

APPROACH TO SUSTAINABILITY REPORTING

Reporting that matters to stakeholders

ABB aims to provide simple, clear, comprehensive information on how it measures and discloses its environmental, social and governance impacts

The [Global Reporting Initiative \(GRI\) Standards](#) and the [EU directive on non-financial reporting](#) provide the framework for ABB's sustainability reporting. We report on 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 an issue is not managed. ABB reports annually; the report for 2018 was published on March 15, 2019. The reporting period for the information provided in this report is from January 1 to December 31, 2019.

Reporting boundaries

ABB's formal sustainability reporting system covers all ABB Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures. ABB's 2019 [Annual Report](#) contains a list of the Company's significant indirect subsidiaries (Appendix: page 224).

Changes in 2019

Entities acquired in 2018 – such as GE Industrial Solutions (GEIS) – are reflected in ABB's environmental and social reporting for the year. All entities acquired in 2019 will be reflected in the 2020 report. The divestment of ABB's Power Grids business is expected close in the first half of 2020. Power Grids is included in our sustainability reporting for 2019. Through the ongoing changes, ABB will seek to maintain alignment between its sustainability reporting and international best practices – including the GRI Standards. In line with ABB's 2018 commitment to the Science Based Targets initiative, in the second half of 2020 ABB will announce its post 2020 GHG emissions targets.

Data collection processes

To measure and gather data from across ABB, we rely on three online data reporting systems: a global system to report on hazards and sustainability observation tours; a system to collect annual social data from every country and environmental data from every production and service site, as well as a majority of our office locations; and a global system used by HSE professionals to report on incidents at ABB entities. As of Q2 2020, the first two systems are being combined to collect all key safety, social and environmental data, simplifying collection and facilitating greater transparency. Data in this report relating to health, safety and our social performance covers 99 percent of ABB employees. Data relating to our environmental performance was sourced from 578 ABB sites and offices, covering approximately 93 percent of employees. Data on the environmental performance of all remaining employees, who are located at non-manufacturing sites with limited 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 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" database 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:	569
Location-based:	544

GHG emissions from air travel are calculated using 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

DNV GL Business Assurance Services UK Limited ("DNV GL") has been engaged by ABB Ltd to provide independent assurance for ABB's 2019 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's scope was evaluated against the reliability principle. DNV GL's full Assurance Statement, including Opinion, Observations and Basis of opinion, is available on [ABB's website](#).