

APPROACH TO SUSTAINABILITY REPORTING

Accurate, comparable and reliable reporting

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

ABB's sustainability reporting is guided by the Global Reporting Initiative (GRI) Standards and the EU directive on non-financial reporting, which enable us to transparently share ABB's material economic, environmental and social impacts and how we manage them. Omission from the material issues addressed in our report does not mean that the issue is not managed by ABB.

Reporting boundaries

Our formal sustainability reporting system covers all ABB Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures. A complete list of direct and indirect subsidiaries may be found in ABB's 2018 Annual Report.

Changes in 2018

Entities acquired in the course of 2018 (notably GE Industrial Solutions) are not integrated into ABB's environmental and social reporting for the year. In December 2018, ABB announced the divestment of its Power Grids business to Hitachi and plans to close the sale in the first half of 2020. Until the closing, Power Grids will remain under the management control of ABB and continues to be included in all non-financial reporting.

Data collection processes

We rely on three online data reporting systems to measure and gather performance data from across ABB. Hazards and Sustainability Observation Tours (SOTs) are reported by

employees via an end-user global system. Incidents from ABB entities in every country are collected by HSE/SA professionals and entered into a second system. The third system collects annual social data from every country and annual environmental data from every production and service site, as well as a 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. Data relating to our environmental performance was sourced from 554 ABB sites and offices, covering approximately 94 percent of our employees. Data on the environmental performance of all remaining employees, who are located at non-manufacturing sites with insignificant impacts, is generated 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 International Energy Agency's 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 (March 2017). 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 (source IEA) and are provided for comparison below.

Scope 2 GHG emissions from electricity	Kilotons CO ₂ e
Market-based:	597
Location-based:	564

GHG emissions from air travel are calculated using the emission factors published by the UK Department for Business, Energy & Industrial Strategy (BEIS) in its "2018 Government GHG Conversion Factors for Company Reporting."

Independent assurance summary

Bureau Veritas UK Limited (BV) has been engaged by ABB Ltd to provide independent assurance over ABB's Sustainability Report 2018, published on the company's website. The aim of this verification is to provide assurance to ABB's stakeholders over the accuracy, reliability and objectivity of the performance data in scope and also ensure that it covers the topics that are material to the business and to the stakeholders. BV's full Assurance Statement is published [here](#).