

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 2017 (the “Report”) for the year ended 31 December 2017.



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 continued to work with a sustainability report review panel in 2017, made up of external stakeholders. This continued to be a good example of how the organisation demonstrates it is responding to stakeholder input and publication of the panel’s full statement added to the transparency of the Report. Going forward, ABB should consider how input from a wider range and higher volume of stakeholders can also be incorporated, including our previous recommendation to extend stakeholder engagement arrangements to more clearly include requirements with respect to local engagement.

Materiality

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

ABB had an established and appropriate Group level materiality process. We recommend that future reviews of materiality also consider the extent to which different material issues are relevant at local levels across the organisation.

This year ABB published a more focused Report, covering the progress it has made towards its updated 2020 targets. The updated targets were specific and measurable, and their achievement should help ABB meet its sustainability objectives.

We found that the management approach for priority issues was well embedded within the business at a Group and local level. The introduction of a single global management system (the ABB Way) covering all aspects of the sustainability programme was positive and should help clarify minimum standards, and improve consistency of approach at local level as it is implemented over the next two years.

Sustainability context

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

The prioritisation of the Sustainable Development Goals (“SDGs”) where ABB identified it can have most impact, is positive. The case studies that provided insight into how ABB benefits different communities through its products and services were helpful, although it would be equally useful to also understand how negative impacts on communities are managed. Reporting against SDGs is an evolving area and the next step will be for ABB to consider how to report against the targets that underlie the headline goals. We also recommend considering where targets should take account of other appropriate external frameworks, such as Science Based Targets, to demonstrate ABB’s contribution to addressing global sustainability challenges.

Completeness

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

This year ABB notably improved the basis of its estimated GHG emissions data for “CO₂ from transport by own fleet”. We recommend that this work is continued with the aim of using primary data in future.

It was positive to note that ABB updated its energy intensity target to one for reducing GHG emissions.

ABB continued to follow good practice for calculating and reporting on its Scope 2 GHG emissions by using both market based and location based emissions factors, adopting dual reporting for these emissions. As recommended last year, ABB should work on improving the precision of its market based reporting, by increasing the proportion of sites using emissions factors from instruments higher in the data hierarchy as presented in the GHG protocol.

Reliability and quality

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

This year ABB further embedded its system for the collection and consolidation of environmental data from sites, and introduced quarterly reporting on key environmental indicators, enabling more frequent review.

The indicators relating to the nine Group Sustainability Objectives were internally developed and the definitions were described or implied within the Report. This year ABB documented these definitions in a single “Basis of Reporting” document which should help to ensure consistency of reporting from year to year. We recommend publishing this document in future to improve transparency.

Given the revised, more specific targets that ABB set this year, we recommend that ABB also documents its rebaselining policy to provide clarity on the events that will trigger a restatement of previous data.

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 ABB's data protocols for 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.

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.

Data in scope

- Performance data for 2017 for indicators marked as assured in the summary of main performance indicators table starting on page 36: Materials; 302-1 Energy Consumption; 302-3 Energy intensity; 303-3 Water withdrawal; 305-1 Scope 1 GHG emissions; 305-2 Scope 2 GHG emissions; 305-3 Scope 3 GHG emissions; 305-4 GHG emissions intensity; 305-7 Emissions of VOC and VOC-Cl; 306-2 Waste; 403-2 Safety (excluding lost days).
- Performance data for 2017 for the 2020 targets on Page 8 (excluding Human Rights which is in development and data was not reported for 2017).

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 Varennes, Canada; Ratingen, Germany and Lodi San Martino in Strada, Italy 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 in the last 3 years;
- Observing the stakeholder panel meeting held in January 2018;
- 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
15th March 2018



Gareth Manning

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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.

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.

DNV GL Business Assurance

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