

## Independent assurance statement

### Scope and objectives

ABB commissioned **DNV GL AS** ("DNV GL") to undertake independent assurance of the Sustainability Performance Report 2014 (the "Report") for the year ended 31 December 2014.

Our assurance engagement was planned and carried out in accordance with the DNV GL Protocol for Verification of Sustainability Reporting, VeriSustain™<sup>1</sup>. We evaluated the report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability.

We evaluated the performance data using the reliability principle together with ABB's data protocols for how the data are measured, recorded and reported. The performance data in scope was: The data reported for the GRI indicators noted in the GRI table (EN3 EN5 EN15 EN16 EN17 EN21(VOC) EN23 LA6) and the data reported for 2014 achievements against the nine Group Sustainability Objectives for 2020 (see objectives dashboard on pages 8-11).

Our scope included all the information within the pdf version of the report, but excluded additional information and case studies hyperlinked from the report, to illustrate the sustainability programme. Financial information taken from the Annual Report is also out of scope.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'moderate level' of assurance. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

### Responsibilities of the Directors of ABB and of the assurance providers

The Directors of ABB have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of ABB; however our statement represents our independent opinion and is intended to inform all of ABB's stakeholders. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

DNV GL provides a range of other services to ABB, none of which constitute a conflict of interest with this assurance work. This is the first year that we have provided assurance of the full report. We have for a number of years provided verification of selected indicators.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

### Basis of our opinion

A multi-disciplinary team of sustainability and assurance specialists performed work at headquarters and site level. We undertook the following activities:

---

<sup>1</sup> The VeriSustain protocol is available on [dnvgl.com](http://dnvgl.com)

- Review of the current sustainability issues that could affect ABB and are of interest to stakeholders;
- Review of ABB's approach to stakeholder engagement and recent outputs although we had no direct engagement with stakeholders;
- Review of information provided to us by ABB on its reporting and management processes relating to the Principles;
- Interviews with selected Directors and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the nine Group Sustainability Objectives for 2020. We also interviewed management responsible for sustainability in the USA, Sweden and UK. Management responsible for sustainability in a further 6 countries were asked to complete questionnaires covering material issues and stakeholder engagement in those countries.
- Site visits were conducted in: Ludvika, Sweden; Fort Smith, USA; Jefferson City, USA; Vadodara, India to review process and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites we visited and they were selected on the basis of their materiality to the group for environmental impacts as well as to give a geographical and divisional spread.
- Review of supporting evidence for key claims and data in the report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated corporate level.
- Review of the processes at Group level for gathering and consolidating the specified performance data and, for a sample, checking the data consolidation.

## Opinion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe ABB's adherence to the Principles. In terms of reliability of the performance data, with the exception of consolidation of data for lost days, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

## Observations

Without affecting our assurance opinion we also provide the following observations.

### Stakeholder inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.*

ABB has now introduced its nine medium term (2014-2020) Sustainability Objectives. At Group level stakeholder consultation is a key way for seeking feedback on materiality, the Objectives and the 2013 report. We recommend ABB includes more information on issues raised by stakeholders in future reporting. It would also be also valuable to track and disclose key outcomes of any local stakeholder engagement and issues.

ABB should also consider further formalising its stakeholder engagement structure, including for example a stakeholder panel to further integrate stakeholders' views into strategic decision making on an ongoing basis. Furthermore, the basis for selecting stakeholders for engagement could be made clearer.

### **Materiality**

*The process for determining the issues that are most relevant to an organisation and its stakeholders.*

The review of material issues through the stakeholder consultation has helped increase confidence that ABB is addressing all its material issues. It is likely that the extent to which different material issues are relevant at local level varies across the organisation. We recommend ABB considers providing an overview in future reports, how different issues might be relevant across different parts of the business.

Safety is a core value for ABB. We recommend future reporting describes the results of the "Don't look the other way" initiative, the enhanced systems for knowledge sharing that are under development, as well as any improvements undertaken to increase accuracy of consolidated global data.

### **Responsiveness**

*The extent to which an organisation responds to stakeholder issues.*

ABB has now started to establish targets and KPIs for its nine Sustainability Objectives. For some targets, including water, personal development plans and certified Health & Safety systems, further work is needed to define specifically how the target will be measured. We recommend that ABB should ensure that all targets and KPIs are measurable and quantitative and represent an appropriate challenge for the organisation.

We welcome the CEO's recognition of the importance of decoupling economic growth from environmental impacts. ABB should disclose how this has been taken into account in the development of targets and KPIs for the nine Sustainability Objectives.

Stakeholder feedback obtained by ABB suggested it should consider reporting on tax and include additional indicators related to integrity and human rights, in addition to training and capacity building. It would also be useful to improve the coverage of information on conflict minerals.

### **Completeness**

*How much of all the information that has been identified as material to the organisation and its stakeholders is reported.*

ABB's reporting of performance including the disclosure of data is comprehensive. This gives stakeholders confidence that these aspects are managed appropriately. We recommend that ABB review the data included throughout the report as well as the presentation in the dashboard and GRI index as the nine Group Sustainability Objectives and associated KPIs and targets are developed further.

This year ABB has internally improved the basis for calculating scope 2 GHG emissions by using local emission factors rather than a single global emission factor. This is likely to lead to an increase of CO<sub>2</sub> reported. ABB is investigating the implications of the new methodology including any possible impact on previously set targets and baselines. ABB has committed to reporting GHG data using the new methodology next year.

### **Neutrality**

*The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone.*

ABB reports on the challenges it faced during the year throughout the report. The Energy and Climate, Lowering Impact and Safe and Secure Operations sections outline a number of initiatives underway across the organisation to address these challenges. However, at times

it remains unclear if these are limited to certain locations or systematically rolled out across the organisation. This makes it difficult for stakeholders to assess their overall impact on overall global performance. ABB should also consider providing additional commentary on positive and negative data trends and how they link to initiatives undertaken.

### Reliability

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

ABB has a well-established process for submission and approval of environmental data from its sites to a central database, including an annual training process for data owners. For the environmental data in scope we saw evidence that the central team had undertaken further checks, and in some cases corrected data prior to consolidation. The Group is also intending to replace the existing database in 2016 which should further strengthen the reporting process.

The KPIs relating to the nine Group Sustainability Objectives have been internally developed and we recommend reporting these definitions in future. Where data collection processes have already been established for reporting these KPIs the processes were clearly described by data owners. We recommend ensuring these processes are documented to ensure there is continuity in the absence of key staff. Furthermore we recommend data collection and consolidation is automated as far as possible to reduce the risk of error and to facilitate review.

The data for CO<sub>2</sub> from transport by own fleet is an estimated figure, the basis for which has not been reviewed in the last 5 years. Given the fact this represents around 20% of the Group carbon footprint, we recommend the basis for this estimation is reviewed. Initially this could for example involve measuring emissions for the most significant sites and then extrapolating the data.

There is a process in place in place for reminders to be sent to local sites to input their Health & Safety data to the Global Incident Database (GID) for Group Reporting. However, despite this we noted a number of cases where data reported in the GID were lower than local systems for lost days. In most sites Health & Safety data is recorded on a local system and then the global system is updated. We recommend an additional control is considered to ensure local data is fully entered into the GID.

**For and on behalf of DNV GL AS  
Høvik, Norway  
March 2015**



Trine Kopperud  
Assurance Services Manager  
Nordic Countries  
DNV GL AS



Anne Euler  
Principal Consultant and Lead  
Assuror  
UK Sustainability  
DNV GL – Business Assurance



Antonio Astone  
Global Sustainability Manager  
and Reviewer  
DNV GL - Business Assurance

-----  
DNV GL AS is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnvgl.com](http://www.dnvgl.com)