

APPROACH TO SUSTAINABILITY REPORTING

Reporting against GRI Standards

ABB seeks to provide clear and transparent information on how it measures and discloses its environmental, social and governance impacts

ABB's sustainability performance reporting is guided by the Global Reporting Initiative (GRI) Standards, which enable us to present what is material to our business. In this report, our overarching objective is to transparently explain how we address ABB's most prominent economic, environmental and social impacts. Omission from the material issues covered in our report does not mean that the issue is not managed by ABB.

Reporting boundaries

We cover all ABB Group companies in our formal sustainability reporting system, including wholly owned subsidiaries and majority-owned joint ventures worldwide. A full list of direct and indirect subsidiaries is shown in ABB's 2017 Annual Report.

Changes in 2017

Entities acquired during 2017 (B&R and Keymile) are not integrated into ABB's environmental and social reporting for the year. In Q1 2017, ABB divested its subsea cable business.

Data collection processes

We use two online data reporting systems to measure and collect performance data throughout the Group. One system collects monthly health and safety data from all entities in every country, while the other collects annual social data from every country and annual environmental data from every production and service site, as well as the majority of our office locations.

Data in this report relating to health and safety and our social performance covers 99 percent of all ABB employees, whereas data relating to our environmental performance was sourced from 580 ABB sites and offices, covering approximately 93 percent of our employees. Data on the environmental performance of all remaining employees, who are located at non-manufacturing sites with insignificant impacts, is provided by estimating energy, water and waste parameters pro rata.

Calculation of energy and greenhouse gas data

ABB uses a market-based method to calculate and report scope 2 greenhouse gas (GHG) emissions. For purchased electricity and district heat, we have obtained local emission factors from suppliers. For data prior to 2017, where necessary, we have sourced factors from the Institute for Environmental Analytics' CO₂ Emissions from Fuel Combustion 2013 databases or from national or regional inventories. Emission factors for fuel used at ABB sites are sourced from the GHG Protocol's Emission Factors from Cross-Sector Tools (April 2014). From 2017, emissions from ABB's vehicle fleet are based on lease contract distances and CO₂ per kilometer factors per vehicle.

Scope 2 GHG emissions for electricity have also been calculated using the location-based method and are provided for comparison below.

Scope 2 GHG emissions from electricity	Kilotons CO ₂ e
Market-based:	606
Location-based:	639

GHG emissions from air travel are calculated using the emission factors published by the UK Department for Business, Energy & Industrial Strategy (BEIS) in its "2017 Government GHG Conversion Factors for Company Reporting – Methodology Paper for Emission Factors – Final Report."

Report review panel

For the past three years, we have invited a stakeholder panel to participate in ABB's sustainability reporting process. The panel members represent key stakeholders of the company and are selected for their level of know-how and skills relevant to ABB. The panel is designed to provide us with an external forum to discuss ABB's sustainability approach, give material feedback on our progress, identify ways to help us achieve our 2020 ambitions, and agree upon a panel statement to be published as part of ABB's annual Sustainability Report. The panel statement is published on the [ABB website](#).

Independent assurance summary

ABB commissioned DNV GL to undertake independent assurance of this Sustainability Report. The assurance was completed using DNV GL's assurance methodology, VeriSustain™, and the report was evaluated for adherence to the principles of stakeholder inclusiveness, materiality, sustainability context, completeness and reliability. Performance data in scope was evaluated against the reliability principle. DNV GL's full Assurance Statement including their "Opinion," "Observations" and "Basis of opinion" is published on [ABB's website](#).