
ABB Ltd

Modern Slavery Statement

This Statement is issued pursuant to the U.K. Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 for the financial year ending December 31, 2021. The information in this Statement has been approved by the Board of Directors of ABB Ltd. The scope of markets included in this Statement covers our operations worldwide, including those of our direct and indirect subsidiaries.

About ABB

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

ABB operates in over 100 countries across three regions: Europe, the Americas, and Asia, Middle East and Africa. We are headquartered in Zurich, Switzerland.

We manage our company through our four Business Areas: Electrification, Motion, Process Automation, and Robotics & Discrete Automation. On July 1, 2020, ABB completed the divestment of 80.1 percent of the Power Grids business to Hitachi Ltd. We retain a 19.9 percent ownership interest through our investment in Hitachi Energy Ltd, which beneficially owns or controls all the subsidiaries of the Power Grids business.

ABB serves three main customer segments: Industry, Transport & Infrastructure and Utilities, with about half of our customers in the industrial segment. We serve production facilities and factories all around the world from process industries such as oil and gas, pulp and paper as well as mining, to discrete industries including automotive, food and bev-

erage and consumer electronics. Automation, software and digital services that help customers achieve improved safety, uptime, energy efficiency and productivity are key to the success of our offerings in this market.

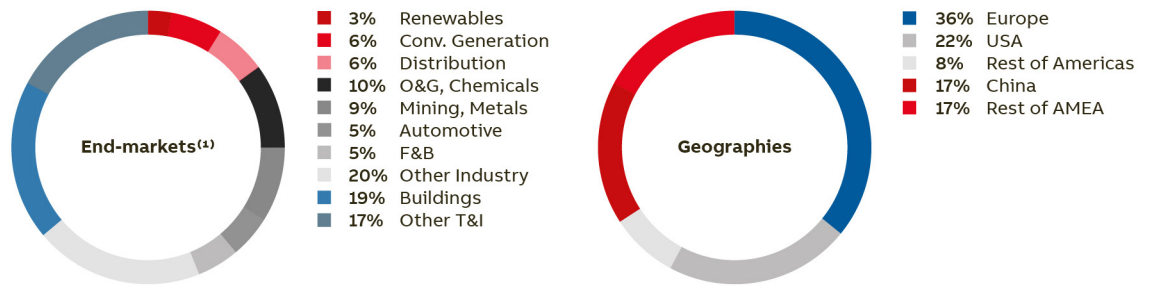
Approximately one-third of our customers operate in the transport & infrastructure market. Our expertise provides efficient, reliable and sustainable solutions for these customers, with a focus on energy efficiency and reduced operating costs.

ABB delivers solutions mainly for distribution utilities and renewables customers, while continuing to service conventional power generation customers with our control and automation solutions. Following the divestment of our Power Grids business to Hitachi on July 1, 2020, our exposure to the utilities market has decreased significantly.

In Australia, the history of ABB goes back to the late nineteenth century. Today, ABB has operations in Sydney, Brisbane, Perth and Melbourne. With 1,100 employees located at our 12 sites, customers are served through an extensive country-wide presence.

ABB in the UK is headquartered in Warrington, Cheshire and employs 1,800 people operating from around 15 locations nationwide. We supply around £0.5bn of innovative solutions, products and services annually in the UK to clients in a wide range of market sectors.

ABB Group Revenues in 2021 by End-markets⁽¹⁾ and Geography



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% of FY 2021 third party revenues

Company approach and principles

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 are committed to implementing the United Nations Guiding Principles on Business and Human Rights (UNGP) throughout our operations and along the value chain.

Respect for the dignity of the individual and for the importance of each individual's human rights forms the basis of the behaviors we expect of every individual who works for us, either as a direct ABB employee or indirectly through our supply chain. We do not accept any form of discrimination, harassment or bullying within ABB or its supply chain. To this end we require all of our managers to implement processes designed to ensure equality of opportunity and inclusion for all ABB employees as well as for individuals employed in our supply chain. These include requiring suppliers to take measures to avoid any form of forced, bonded or compulsory labor (or any other kind of modern slavery or human trafficking).

Recognizing the extremely complex nature of modern slavery, we continue to emphasize the importance of collaboration and learning from others. We engage with human rights NGOs and are long-standing and active members of the Global Business Initiative on Human Rights and the UN Global Compact.

Codes and policies

ABB has in place a range of policies and processes that help us to prevent child or forced labor within our operations and our value chain. These include the ABB Code of Conduct, the ABB Supplier Code of Conduct, the ABB Policy Combating Trafficking in Persons, the ABB Policy on Conflict Minerals, Human Rights policy and statement, Social policy, our supply chain and contractor questionnaires, as well as internal policies and guidelines.

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to them fully comply with applicable laws, the ABB Code of Conduct and all company policies.

We inclusively make multiple reporting channels available for raising integrity-related concerns. Employees always may raise concerns directly to any representative of management, Human Resources or Legal & Integrity. ABB has zero tolerance for any form of retaliation, retribution, or dismissal. In addition, the ABB Business Ethics Helpline provides both employees and stakeholders web portal and telephone access to report suspected violations of the ABB Code of Conduct, the ABB Supplier Code of Conduct, or applicable laws. One-click access to the Helpline web portal is also available from ABB's publicly available Code of Conduct mobile app.

⁽¹⁾ Management estimates

Risk identification and assessment

Human rights criteria are included in the risk review process for screening major ABB projects, in pre-qualification and assessment work with ABB suppliers, and in our process for examining potential ABB mergers and acquisitions. Our due diligence processes – a cornerstone of the UN Guiding Principles on Business and Human Rights (UNGPR) – range from desktop research to site visits and the commissioning of third-party reports, as needed. In conducting this work, we emphasize internal risk assessment processes and research into potentially high-risk projects or operations in high-risk countries.

During 2021, ABB undertook a Group-wide initiative to review the processes we use to assess and manage the reputational and legal risks presented by third parties with whom we do business. We designed new risk assessment methods for both our sales channels and supplier relationships. These will be launched in 2022 via Salesforce and SAP Ariba, respectively. When implemented, we will be able to rank third parties according to risk, providing better insights at the time of selection and enabling risk-based monitoring over the course of the relationship. This approach also addresses the human rights compliance practices of suppliers and sales channel partners.

To reinforce our risk screening process for major projects, we introduced an additional review criterion based on country risk. If the risk rating of the country exceeds a certain threshold, a human rights screening process is triggered. This has resulted in further engagements with business partners to address potential concerns and in some cases resulted in the inclusion of specific contractual clauses to clarify ABB's human rights commitments and expectations.

Additionally, we launched a pilot program to implement human rights self-assessments at ABB facilities. The self-assessments are designed to check compliance of our own operations with ABB's human rights policy and are focused on fair work conditions for own employees and contractors. Suitably trained local human resources and Health, Safety and Environment (HSE) professionals administer the self-assessments. Results can be tracked in our HSE/Sustainability management information system. Overall, 50 sites in 26 countries undertook the assessments. Preliminary feedback indicates success in further raising awareness about human

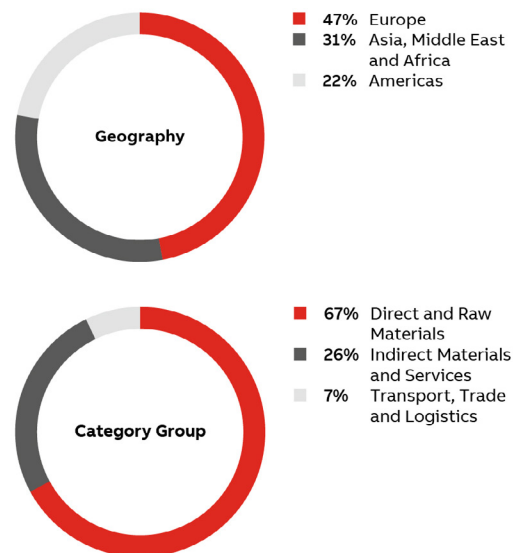
rights in operations, but also identifies some practical areas for improvement. Based on this feedback, we will make any required adjustments to the program and launch it to the wider organization during 2022.

Supply Chain

With manufacturing operations on six continents, ABB has more than 60,000 direct material and service suppliers. We view these suppliers as an extension of our global enterprise and integral to our long-term success.

ABB purchases a variety of supplies and products which contain raw materials for use in our production and project execution processes. The primary materials used in our products, by weight, are copper, aluminum, steel, mineral oil and various plastics. We also purchase a wide variety of fabricated products, electronic components and systems. We operate a worldwide supply chain management network with employees dedicated to this function in our Business Areas, Divisions and in key countries. Our supply chain operations consists of a number of teams, each focusing on different product categories. The global spend on materials and services in 2021 was USD 13.7 billion.

Materials and Services Spend by:



— 2021 Materials and Services spend: \$13.7 BN

Building relationships with best-in-class suppliers is essential for our success. Consistent with ABB's purpose and values, we require our suppliers to work in a way that is ethically, socially, environmentally and economically responsible. What this means in practice is outlined in our Supplier Code of Conduct.

The ABB Supplier Code of Conduct (SCoC), published in multiple languages, communicates our expectations and performance standards to existing and potential business partners. Adhering to it is one of our suppliers' contractual obligations, as part of ABB's general terms and conditions.

ABB operates a supplier registration and qualification system for new suppliers. The qualification process evaluates the performance of potential suppliers on broad sustainability parameters such as health & safety, environment and working conditions, as well as quality, compliance and financial factors. This process includes a review of supplier commitments related to modern slavery and human trafficking.

For existing suppliers, our successful Supplier Sustainability Development Program (SSDP) has been the focus of ABB's efforts to ensure compliance with our SCoC and to support continual improvement in the sustainability performance of our suppliers. The program has been structured around a combination of training, on-site assessments and monitoring of performance improvement plans. Suppliers have been selected to participate in the program according to a risk matrix, including the criticality of the supplier, country risk, commodity risk based on operations characteristics, and spend volume.

Risks related to modern slavery and human trafficking are specifically addressed in the training programs and assessment protocols. We focus on tier one suppliers in the following 16 priority countries: Argentina, Brazil, Bulgaria, China, Colombia, India, Indonesia, Malaysia, Mexico, Peru, Poland, Saudi Arabia, South Africa, Thailand, Turkey and Vietnam.

During 2021, we transitioned the SSDP to an expanded approach called Sustainable Supply Base Management (SSBM). In the new SSBM, we aim to address sustainability topics and performance at each stage of supplier life cycle management, as part of our 'beyond audit' approach.

The new SSBM approach will more extensively integrate sustainability principles into ABB's supplier selection and qualification processes. We will continue to cover issues in six main categories: general management, labor rights, social benefits, health, safety and the environment. The SSBM will be backed by risk-based monitoring plans for a wider range of suppliers and Group-wide standards and targets, though the management and implementation of the SSBM approach will be handled by ABB's four Business Areas, allowing for business-specific programs and processes. The approach is governed by a steering committee and a working group comprised of representatives from our Business Areas and the corporate sustainability function.

The continued COVID-19 pandemic, with its attendant uncertainties around travel, factory operations, lockdowns and shutdowns, has impacted our planned supplier engagement in many ways. We have adapted our SSBM assessment approach to a hybrid model of onsite assessment and remote assessment by using digital tools and technologies, dependent on local situation. This was a shift from traditional assessment method to a new and agile model. Continuous communication, quick response to the dynamic situation and the adaptability to the new model have helped us to manage the overall program effectively.

In 2021, we trained 126 ABB employees and 45 suppliers on applying the principles of ABB's SCoC and conducted SSBM assessments with 81 suppliers, identifying 267 risks and mitigating 307 risks during this period. By the end of 2021, 27% of high-risk supply spend in focus countries was covered by SSBM and 82% of identified risks were closed. Plans are in place to ensure we are on track to achieve our 2025 target to cover 80% of our high-risk supply spend from focus countries with our SSBM approach.

While the focus of our supplier development process is on working with suppliers to improve their performance, there are also consequences for suppliers who are unwilling to align their performance standards with our requirements. During 2021, ABB terminated business with 13 suppliers due to unsatisfactory progress on their respective corrective action plans.

Top 10 Supplier Non-Compliances

In percentage (%)



When implementing the program changes outlined above, we also reviewed individual elements of our approach as we transitioned from SSDP to SSBM. For example, we made improvements in our SSBM assessment checklist to enhance our focus on sub-supplier (beyond tier 1) management and some workplace safety topics. The related documents such as implementation guides for our suppliers in focus countries and training materials for both suppliers and assessors were also revised accordingly.

During 2021 we also analyzed the results of assessments performed during the last seven years to identify the top 10 common findings. The analysis showed that the majority of non-compliances were related to health and safety, including inadequate tracking of safety incidents and accidents and lack of root cause analysis. Improper management of sub-suppliers and contractors, excess working hours and inadequate waste management rounded out the top 10. We plan to build targeted workshops around some of these challenges to help our suppliers to address them effectively.

Neither the on-site assessments nor our other supplier due diligence processes in 2021 indicated the presence or use of modern slavery or human trafficking in ABB's supply chain.

Conflict Minerals

We continue our work to understand and limit ABB's exposure to conflict minerals, as defined by section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. We also request supplier information on tin, tungsten, tantalum and gold (also

known as 3TGs or conflict minerals) imported from conflict-affected and high-risk areas (CAHRAs), as defined under EU Regulation 2017/821. ABB filed its annual [Conflict Minerals Report](#) with the US Securities and Exchange Commission for the 8th consecutive year, summarizing ABB's approach to minerals and the status of our programs.

ABB's approach towards developing responsible sourcing of minerals is underpinned by the ABB Policy on Conflict Minerals and continued collaboration with the Responsible Minerals Initiative (RMI), which works to encourage smelters and refiners to undergo Organization for Economic Cooperation and Development (OECD) aligned audits.

ABB's program involves continuous engagement with our suppliers, working towards ensuring that our products do not contain conflict minerals that have been sourced from mines that support or fund conflict within the Democratic Republic of Congo or adjoining countries and CAHRAs.

In addition, ABB is participating in a new, three-year [project](#) with The Artisanal Gold Council (AGC), Resolve, RMI and its members, aiming to scale up legal trade in artisanal gold in Burkina Faso.

ABB continues to lead the RMI Asia Smelter Engagement Team and work closely with smelters and refiners that need assistance with the Responsible Minerals Assurance Process, the RMI audit program aligned with OECD requirements.

In line with our strategic approach to managing risks associated with use of critical materials, ABB is expanding its conflict minerals program. Beginning in 2022, we will release our first Cobalt Reporting Template for our stakeholders, with first reports to cover activities during 2021. Similar to the development of our 3TG process, ABB will carry out due diligence on our cobalt supply chain and work closely with our suppliers to source responsibly.

Training

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

We reinforced our human rights champions network, training an additional 93 candidates from a range of functions, including health & safety, integrity, marketing & sales and procurement. Once trained, the champions provide advice to our businesses on how to identify, mitigate and avoid human rights risks, define and implement human rights plans for their part of the business and deliver awareness training for their colleagues.

Awareness training consists of both an e-learning module available to all ABB employees and a more detailed session targeted at management. We also deliver customized programs for three specific job roles exposed to human rights risks – marketing & sales, procurement and operations. During 2021, a further 1,567 managers received general human rights awareness training via interactive sessions while 427 marketing & sales managers, 596 operations managers and 280 procurement managers received targeted human rights training.

Engaging stakeholders

Staying in close contact with our stakeholders on labor and human rights issues is critical to performing at a high level and maintaining our social license to operate.

ABB speaks to and works with a wide variety of stakeholders, including customers, investors, sup-

pliers, civil society representatives and international organizations to understand their expectations and improve performance.

Our Group also engages with and learns from human rights specialists. These activities include peer learning reviews in the Global Business Initiative on Human Rights, lessons drawn from the annual United Nations stakeholder forum in Geneva, the World Business Council for Sustainable Development (WBCSD) and participation in local network meetings of the UN Global Compact. Our Conflict Minerals team works with the Responsible Minerals Initiative and is involved in outreach to smelters and refiners.

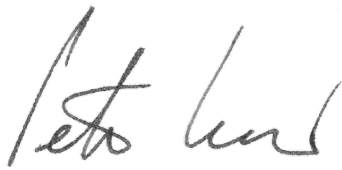
Assessing effectiveness

Our continued focus on human rights is yielding results. Procurement specialists have used their experience to expand the scope of manufacturing process audits for new and existing suppliers to also include human rights criteria. Health, safety and environment specialists have incorporated attention to risks of modern slavery in their contractor reviews and sales professionals have initiated discussions on human rights risks with customers to better understand potential areas of concern.

At the end of 2021, we administered a survey to our internal human rights network to assess the effectiveness of our training programs and to understand where further support or improvement was needed. While the results were encouraging regarding content and delivery, we also identified areas for action, such as the need to formalize the role and responsibilities of the human rights champions, provide more practical case studies to illustrate dilemmas and provide more on-line content to facilitate continuous learning.

In our Sustainable Supply Base Management program, we use the reduction of risk and closure of non-compliances as key indicators of effectiveness and report on these annually in our Sustainability Report. Additionally, to better focus our supplier development activities on the relevant supplier needs, ABB periodically reviews the gaps identified during supplier assessments and identifies the most common non-compliances. We also review the results of repeat assessments at suppliers to understand the frequency of recurring non-compliances. The results of these analyses are then used to reinforce our supplier and employee training programs.

ABB has been on its human rights journey for many years. We have numerous building blocks in place to address the risks of modern slavery and forced labor, such as our Human Rights policy, criteria embedded in decision-making processes and training programs, all of which are helping us to deliver on our commitment to human rights. Recognizing the extremely complex nature of human rights, we will continue to emphasize the importance of collaboration and learning from others, including peer learning reviews in the Global Business Initiative on Human Rights and lessons drawn from the annual United Nations stakeholder forum in Geneva.

A handwritten signature in black ink, appearing to read 'Peter Voser', written in a cursive style.

Peter Voser
Chairman of the Board
25 February 2022