



APPROACH TO SUSTAINABILITY REPORTING

Transparent reporting

ABB demonstrates 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 our 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 2020 was published on March 12, 2021. The reporting period for the information provided in this report is from January 1 to December 31, 2020.

Reporting boundaries

Our formal sustainability reporting system covers all ABB Group companies worldwide, including wholly owned subsidiaries and majority-owned joint ventures ([ABB Annual Report 2020](#), pages 60–61), and most of our Group's significant subsidiaries ([ABB Annual Report 2020](#), pages 233–235).

Additional disclosures

All of ABB's policies, statements and declarations related to the topic of sustainability can be found on our Group's [website](#).

Changes in 2020

Entities acquired before the end of 2019 are reflected in our environmental and social reporting for the year.

The divestment of ABB's Power Grids business was concluded in the first half of 2020. Power Grids is not included in our sustainability reporting for 2020, except where specified. In 2020, we reviewed our 2013 baseline data to be able to internally track the environmental performance of each individual ABB division, to reflect the changes at our company and maintain the consistency of the reported information. As a consequence of ABB's divestment of its Power Grids business in 2020, we have re-baselined our four environmental targets by removing the contribution of Power Grids to our 2013 baselines.

Through the ongoing changes, we will seek to maintain alignment between our sustainability reporting and international best practices – including the GRI Standards.



In line with ABB’s 2018 commitment to the Science Based Targets initiative, we will announce ABB’s 2030 GHG emissions targets in 2021.

Data collection processes

To measure and gather data from across ABB, we relied on three online data reporting systems: a global system to report on hazards and sustainability observation tours; a global system used by HSE professionals to report on incidents at ABB entities; and 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. As of January 2020, the first two systems were combined and as of June 2020 we collect all key safety, social and environmental data in one system, 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 448 ABB sites and offices, covering approximately 95 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 2020) and are provided for comparison below.


Scope 2 GHG emissions from electricity	Kilotons CO ₂ e
Market-based:	318
Location-based:	293

GHG emissions from air travel are calculated using emission factors published by the UK Department for Business, Energy & Industrial Strategy (BEIS) in its [2019 Government GHG Conversion Factors for Company Reporting](#).



Independent assurance



DNV GL Business Assurance Services UK Limited (“DNV”) has been engaged by ABB to provide independent assurance for ABB’s 2020 Sustainability Report. The assurance was completed using DNV’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’s full Assurance Statement, including Opinion, Observations and Basis of opinion, is available [here](#) .