

	SA-S-015 HSE/SA Management of Mergers and Acquisitions			
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1.0 Overview

1.1 Purpose

This Standard establishes the minimum HSE/SA requirements to be met for mergers and acquisition (including divestment) unless legislation and/or local regulations impose a higher standard in which case that higher standard shall be followed.

Effective management of HSE/SA within the Group Mergers & Acquisitions (M&A) process is critically important to ABB's business success and ensuring that identified synergies, efficiencies and business benefits can be achieved. This will be realized through effective identification and management of risks and leveraging opportunities where possible.

1.2 Scope

This Standard applies to all ABB units in all ABB legal entities, including joint ventures/ consortia/ working partnerships with management control. All M&A projects, regardless of value are required to comply with the requirements of this standard.

1.3 Definition

M&A projects are defined as project activities which are governed and controlled by ABB CF-MA that consider the mergers of companies, the acquisition of new business activities and divestiture of current business interests.

2.0 Requirements of the standard

2.1 ABB and you

- 1) The Responsible Manager, appointed by CF-MA, in consultation with CF-SA, shall formally assign HSE/SA Specialist and HSE/SA Support to act as the sustainability workstream leader and additional sustainability workstream participants for each specific M&A project, in line with the project requirements and complexity.
- 2) HSE/SA Support and HSE/SA Specialists shall provide guidance and support to the Responsible Manager in relation to their area of expertise and geographical coverage and respond to requests for information and assistance within the required timeframe.
- 3) All HSE/SA M&A activity shall be executed in accordance with national laws, and ABB Health, Safety and Environmental (HSE), Security and Sustainability standards and regulations as per Group Standard "Legal and other requirements" (SA-M-03).

2.2 Planning and risk analysis

Prior to acquisition

SA-S-015 HSE/SA Management of Mergers and Acquisitions					
9AAL000142A0590	ABB Way - Management System	B	Released	Friday, January 31, 2020	2 (3)

- 1) The HSE Specialists and Support shall advise the Responsible Manager on the M&A Project timescales that are needed to ensure ABB is able to adequately discharge its legal obligations.
- 2) The HSE/SA M&A Information Request List, SA-S-015-01-01, shall be used as a guide for the HSE/SA initial information request to sellers. The HSE Specialists shall advise the Responsible Manager on how to tailor the request list, according to the industrial sector and the local regulatory requirements relevant to the project.
- 3) Additionally, material e.g. data, reports and other supporting information made available during the M&A project shall be reviewed by the HSE Specialists to identify and quantify risks for which mitigating actions shall be detailed.

Post-acquisition

- 1) The HSE/SA M&A Closing Checklist, SA-S-015-01-03, and the HSE/SA M&A Integration Checklist, SA-S-015-01-02, shall be used to guide preparation for closing and steps for HSE/SA integration.
- 2) The “Key HSE/SA Requirements” and timeline listed in the Integration Checklist are mandatory, unless prior approval is received from CF-SA.
In particular, a baseline HSE/SA audit of acquired facilities shall be conducted by competent, independent personnel within 100 days of closing. Audit scope shall be proportional to the HSE/SA risk profile of the business and shall be approved by CF-SA.

Prior to divestment

- 1) The HSE Specialists and Support shall advise the Responsible Manager on the M&A Project timescales that are needed to ensure ABB is able to adequately discharge its legal obligations.
- 2) The HSE/SA M&A Divestment Checklist, SA-S-015-01-04, shall be used to guide HSE/SA preparation for divestment. The material gathered e.g. data, reports and other supporting information shall be reviewed by the HSE Specialists to identify risks for which mitigating actions shall be detailed.

2.3 Competence, communication and support

- 1) Relevant ABB staff and other individuals working on behalf of ABB shall be trained in HSE/SA Management of Mergers & Acquisitions as per Standard “Competence, training and awareness” (SA-M-06).
- 2) *Post-acquisition*: Following closing of an acquisition, the functional competence of key HSE/SA personnel at the acquired company shall be assessed by the relevant ABB HSE/SA Function Heads, or their delegates, within 100 days, as per Key HSE/SA Requirements of the HSE/SA M&A Integration Checklist, SA-S-015-01-02.

2.4 Operations

- 1) The Responsible Manager, HSE Support and HSE Specialist shall ensure that HSE/SA Management of Mergers & Acquisitions is executed in a practical way at an operational level. Refer to SA-S-015-01 Guidance: HSE/SA Management of Mergers and Acquisitions.
- 2) *Post-acquisition*: The Responsible Manager, HSE Support and HSE Specialist shall use the HSE/SA M&A Closing Checklist, SA-S-015-01-03, and the HSE/SA M&A Integration

SA-S-015 HSE/SA Management of Mergers and Acquisitions					
9AAL000142A0590	ABB Way - Management System	B	Released	Friday, January 31, 2020	3 (3)

Checklist, SA-S-015-01-02 to guide preparation for closing and steps for HSE/SA integration.

2.5 Monitor and measure

- 1) Control of HSE/SA Management of Mergers & Acquisitions shall be monitored as per the requirements and timescales of CF-MA which are outlined during project kick-off meetings, as well as the key HSE/SA integration requirements and associated timescales listed in SA-S-015-01 Guidance: HSE/SA Management of Mergers and Acquisitions and the Key HSE/SA Requirements listed in the HSE/SA M&A Integration Checklist, SA-S-015-01-02.
- 2) It is not possible to further specify defined requirements, as these vary from project to project and are dependent on several factors such as nature of the bid process for acquisitions/divestitures, involvement of third-party consultants, the overall integration process which is influenced by the business model of the acquired target, etc. Refer to SA-S-015-01 Guidance: HSE/SA Management of Mergers and Acquisitions and the Integration, Closing and Divestment Checklists, SA-S-015-01-02 to SA-S-015-01-04 for guidance.

2.6 Learning from experience

- 1) Good practices, lessons learned and identified improvements shall be documented and shared as per Standard "Communications, consultation and participation" (SA-M-07).

3.0 Appendix and attachments

3.1 Regulatory/ statutory citations

All regulatory and statutory citations are scheduled as an attachment to the Management system.

3.2 Appendix

N/A

3.3 Attachments

- 1) SA-S-015-01 Guidance: HSE/SA Management of Mergers and Acquisitions

4.0 References

- 1) SA-M-03 Legal and Other Requirements
- 2) SA-M-06 Competence, Training, Awareness
- 3) SA-M-07 Communication, consultation and participation