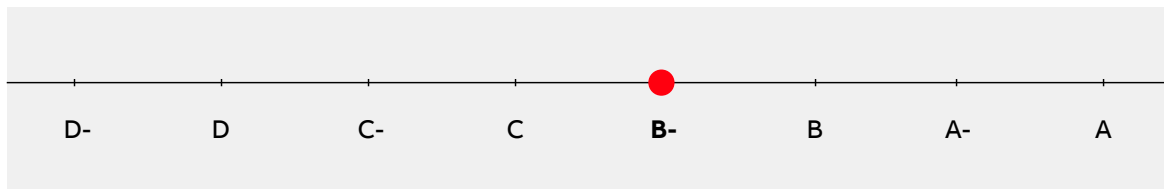
An environmental, social and governance (ESG) rating is a measure of a company's exposure to long-term environmental, social and governance risks. Because these risks have financial implications, ESG ratings are used by investors to gain a broader understanding of a company's long-term potential.

At the end of 2021, we conducted an internal review to identify the most relevant ESG ratings for ABB and its stakeholders. Based on these results, in 2022, the ABB Sustainability Board decided to reduce the number of rating systems in which we participate to six major ESG rating providers. You can read about the governance model in the chapter "[Sustainability governance](#)." These ratings are:

## CDP Climate Change



## CDP Water



## S&P GLOBAL ESG SCORE

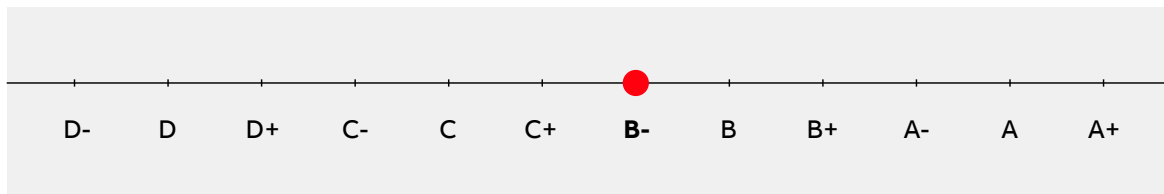


Note: Sustainability Yearbook Member (within the top 15% of industry)

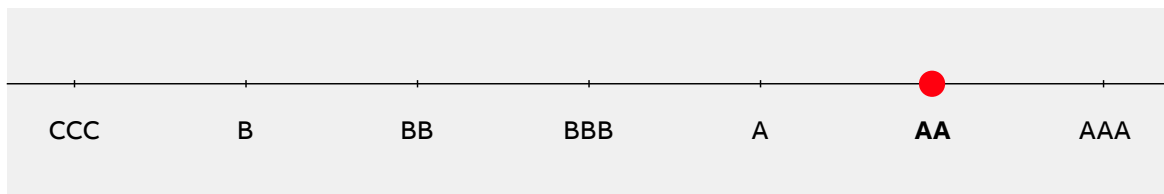
### EcoVadis



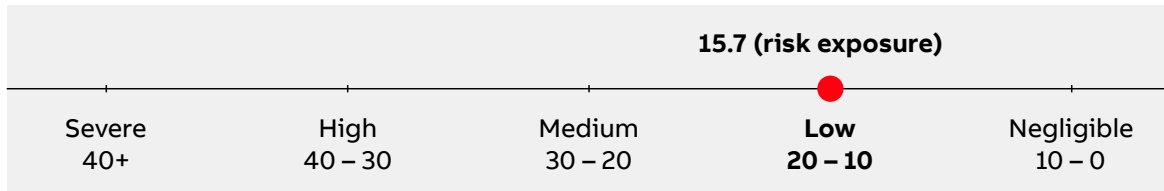
### ISS ESG



### MSCI



### Sustainalytics



In 2022, ABB’s performance in these seven ratings was stable overall. We will further strengthen our sustainability management processes through the ongoing implementation of our 2030 targets, programs and initiatives.

# Sustainability governance

At ABB, responsibility for sustainability is clearly defined and covers all levels of the organization:



ABB's Board of Directors oversees the company's sustainability strategy and monitors progress toward and achievement of targets. The Governance & Nominations Committee (GNC) ensures that sustainability factors are holistically considered and integrated into the company's strategy and affirms a long-term commitment to sustainability goals, while the Compensation Committee ensures that ABB's remuneration policies are linked to the achievement of its sustainability targets.

The ABB Sustainability Board, comprising the Group Executive Committee, validates the sustainability strategy and its implementation as well as the resources required to deliver it. It is also responsible for reviewing and assuring strategic goals and ensuring that a sustainability culture is embedded in the company. The Chief Communications and Sustainability Officer, who is a member of the Group Executive Committee, has functional responsibility for sustainability and reports to the GNC on sustainability-related topics and progress.

The Sustainability Council, consisting of the Group Head of Sustainability and sustainability representatives from each of ABB's four business areas, is the operational body that oversees sustainability policies and programs, reviews developments and monitors progress toward our targets. The Sustainability Council makes recommendations on strategy, target deployment and performance reviews.

The four business areas are ultimately responsible for setting targets and coordinating action plans at the business area and division levels and ensuring performance management.





# Materiality

ABB's purpose is to enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation. Based on a meaningful dialogue and close cooperation with key stakeholder groups, we consistently work to shape and sharpen ABB's positions and policies to reflect the full range of our stakeholders' perspectives. This ongoing dialogue has reliably enabled us to identify the topics that are most material for both ABB and our stakeholders.

## Stakeholder engagement

We maintain regular contact with our various stakeholder groups, including customers, employees and suppliers. We engage in a transparent dialogue with the capital markets to enable participants to make informed investment decisions on a timely basis. And we interact regularly with governments and civil-society organizations, as well as communities and external partners.

### Customers

Our approach to business is customer-centric. We meet frequently with customers to discuss ABB's offerings and how we can address their needs, including the need to become more sustainable, achieve greater efficiency and reduce GHG emissions. Our experts share advice and build relationships of trust.

How we engage:

- Customer fairs
- Customer service
- Key account manager relationships
- Customer requests
- Sustainability partnerships

## CASE STUDY

## Energy Efficiency Movement



In 2021, ABB launched the Energy Efficiency Movement, an initiative that invites companies and organizations to make firm commitments to improving the energy efficiency of their operations.

ABB founded the movement because we believe that the benefits of greater energy efficiency go well beyond the fight against climate change. In our experience, energy efficiency not only contributes to environmental conservation and cleaner air and water but also serves as a platform for improving public health, enabling energy independence, and boosting stronger economic growth and development.

The Energy Efficiency Movement welcomes the participation of any organization that is committed to improving energy efficiency. Those interested in participating find that joining the movement is simple and straightforward: they pledge their commitment to improving energy efficiency [↗](#) and then act on it. The movement has grown rapidly since its launch, with 125 organizations already committed by the end of 2022.

Energy Efficiency Movement participants are encouraged to collaborate and establish partnerships within the movement for a more energy-efficient world, with the understanding that to make the world more energy efficient, all stakeholders should work together, leveraging their collective creativity and determination.

We also encourage participants to share their energy-efficiency-related best practices and solutions through their own communications channels, using the [#energyefficiencymovement](#) hashtag and the movement's symbol.

## Investors

Investors and the broader financial community provide the capital and liquidity that enable us to run our business. We use a variety of communication channels and discussion platforms to explain our strategy and keep the investment community up to date on our financial and sustainability performance and outlook.

How we engage:

- Group reporting
- Press releases
- Investor Relations website
- Quarterly analyst and investor webcasts
- Investor roadshows and conferences
- One-on-one meetings
- Annual General Meetings
- Capital Markets Days

## Suppliers

We rely on trusting and stable relationships with our suppliers to support our business. As partners, we work together to create shared value, drive continuous innovation and improve sustainability across the entire value chain.

How we engage:

- Town hall events for suppliers
- Procurement management
- Providing training and engaging in special projects on sustainability performance
- On-site evaluations
- Monitoring through our Sustainable Supply Base Management (SSBM) program

## Employees

Our people make ABB successful. They bring new ideas to life, develop innovative solutions and deliver them with excellence to our customers. To ensure that we are an attractive employer, we listen to our people and engage in an open dialogue to identify and resolve potential issues. We want to continue to create a purpose-driven culture in which everyone can realize their potential.


How we engage:

- Annual performance reviews
- Annual employee engagement survey
- Learning and development opportunities
- Global network of employee resource groups (ERGs) promoting diversity and inclusion in the workplace
- Collective bargaining associations
- Dialogue with the ABB Employees Council Europe, the representative body of all ABB employees in Europe
- Sustainability Changemaker Award, which is open to all employees and recognizes and rewards innovations that drive sustainable progress across our value chain

#### CASE STUDY

### Greener in Motion



In 2022, ABB Motion created the Greener in Motion program to engage colleagues in pushing harder for sustainable alternatives, both inside and outside our organization. The program foresees a four hour face-to-face workshop, leveraging [Climate Fresk](#) , which has successfully enabled climate education worldwide since 2018.

The workshop begins with a “collaborative, serious game” in which participants use cards to create an image that summarizes the causes and consequences of climate change, based on the work of the Intergovernmental Panel on Climate Change. This helps participants develop a better understanding of why sustainability is such an urgent issue.

Next, the workshop guides participants through ABB’s position on sustainability and what we are doing internally and externally to tackle the issue. Participants are provided

with a clear understanding of ABB's 2030 sustainability strategy and the details of its four main pillars. The third and last part of the Greener in Motion workshop helps deepen participants' awareness of how they can contribute to sustainability in their roles at ABB. Attendees brainstorm about the risks and opportunities associated with their potential capacity to help protect the climate.

Although primarily envisaged for salespeople, the Greener in Motion workshop can be easily adapted for other business areas, functions and customers. Making full use of the flexibility provided to them by ABB's decentralized operating model, ABB Motion's local organizations have begun revising the workshop contents to meet their local sustainability needs, and functions such as Procurement, IS and Communications are planning to leverage the workshop to raise awareness and develop their future sustainability actions. Since the program's launch in 13 countries since September 2022, 22 facilitators have been trained to facilitate the workshop, and 850 ABB colleagues joined the workshops. In 2023, the program will be open to all ABB countries, and we plan to run additional sessions in each region to train new Greener in Motion facilitators.

### **Governments and civil society**

We engage with governments and civil-society organizations around the world on a wide variety of policies and regulations. We share information with policymakers on how our products and technologies contribute to a low-carbon society, and we seek to advance the global dialogue on climate change and sustainability. For example, we advocate for greater investment in electrical distribution grids as a necessary step to decarbonizing the energy system, transport, industrial operations and the built environment.

How we engage:

- Meetings with regulators to understand their priorities
- Engagement with government agencies and other stakeholders to demonstrate the value of our products
- Participation in international initiatives to address global issues such as climate change



### **Community**

We care about the local communities in which we operate and want to have a positive impact on our surroundings. Our community engagement includes consultations and discussions with representatives of local community organizations. This engagement may intensify during the course of certain business activities, such as planning the



construction of a new site, and may also involve contributing to community projects and charities via donations and volunteering.

How we engage:

- Strategic corporate partnerships
- Donations and volunteering
- Direct dialogue with community representatives
- [ABB Jürgen Dormann Foundation for Engineering Education](#) 
- [ABB Research Award in Honor of Hubertus von Grünberg](#) 

### External partnerships

With our technological expertise and capabilities in electrification and automation, we collaborate with many different institutions, companies and NGOs. Through these partnerships, we seek to drive the transformation of society and industry and to enable a more sustainable and resource-efficient future.

How we engage:

- Technology and innovation partnerships with other companies
- Technology partnerships with relevant start-ups
- Collaborations with research and educational institutions
- UN Global Compact
- World Business Council for Sustainable Development
- International Committee of the Red Cross

Over the past year, we interacted regularly with our stakeholders, holding sustainability-specific meetings with our investors, customers and suppliers. Beyond business-as-usual discussions, we engage with stakeholders for specific strategic and reporting purposes. We are especially interested in understanding how they perceive value and what matters most to them regarding economic, environmental and social issues. These insights shape our strategic decision-making and how we manage risks and opportunities. They influence the actions we take and how we communicate them to enhance transparency and accountability. This dialogue helps us identify and anticipate emerging trends, shifting customer needs and changing market expectations.

## Material topics

ABB conducted a comprehensive stakeholder engagement process in 2020 to identify material sustainability topics. More than 300 stakeholders were interviewed to understand which sustainability topics mattered most to them. Please refer to the preceding section "Stakeholder engagement" to find a list of selected stakeholders and how we engage with them. Based on our stakeholder engagement process, the following topics were identified as material:

- Business resilience
- Carbon reduction
- Circular economy
- Data privacy
- Diversity & inclusion
- Employee well-being
- Ethics
- Health & safety
- Human rights and labor
- Operations - environment
- Products, solutions & services
- Responsible sourcing
- Socioeconomic impacts
- Stakeholder engagement

This list of material topics served as a basis for developing our 2030 sustainability strategy and related targets. In 2023, we will refresh ABB's materiality assessment to ensure it accurately reflects the current perspectives of ABB's internal and external stakeholders. In preparation for this materiality reassessment, we have reviewed our material topics to understand potential gaps and emerging sustainability issues. Based on our engagement with internal and external stakeholders, we will update our list of material topics in line with the requirements of relevant sustainability reporting standards and applicable regulations. Details on these activities will be provided in ABB's 2023 reporting.