

Independent Assurance Statement

ABB Asea Brown Boveri Ltd (“ABB”) commissioned DNV GL Business Assurance Services UK Limited (“DNV GL”, “we”, or “us”) to undertake independent assurance of its Sustainability Report 2019 (the “Report”) for the year ended 31 December 2019.



Our 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 described below.
- In terms of reliability of the performance data, 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.

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 started a comprehensive stakeholder engagement process to understand sustainability expectations across its different businesses. The results will be an important input into setting its future strategy and targets, and also how issues are prioritised at a business and Group level.

ABB has continued to seek feedback on its Sustainability Report from an external stakeholder panel. The publication of their full statement is a good example of how the organisation demonstrates it is seeking and responding to stakeholder input and adds to the transparency of the Report. ABB should consider how the stakeholder panel can also provide input, outside the annual reporting process.

Materiality

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

ABB’s materiality matrix was based on stakeholder surveys completed in 2010 and 2011 and aligns with the 2020 targets it has set. While there are no obvious gaps in the issues covered, stakeholders’ expectations within these areas are likely to have evolved, and it is timely that this will be updated in 2020 with the findings from the stakeholder engagement process.

We found that the management approach for priority issues was well embedded within the business at Group level. The introduction of a single global management system (the ABB Way) covering all aspects of the sustainability programme appears to be helping to improve the consistency of approach at local level.

ABB has historically used Country Sustainability Boards to provide governance at a local level. Now that the overall business has moved way from a geographical management model, we recommend the local governance is evolved to align with their new approach.

Sustainability context

The presentation of the organisation’s performance in the wider context of sustainability

The Report continues to share case studies with examples of how ABB supports the Sustainable Development Goals (“SDGs”). As ABB develops its next set of targets and objectives for beyond 2020, we recommend considering how to align these more directly with the SDGs.

Completeness

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

The publication of expanded scope 3 Greenhouse gas (“GHG”) emissions adds to the completeness of the GHG data. We recommend ABB continue to work on improving the precision of this estimate and consider how to develop an approach to reduce scope 3 GHG as they develop their targets for beyond 2020.

GHG emissions data includes an estimate for “CO2 from transport by own fleet”, which was based on 2018 data. For future reporting periods, we recommend that ABB calculates this using data from the same period and consider including this figure in scope for assurance.

We noted that for safety data, business travel incidents are recorded and reported internally, but are excluded from the overall safety data published in the Report. We recommend including business travel incidents to increase the completeness of the data reported.

The divestment of Power Grids will have a notable impact on ABB’s environmental footprint and baselines for 2020 targets in next year’s Report. ABB should consider undertaking an independent review of their revised baselines, ahead of their 2020 Report.

Reliability and quality

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

For environmental data:

- We noted that the quarterly energy and hazardous waste data had been reviewed at Group level during the year and this had enhanced the reliability of these data. ABB should consider broadening the range of indicators reported quarterly.
- The current reporting deadlines mean that sites may report some estimated data, and this is not usually updated to actual data when it becomes available. ABB should consider how to record the actual data in future.
- We recommend the Group Environment team provide sites with more specific guidance on how they should collect and calculate data and evidence for their reported performance and complete more spot checks on the data sites report.

The indicators relating to the nine Group Sustainability Objectives were internally developed and the definitions are documented in a “Target definitions and methodology” document. Publishing the Target definitions and methodology document this year adds to the transparency of ABB’s Report.

Scope and approach

We performed our work using DNV GL's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines.

We evaluated the Report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, sustainability context, completeness and reliability. We evaluated the Performance data using the reliability principle together with the relevant GRI standards and ABB's Target definitions and methodology document that describes how the data are measured, recorded and reported.

We understand that the reported financial data and information are based on data from ABB's Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work. Performance claims within case studies are also outside scope.

Performance data

The scope of our work covers the following disclosures ("Performance data") from the Report:

- 2019 Performance data for indicators marked as assured in the summary of main performance indicators table starting on page 44: Materials; 302-1 Energy Consumption; 302-3 Energy intensity; 303-3 Water withdrawal; 305-1 Scope 1 GHG emissions (CO₂ from transport by own fleet excluded); 305-2 Scope 2 GHG emissions; 305-3 Scope 3 GHG emissions (air travel only); 305-7 Emissions of VOC and VOC-CI (emissions of SOx NOx excluded); 306-2 Waste; 403-2 Safety (lost days excluded).
- 2019 Performance data for the 2020 targets on page 8.

The review of any data from prior years is not within the scope of our work (this includes any data in scope in previous years that has been re-stated).

Basis of our opinion

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

- Review of the sustainability issues for the year that could affect ABB and are of interest to stakeholders;
- Review of ABB's approach to stakeholder engagement and recent outputs;
- Review of information provided to us by ABB on its reporting and management processes relating to the Principles;
- Interviews with eight 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 Sustainability Objectives for 2020;
- Site visits to, Roigheim, Germany and Jonesboro, USA to review processes and systems for preparing site level sustainability data and implementation of sustainability strategy. The selected sites were significant sites from countries within the top 10 countries for sustainability impacts that hadn't been visited for the assurance process in the last 5 years;
- Observing the stakeholder panel meeting held in February 2020;
- Review of supporting evidence for key claims in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated group level; and
- Review of the processes for gathering and consolidating the specified Performance data and, for a sample, checking the data consolidation.

For and on behalf of DNV GL Business Assurance Services UK Limited, London, UK
13th March 2020

Gareth Manning

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UK Sustainability, DNV GL – Business Assurance

Shaun Walden

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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 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'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 Independent Assurance Statement.

Level of assurance

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 'limited level' of assurance. A 'reasonable 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.

Independence

DNV GL's established policies and procedures are designed to ensure that DNV GL, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV GL) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with ABB which would constitute a conflict of interest with this assurance work.

DNV GL Business Assurance

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