

# ABB Group Sustainability Performance 2008 GRI indicators

This is ABB

For ABB, sustainability is about balancing economic success, environmental stewardship and social progress to benefit all our stakeholders.

Sustainability considerations cover how we design and manufacture products, what we offer customers, how we engage suppliers, how we assess risks and opportunities, and how we behave in the communities where we operate and towards one another, while striving for excellence in ethical behavior and health and safety performance.

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. The ABB Group of companies operates in around 100 countries and employs about 120,000 people.

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While this report provides certain information with respect to ABB products, services, technologies and standards of conduct, its contents must not be construed as constituting an expressed or implied warranty or representation.

# Introduction

Sustainability is part of ABB's business and is embedded in daily operations. To reflect this more fully, key sustainability issues are addressed in ABB's Group Annual Report for 2008. To complement this new style of reporting, ABB has also produced this comprehensive report, in Pdf format, which measures ABB's sustainability performance in adherence to Global Reporting Initiative indicators.

The first part of this report focuses on the seven major issues where ABB has significant sustainability impact, namely energy efficiency and climate change, managing environmental impacts, product innovation, health and safety, human rights, sustainability in the supply chain, and working in the community. The second part covers the remaining GRI standard disclosures relevant to ABB's operations.

All GRI performance indicators relevant to ABB are covered in this report. The GRI indicator numbers are shown alongside each item and a GRI content index table on the final page identifies where all indicators can be found.

For the first time we have made a self-declaration of the level to which we adhere to the GRI Guidelines, awarding ourselves the GRI classification B+ which we will submit to the GRI for checking.

To facilitate comparisons, a table of numerical performance indicators over the last three years is included (pages 20–22). These indicators have been verified by the independent verification body Det Norske Veritas.

The reporting boundaries encompass all manufacturing facilities, comprising approximately 350 sites in the 48 countries and regions where ABB has substantial manufacturing activities. ABB's non-manufacturing organizations are also included, although these have only limited environmental impact.

ABB has a global network of more than 400 sustainability controllers and officers responsible for reporting and auditing performance.

# Key GRI indicators

## Energy efficiency and climate change

### EN4 Indirect energy use (Gigawatt-hours – GWh)

	Used by ABB			Losses at utilities			Total use of energy		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
District heat	250*	223	239	37	33	36	287	256	275
Electricity	1,323*	1,264	1,265	1,627	1,746	1,747	2,950	3,010	3,012

District heat and electricity are the main categories of indirect energy used by ABB. Indirect energy use is defined in this table as the energy losses incurred by the utilities supplying ABB's energy.

### EN3 Direct energy use (Gigawatt-hours – GWh)

Primary fuel	2008	2007	2006
Oil (11.63 MWh/ton)	104	103	117
Coal (7.56 MWh/ton)	0	0	8
Gas	416	437	410
District heat	250*	223	239
Electricity	1,323*	1,264	1,265
<b>Total energy used</b>	<b>2,093</b>	<b>2,027</b>	<b>2,039</b>

Included in the above figure for electricity use for 2008 is 83 GWh of "Green Energy" (i.e. renewable energy).

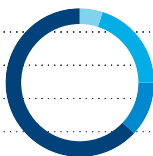
Due to a heterogeneous product mix comprising thousands of different sized products, ABB does not report energy consumption per unit of production. Instead, ABB monitors the use of energy per employee.

#### Megawatt-hours (MWh) per employee

2008	18
2007	18
2006	19

#### Direct energy use by type for 2008

Oil	5%
Gas	20%
District heat	12%
Electricity	63%



### EN16 Greenhouse gas emissions (kilotons)

	2008	2007	2006
CO <sub>2</sub> from use of energy	859*	835	833
SF <sub>6</sub> (in CO <sub>2</sub> equivalents)	357***	398	558
CO <sub>2</sub> from transport by own fleet**	350	350	350

Carbon dioxide (CO<sub>2</sub>) emissions calculations are based on in-house energy use for production, lighting, heating and air-conditioning, and include indirect emissions at utilities where ABB buys power.

The emission of greenhouse gases in CO<sub>2</sub> equivalents per employee has decreased by approximately eight percent during 2008.

The total amount of ABB's greenhouse gas emissions, based on the WBCSD/WRI Greenhouse Gas Protocol (Scope I and II), is estimated to be approximately 1.5 million tons for the whole ABB Group.

#### Greenhouse gas emissions by type for 2008

CO <sub>2</sub> from use of energy*	55%
SF <sub>6</sub> (in CO <sub>2</sub> equivalents)	22%
CO <sub>2</sub> from transport by own fleet**	23%



### EC2 Financial implications of climate change

Climate change is of strategic importance for ABB's customers in the utility and industry sectors, and ABB's greatest contribution to the reduction of greenhouse gases is through the products it supplies to them. This business opportunity has a positive influence on ABB's financial results. ABB's own climate risks are small since its facilities are not located in areas expected to be significantly affected, and its CO<sub>2</sub> emissions are low.

### EN18 Greenhouse gas reduction initiatives

ABB is continuing its internal energy efficiency program, saving costs and reducing emissions. ABB has a rolling two-year plan, reaffirmed in early 2009, to reduce its use of energy per manufactured unit by five percent.

ABB executives take part in global initiatives on climate change such as the electrical utilities working group of the World Business Council for Sustainable Development and the 3C (Combat Climate Change) initiative launched by the Swedish utility Vattenfall.

\* The figure is based on reported data from 85 percent of employees and an assumed energy use of 3 megawatt-hours (MWh) per employee for district heat and 12 MWh per employee for electricity for the remaining 15 percent of employees.

\*\* Estimated figures

\*\*\* This figure is based on site-specific information of ABB's gas inventories instead of a global estimate used prior to 2007. The Figure for 2006 is therefore not comparable.

# Managing environmental impacts

## EN1 Use of hazardous substances (tons)

	2008	2007	2006
Phthalates – softener for PVC	25	43	42
PBB and PBDE – flame retardants in plastics	2.3	0	3.1
Lead in submarine cables	6,596*	4,750	6,900
Organic lead in polymers	36	n.a.	n.a.
Lead in other products, e.g. backup batteries and counterweights in robots	318	346	222
Cadmium in rechargeable batteries	6.4	21	4
Cadmium in industrial batteries delivered to customers	2.0	0.4	22
Cadmium in lead alloy	5.3*	3.5	5
Mercury in products delivered to customers	0.015	0.013	0.009
SF <sub>6</sub> insulation gas (inflow to ABB)	1,200**	909	815
SF <sub>6</sub> insulation gas (outflow from ABB)	1,184**	892	596

\* Increase due to higher business volume

\*\* Increase due to higher business volume for high-voltage products

## EN2 Percentage of materials used that are recycled input materials

The lead used as counterweights for robots and the cadmium used in industrial batteries are recycled materials.

## EN8 Water consumption (kilotons)

	2008	2007	2006
Purchased from water companies	3,100*	3,186	3,431
Groundwater extracted by ABB**	2,700	2,800	2,700
Surface water extracted by ABB**	2,800	2,300	2,500

\* The figure is based on reported data from 85 percent of employees and an assumed water consumption of ten tons/year/employee for the remaining 15 percent of employees.

\*\* Estimated (rounded) figures

## EN19 Emissions of Volatile Organic Compounds (tons)

	2008	2007	2006
Volatile Organic Compounds (VOC)	909	850	992
Chlorinated Volatile Organic Compounds (VOC-Cl)	6	13	29

The major constituents of VOCs and VOC-Cl are xylene, thinner and perchloroethylene.

## EN20 Emissions of NOx and SOx (tons SO<sub>2</sub> and NO<sub>2</sub>)

	2008	2007	2006
SOx from burning coal	0	0	6
SOx from burning oil	76	76	86
NOx from burning coal	0	0	4
NOx from burning oil	57	57	65
NOx from burning gas	90	94	89

These figures are for fossil fuels consumed in ABB premises for heating and process purposes.

## EN22 Waste (kilotons)

	2008	2007	2006
Waste sent for recycling	139	126	112
General waste sent for disposal	35*	38	31
Hazardous waste	7	6	4

\* The figure is based on reported data from 85 percent of employees and an assumed waste output of 0.28 tons/year/employee for the remaining 15 percent of employees.

The main waste streams at ABB organizations are wood, paper, oil and plastic. ABB's aim is to reduce the amount of waste sent to landfill and to increase its use of materials which are recycled or made available for reuse.

## EN23 Numbers of significant spills

	2008	2007	2006
Oil spills	3	6	3
Chemical spills	0	1	0
Emissions to air	1	2	1
Others	0	3	0

Adequate decontamination procedures were implemented to prevent any permanent contamination of soil and water due to these spills. Corrective actions, such as improved control systems, have been taken to reduce the risk of future spills.

## EN28 Significant fines for non-compliance

During 2008, no significant fines for non-compliance were reported.



# Product innovation

## **PR1 Health and safety impacts of our products**

ABB products generally help improve users' health and safety. They do this, for example, by improving industrial environments (automation control products), reducing exposure to aggressive and hazardous operations (robotics), and reducing potential explosions, fire risks and oil pollution (oil-free capacitors and cables). Products with a potentially negative impact are those which could contribute to global warming (leak of SF<sub>6</sub> gas from substations), require deforestation and present a visual impact (transmission lines), cause losses of energy (most electrical products), or cause electrocution if misused.

## **PR2 Number of non-compliance incidents relating to product health and safety**

All countries in ABB's sustainability management program are asked to give details of any non-compliance incidents, including those concerning health and safety impacts of products and services. In one country, a customer's operator received a superficial eye injury from a short circuit. An inquiry was initiated and appropriate actions were taken.

## **PR3 Product and service information**

ABB's objective is to produce environmental product declarations (EPDs) for its core products. They describe and quantify the environmental impact and performance of ABB products over all phases of their life cycles, covering material extraction, component manufacture, transportation and use over their full operating lifetime. They also contain recovery, recycling and disposal instructions for when the product has completed its useful life. The EPDs are published on ABB's Web site, and help customers to select products that will raise their own environmental performance.

## **PR5 Customer satisfaction**

ABB compiles, validates, tracks and analyzes all customer complaints in a single, global system that helps resolve problems quickly and efficiently. This system – the Customer Complaints Resolution Process (CCRP) – gives a basic indicator of customer satisfaction. It also provides valuable pointers for improvement. The CCRP system is applied in 45 out of 48 countries and regions.

In addition, most ABB companies carry out customer surveys every one to three years. ABB in India has appointed a Process Owner manager to ensure that all customer comments and complaints are handled effectively and cascaded throughout the organization. To monitor customer satisfaction for projects, ABB in the Benelux countries has implemented a process in which the client completes a standardized questionnaire evaluating ABB's performance when each project is finished. Results are discussed with the client and aggregated in a database for future comparisons.

In many countries, ABB also carries out satisfaction surveys with other stakeholder groups, such as suppliers, authorities and trade unions.

## **PR6 Adherence to marketing communication regulations PR7 Non-compliance concerning marketing communications**

This is not an issue for ABB, which works in the field of advanced technologies and does not supply to the consumer product market.

## **EN26 Initiatives to mitigate environmental impacts of products and services**

ABB has Group-wide mandatory sustainability checks in place, to be applied in conjunction with the development of new products and projects to mitigate their environmental impacts. Further information is given later under GRI indicator 4.11 on page 14.

## **EN27 Percentage of products reclaimable after use**

ABB products contain mostly steel, copper, aluminum, oil and plastics. Approximately 90 percent of the material is reclaimable after the end of a product's useful life. ABB enhances the ability to recycle by designing products that can be dismantled more easily, and by providing users with recycling instructions.

# Health and safety

## LA6 Percentage of total workforce represented in health and safety committees

Health and safety consultation is an integral part of ABB's commitment to introduce into all businesses occupational health and safety management systems based on OHSAS 18001 and the International Labour Organization (ILO) guidelines. The form of health and safety consultation with employees varies according to local requirements, and includes health and safety committees and employee forums.

At Group level, ABB has a standing OHS committee chaired by an Executive Committee member whose mandate covers all employees.

## LA7 Injuries, lost days, diseases and fatalities

	2008	2007	2006
Employee work-related fatalities	2	4	5
Incident rate	0.02	0.04	0.05
Employee work-related serious			
injuries	38	28	15
Incident rate	0.32	0.25	0.15
Employee business travel fatalities	2	4	3
Incident rate	0.02	0.04	0.03
Employee business travel serious			
injuries	3	3	2
Incident rate	0.03	0.03	0.02
Contractor work-related fatalities	4	10	6
Contractor work-related serious			
injuries	16	16	6
Contractor business travel fatalities	1	3	0
Members of the public fatalities	1	1	3
Employee lost days due to industrial incidents	16,877	18,929	22,076
Employee occupational health			
diseases	102	87	117
Employee total recordable incident rate	18.93	n.a.	n.a.

In these statistics, "lost days" are calendar days, and are counted from the day after the incident.

Figures for fatalities also include deaths occurring within one year as a result of injuries sustained.

Incident rates are according to the ILO rate for fatalities and standard injuries per 1,000 employees.

As from 2008 we have shown the employee total recordable incident rate, which is the rate per 1,000 ABB employees of all workplace injuries and cases of occupational ill health that result in more than one day lost time. It includes cases where employees have been temporarily re-assigned and/or have received medical treatment which excludes first aid.

## LA8 Programs in place regarding serious diseases

In eight countries/regions (Brazil, Estonia, Gulf region, Nigeria, Philippines, South Africa, South Korea and Thailand) ABB has programs in place to address HIV/AIDS. For example, in 2008, ABB in Nigeria trained six peer educators to conduct a program to combat HIV/AIDS among ABB employees. The company now runs counseling and testing programs supported by three regional hospitals. In 2008, ABB in Estonia initiated an ongoing program to raise awareness of HIV/AIDS and to promote drug avoidance within its workforce.

In South Africa, ABB also operates a program to combat malaria.

At Group level, ABB has a program in place to deal with pandemic diseases.

## LA9 Health and safety topics covered in formal agreements with trade unions

This information is not recorded by the Group, but local legislation requires formal agreements in some countries, such as Germany and South Africa.



# Human rights

## LA10 Training/LA13 Women in management positions

All countries reported figures for the average hours of organized class room training per employee per year, which excludes on the job training.

All countries and regions also reported figures for the percentage of women in senior executive, senior and middle management ranks.

ABB selects different countries to report on each year. Figures for these countries for both indicators are given in the table below:

	Training hours per employee	Percentage of women in management
Austria	19	10
Brazil	31	8
Canada	24	13
Colombia	24	16
Czech Republic	22	26
Greece	21	3
India	28	2
Ireland	10	18
Latvia	17	23
Mexico	13	2
Norway	10	19
Poland	12	13
Portugal	39	25
United Arab Emirates	5	3
United Kingdom	18	10

## LA12 Employees receiving performance reviews

ABB has a Group-wide policy to review at least annually the performance of every employee, providing opportunities for discussing work achievements, and providing feedback and coaching.

ABB is moving towards using a common appraisal system. In 2008, 16 out of 48 countries reported having carried out performance appraisals among more than 90 percent of their employees.

## HR1 Significant investment agreements that include human rights

ABB maintains and regularly reviews a list of sensitive countries where it has, or considers engaging in business operations.

Human rights, as well as legal, financial, environmental and social criteria, are included in risk assessments, and are among the factors in deciding whether ABB does business in a particular country.

Based partly or wholly on human rights considerations, ABB has not taken any business with Myanmar or North Korea for several years, and suspended new business in Sudan in January 2007.

## HR2 Screening of suppliers on human rights

ABB has incorporated social performance criteria, including human rights performance, into its suppliers' qualification process (SQP) requirements. SQP is used in ABB's purchasing contracts. To date, 26 countries apply the sustainability section of SQP for their key suppliers and a total of 1,047 SQP assessments have been carried out.

The human rights performance of key suppliers forms part of ABB's screening and auditing protocol.

## HR4 Non-discrimination violations

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. No incidents were reported in 2008.

## HR8 Training of security personnel in human rights

Informal training on the human rights issues related to security has been ongoing in 2008. Formal training, based on the Voluntary Principles for Security and Human Rights, is planned for security personnel in 2009.

## HR9 Indigenous rights violations

All countries in ABB's sustainability management program are asked to report any incidents of indigenous rights violations. No such incidents were reported in 2008.

# Sustainability in the supply chain

## EC6 Spending on locally-based suppliers

The table below gives an indication of ABB's highest purchases from outside suppliers, ranked by purchase value per country.

Worldwide, ABB's purchases from outside suppliers in 2008 totaled \$16,467 million.

Country	\$ millions
Germany	2,221
China	1,588
United States	1,501
Italy	1,325
Switzerland	1,079
Sweden	1,052
India	959
Finland	802
France	448
Brazil	376
Spain	355
Norway	315
Poland	287
Canada	286
Russian Federation	282
United Kingdom	272
Austria	256
Czech Republic	219
Australia	208
Netherlands	202

## Auditing of suppliers' sustainability performance

ABB's sustainability management principles also apply to its suppliers. For example, ABB favors suppliers who have implemented ISO 14001 environmental management systems and OHSAS 18001 or equivalent health and safety systems. Suppliers must identify the environmental aspects and the health and safety risks in the scope of their supply to ABB, including the roles of sub-suppliers. These aspects and risks must then be addressed with programs to continuously improve performance.

For the screening of key suppliers, ABB has developed a generic audit protocol in which environmental, human rights and social criteria are integrated, together with other performance indicators. The protocol is used for on-site audits by ABB personnel and also by the suppliers themselves in a self-assessment process (see [abb.com/supplying](http://abb.com/supplying) to ABB).

During 2008, ABB has made a special effort focused on the performance of key suppliers in developing countries. For example, in April 2008 ABB brought together 240 potential suppliers from Mexico and 40 ABB strategic purchasing managers. The aim was to establish contacts, assess mutual interests and discuss ABB's requirements, not least its expectations regarding sustainability performance.

About 47 percent of 1,400 key suppliers are externally certified to ISO 14001 for their environmental performance and a further 11 percent have implemented "self-declared" environmental management systems.

# Working in the community

## **SO1 & EC9 Impacts of operations on communities**

Through its social policy, ABB is committed to promote and participate in community activities that foster environmental, social, economic and educational development in the communities where it operates.

During 2008, ABB companies in 35 countries supported community development projects, donating approximately \$6.5 million in funding and providing nearly 2,200 man-days of work on the part of employee volunteers. Out of this figure, \$1.67 million was donated by ABB in China through the China Red Cross to help victims of the Sichuan earthquake, which included donations from employees of \$0.25 million. Many of these projects led to positive indirect economic impacts.

At Group level, ABB supports a number of organizations and programs. For example, ABB continues to be a member of the corporate support group of the Swiss-based International Committee of the Red Cross, and is a sponsor of the WWF.

## **EC8 Infrastructure investments**

ABB's common effort contributions include a program of rural electrification projects in least developed countries called "Access to Electricity." ABB's first project was in a village in Tanzania, where ABB partnered with local authorities and the global conservation organization WWF. Electrification has led to economic, environmental and social gains over the last two years. Similar progress has occurred in a second project in western India where ABB has partnered with an NGO and state authorities to bring power to a desert community, where to date about 6,000 people have gained access to solar power through the project. For more details see "Improving the quality of life" in the Group Annual Report.

## **4.11 Precautionary approach**

ABB has integrated Group-wide sustainability criteria into its risk assessment process for projects, as part of ongoing efforts to minimize potential negative impacts on the environment and local community.

ABB carries out impact assessments of its scope of work for such projects, comparing the potential negative impacts with alternative technical solutions. These assessments may cover direct impacts such as land use, optical appearance, noise and material use, and indirect effects such as power losses in cables, overhead lines, transformers and other electrical equipment.

The project risk process may also require an appraisal of environmental or social impact assessments carried out by or for the customer for the overall project. These criteria include transparency, appropriate management of social and environmental risk, and compliance with applicable regulations and international agreements, such as those of the World Bank and the World Commission on Dams, etc.

# GRI standard disclosures

This section provides a selection of base information, defined by the Global Reporting Initiative Guidelines, comprising an organizational profile, report parameters, governance, commitments to external initiatives, stakeholder engagement and remaining sustainability performance indicators. Reference numbers are those used in the GRI Guidelines.

## Organizational profile

### 2.1 Name of the organization

ABB Ltd is the parent company of the worldwide ABB Group.

### 2.2 Primary brands, products and services

ABB is a leader in power and automation technologies that enable utility and industry customers to improve their performance while lowering environmental impact. ABB's products, systems, solutions and services are designed to improve the reliability of electricity supply grids, raise industrial productivity and save energy.

The Power Products division manufactures the key components to transmit and distribute electricity, such as transformers, switchgear, circuit breakers and cables. The Power Systems division offers turnkey systems for power transmission and distribution grids, and for power plants. These include complete substations, as well as high-voltage alternating and direct current transmission systems, together with their automation and network management systems.

The Automation Products and Process Automation divisions manufacture a comprehensive range of energy-efficient products and integrated systems to improve customers' productivity and optimize control of their plants. Products include drives, motors and generators, low-voltage products, instrumentation and power electronics.

The Robotics division manufactures industrial robots, together with robot software, peripheral equipment and modular manufacturing cells for tasks such as assembly, painting and finishing, packaging and machine tending.

ABB is a manufacturing and services group which outsources only some of its work (for example, information technology support infrastructure).

### 2.3 Operational structure of the organization

At end 2008 at Group level, ABB comprised five power and automation divisions named in 2.2 above, supported by staff functions (such as sustainability affairs, corporate communications, controlling, legal and compliance, human resources, etc.), all reporting to a 10-member Executive Committee. The president of the Executive Committee is the Chief Executive Officer of the company. Also represented on the committee

are the heads of the five divisions, the Chief Financial Officer and head of Global Markets, the head of Corporate Development, the head of Legal and Compliance and the head of Human Resources, who is also the Executive Committee member responsible for Sustainability Affairs.

The ABB Group comprises primarily operating companies, subsidiaries and majority-owned joint ventures, located worldwide and employing about 120,000 people.

### 2.4 Location of headquarters

The headquarters of the ABB Group is located in Zurich, Switzerland.

### 2.5 Countries where the organization operates

The ABB Group of companies operates in around 100 countries. ABB's largest operations are in Australasia, Brazil, Canada, Czech Republic, China, Finland, France, Germany, India, Italy, Norway, Poland, Spain, Sweden, Switzerland, U.K. and U.S.

### 2.6 Nature of ownership and legal form

ABB is listed on the SIX Swiss Exchange (formerly SWX Swiss Exchange) and the exchanges in Stockholm and New York.

As of December 31, 2006, Investor AB, Stockholm, Sweden, held 166,330,142 ABB shares, representing 7.6 percent of the company's share capital and voting rights. This holding remained unchanged during 2007 and 2008. However, due to capital increases out of contingent capital in 2007, this quota abated to 7.2 percent and remained unchanged in 2008.

As of February 14, 2007, FMR Corporation, Boston, Massachusetts, U.S., held 109,485,941 ABB shares, representing 5.0 percent of the company's share capital and voting rights. In February 2008, FMR, actually FMR LLC, Boston, disclosed that as per February 18, 2008, its holdings had fallen below the 3 percent threshold.

To the best of ABB's knowledge, as of February 12, 2009, no other shareholder holds 3 percent or more of ABB's shares.

ABB Ltd is the holding company for the entire ABB Group and is registered as a corporation (Aktiengesellschaft) in the commercial register of the Canton of Zurich, Switzerland.

### 2.7 Markets served

ABB's products, systems, solutions and services are supplied directly to many industries worldwide. These industries include: electric, gas and water utilities, oil, gas and petrochemicals, refining, automotive, railways, marine, foundry, cement, chemical and pharmaceutical, metals, minerals and mining,

pulp and paper, power generation, commercial, industrial and residential buildings, food and beverages, packaging, material handling, consumer industries, telecommunications and data communication.

ABB also delivers its expertise to channel partners such as original equipment manufacturers, and engineering, procurement and construction companies.

## 2.8 Scale of the reporting organization

**Number of employees worldwide at end 2008: 119,393 (111,954 end 2007).**

Employees by region	2008	2007	2006
Europe	62,131	61,600	60,688
The Americas	19,974	18,829	18,653
Asia	29,084	25,245	22,321
Middle East and Africa	8,204	6,280	6,498
<b>Total</b>	<b>119,393</b>	<b>111,954</b>	<b>108,160</b>

**Sales (revenues) for 2008: \$34,912 million (\$29,183 million for 2007)**

Sales by region	2008	2007	2006
Europe	45%	45%	47%
The Americas	18%	18%	19%
Asia	26%	26%	25%
Middle East and Africa	11%	11%	10%

Total capitalization on December 31, 2008, (short-term borrowings and current maturities of long-term borrowings plus long-term borrowings and total stockholders' equity including minority interest) was \$14.1 billion (\$14.2 billion end 2007).

Debt (short-term borrowings and current maturities of long-term borrowings and long-term borrowings) was \$2.4 billion (\$2.7 billion end 2007).

Equity (total stockholders' equity including minority interest) was \$11.8 billion (\$11.6 billion end 2007).

Total assets were \$33.2 billion (\$31.0 billion end 2007).

The single largest shareholder of ABB is Investor AB, Stockholm, with a shareholding of 7.2 percent, as detailed in 2.6 above.

Investor AB, Stockholm, an investment company, is the largest listed industrial holding company in the Nordic region. At the end of 2008, Knut and Alice Wallenberg Foundation was the largest owner in Investor with a quota of 40.0 percent of votes and 18.6 percent of capital.

FMR LLC, (formerly FMR Corporation), Boston, is the parent holding company of Fidelity Management & Research Company, an investment manager for U.S. mutual funds, and Fidelity Management Trust Company, a U.S. state-chartered bank which acts as a trustee or investment manager.

## 2.9 Significant changes in size, structure and ownership

There were no significant changes in size and structure during the fiscal year 2008.

As at January 1, 2008, ABB's Board of Directors comprised eight non-executive members, all men, of six nationalities.

As at January 1, 2008, the Group Executive Committee comprised the CEO, the Chief Financial Officer and nine other members, including one woman, of eight nationalities. Fred Kindle, Chief Executive Officer, stepped down on February 13, 2008, and was succeeded as interim CEO by Chief Financial Officer Michel Demaré, thereby reducing the Executive Committee to ten members. On July 17, 2008, the Board of Directors announced that Joseph M. Hogan had been appointed as Chief Executive Officer, effective September 1, 2008. Michel Demaré continued to serve as ABB's Chief Financial Officer. Ravi Uppal, President of Global Markets and a member of the Group Executive Committee, stepped down on August 26, 2008. His responsibilities for Global Markets were assumed by CFO Michel Demaré, leaving the Executive Committee at ten members.

FMR Corporation, Boston, Massachusetts, U.S., announced that as per February 14, 2007, it held 109,485,941 ABB shares, representing 5.0 percent of the company's share capital and voting rights. In February 2008, FMR, actually FMR LLC, Boston, disclosed that as per February 18, 2008, its holdings had fallen below the 3 percent threshold.

## 2.10 Awards received

During 2008, ABB received awards in 12 countries for its sustainability achievements.

For example, in the United Arab Emirates, ABB won the prestigious "Arabia Corporate Social Responsibility (CSR) Award," which was presented for the first time ever in the region. The award, instituted under the patronage of the Crown Prince of Dubai, is to honor companies in the Gulf Cooperation Council and the wider Arab region that demonstrate a clear vision, strategy and implementation of CSR.

In the U.S., The ABB New Berlin facility won Green Tier Status from the Wisconsin authorities. The Wisconsin Green Tier program is set up to recognize companies throughout the U.S. that go beyond minimum levels of environmental compliance.

In Saudi Arabia, in a survey among 40 companies carried out jointly by the Al-Eqtisadiah Arabic newspaper and Team One Consultants, ABB was selected as "The best industrial company to work for" and the head of ABB's human resources department was named "Best human resources director" in the country for 2008. In addition, ABB in Saudi Arabia was placed as the third best company in the kingdom having an exceptional working environment.

## Report parameters

### 3.1 Reporting period

Calendar year 2008.

### 3.2 Date of previous report

April 2008, covering calendar year 2007.

### 3.3 Reporting cycle

Annual. Next report to be released in April 2010, covering calendar year 2009.

### 3.4 Contact point for the report

E-mail: sustainability.abbzh@ch.abb.com

Web address: [www.abb.com/sustainability](http://www.abb.com/sustainability)

### 3.5 Process for defining report content

ABB continues to report on the seven issues it considers material to its sustainability impacts, challenges and opportunities, namely: energy efficiency and climate change, managing environmental impact, product innovation, health and safety, human rights, sustainability in our supply chain, and working in the community. In this report we have given corporate responsibility the new title of human rights, which better reflects the topics covered. The seven issues are not ranked in any order of priority.

Some of these issues were covered at a Group-level Stakeholder Forum chaired by a member of ABB's Executive Committee and attended by top-level representatives from clients, peer companies, non-governmental organizations, sustainability associations and academia.

### 3.6 Boundary of the report

ABB's formal sustainability reporting system covers 111,000 employees in 48 countries and regions, which are those where ABB has significant manufacturing and workshop operations. All ABB Group companies, wholly owned subsidiaries and majority-owned joint ventures worldwide having significant sustainability impacts are included.

In all such countries where ABB entities have or could have significant sustainability impacts, ABB has appointed country/regional sustainability controllers responsible for ABB's sustainability management program and for gathering the data consolidated in this report.

The country/regional sustainability controllers are supported by about 350 local sustainability officers reporting confirmed data gathered through ABB's formal sustainability reporting system from 48 countries/regions, excluding any units being divested.

### 3.7 Limitations on the scope of the report

The report does not cover work carried out by ABB on our customers' sites. However, health and safety data covers all ABB employees wherever they work and all contractors for whom ABB is contractually responsible.

## 3.8 Comparability

The Sustainability review covers all employees working in premises owned or leased by ABB. During 2008, there has been no change in ABB's portfolio of businesses that could significantly affect comparability of the data between this and the previous report.

The format adopted in the 2006 report to address the concepts contained in Version 3 of the GRI Guidelines, particularly the focus on those issues considered material to the sustainability impacts of the organization, has been maintained in this report to ensure consistency and comparability.

### 3.9 Data measurement

ABB uses three computerized data reporting questionnaires to measure and collect performance data throughout the Group via the ABB intranet – an annual social report from every country, an annual environmental report from every site, and a quarterly health and safety report from every country.

The reporting scope is extensive, with data collected against defined performance indicators, which is consolidated and checked at country level and then against GRI definitions at Group level. Country sustainability controllers audit the data from each site.

Help texts are provided in the reporting questionnaires to define the data required and to ensure accuracy and consistency.

The data relating to social performance covers 93 percent of ABB employees, whereas data relating to environmental performance covers 85 percent of employees. The environmental performance of the remaining 15 percent of employees, located in non-manufacturing entities without significant impacts, is covered by estimated data. The estimates are based on assumptions of the levels of their main environmental aspects, such as the use of energy, water consumption and waste output per person, in comparison with similar premises. When we have made such an assumption, it is stated in the text.

### 3.10 Effect of restatement of information

Nothing significant has arisen during 2008 which would require a restatement of information provided in earlier ABB Sustainability reviews.

The number of ABB employees was around 119,000 in 2008, compared to around 112,000 in 2007, and the number of manufacturing sites and workshops covered by the sustainability management program was approximately 350 in 2008.

### 3.11 Significant changes

There were no significant changes during 2008 in the scope, boundary, or measurement methods applied in the report.

### 3.12 GRI content index

A table appears on the inside back cover page of this report, which identifies the page numbers of all the standard disclosure indicators required by the GRI Guidelines.



### 3.13 Independent assurance

ABB believes in the importance of independent external assurance to enhance the credibility of its Sustainability report. ABB's main environmental and social performance indicators have been verified by the independent verification body Det Norske Veritas (DNV) through a review of information in the ABB sustainability performance database, site visits and interviews at various levels of the company prior to publication. Their statement appears at the back of this report.

## Governance

Corporate governance is covered in detail in the ABB Annual Report. The section below provides short responses to the GRI indicators on governance and gives cross-references to the appropriate parts of the corporate governance section in the Annual Report, wherever relevant.

### 4.1 Governance structure, including committees

See part 1 for ABB's principles and rules on corporate governance.

As at December 31, 2008, ABB's Board of Directors had eight non-executive members, all men, of six nationalities, as listed in part 5.2.

See part 1.2 and 5.1 for information on the Board of Directors' responsibilities and organization.

All board members are independent. The independence of directors is determined according to ABB Ltd's Related party Transaction Policy which was prepared in accordance with the Swiss Code of Best Practice and the independence criteria in the corporate governance rules of the New York Stock Exchange.

See part 5.4 for information on ABB's two board committees.

### 4.2 and 4.3 Separation of Board of Directors and Executive Officers

Upon proposal by the Governance, Nomination and Compensation Committee, the Board appoints the members of the Group Executive Committee. The Board has delegated the executive management of ABB to the Chief Executive Officer (CEO) and the other members of the Group Executive Committee who are responsible for ABB's overall business and the day-to-day management of the Group.

As at December 31, 2008, the Group Executive Committee had ten members, including one woman, of eight nationalities, as listed in part 6.2.

See part 6.1 for information on the Group Executive Committee's responsibilities and organization.

### 4.4 Mechanisms for shareholders to give recommendations to the board

See part 4 for information on shareholders' participation.

To provide a service to all shareholders, ABB's Investor Relations team maintains contact with shareholders by holding quarterly briefings in which senior management participates as well as providing and inviting feedback on an ongoing basis through the ABB Group Web site.

These facilities provide opportunities for shareholders and potential investors to express their views to ABB's management.

### 4.5 Linkage between executive compensation and performance

Executive compensation consists principally of a base salary and a performance bonus linked to individual areas of responsibility and Group performance. The criteria for both include the achievement of non-financial goals. In addition, executives receive company contributions to their pension plans and may participate in share-based programs to an extent that is also performance-driven.

See part 7 for information on executive compensation.

### 4.6 Conflicts of interest

Prior to their appointment, all candidates for Board positions are required to declare any interests which could conflict with their duties as ABB Board members. Any such conflicts of interest are taken into account during the selection process, and in the deliberations of the Board when carrying out their obligations.

See part 5.3 for information on significant business relationships of Board members with ABB.

### 4.7 Expertise of Board members

In recommending a candidate for the Board, the Governance, Nomination and Compensation Committee described in part 5.4.1 is required to take into account the skill, education, experience, interplay and interaction with other directors' personal and professional backgrounds and such other factors as the committee deems appropriate. The committee is responsible for maintaining an orientation program for new directors and an ongoing education program for existing Board members.

### 4.8 Business principles statements relevant to sustainability performance

Sustainability is one of ABB's core values. This is reflected in part by ABB's environmental, social, human rights, health and safety, and business ethics policies. These policies include references to international standards to which they relate. ABB's social policy, for example, draws on five international sources.

ABB also has a business ethics Code of Conduct describing the behavior the company expects from its employees and stakeholders, based on the ABB principles of responsibility, respect and determination.

#### 4.9 Board-level procedures for overseeing sustainability

The sustainability performance of the Group, namely its health and safety, social and environmental performance, is the responsibility of one of the Group Executive Committee members, to whom the head of ABB's Sustainability Affairs organization reports. A network of sustainability controllers worldwide report to the sustainability affairs management team. Sustainability risks and opportunities are also investigated in coordination with other Group functions, e.g. internal audit, mergers and acquisitions (due diligence), site risk and insurance (real estate liabilities), and ABB's bid evaluation committee (customer and project risk assessments).

#### 4.10 Processes for evaluating the Board's performance

Each Board committee is required to perform an annual review and self-evaluation of its performance, including a review of its compliance with its regulations. The reports from this process are then reviewed by the whole Board.

#### Commitments to external initiatives

##### 4.11 Precautionary approach

ABB has Group-wide mandatory sustainability checks in place which are applied in the development of new products and projects. This precautionary approach is also integrated into the GATE model – a seven-step internal approvals process governing the development of new products and projects which requires documented assessment in the development phase of their life-long sustainability objectives and performance.

The GATE model requires consideration of an environmental and health and safety check list for each new product and project, and provides the opportunity to correct deficiencies and adopt new designs. It also provides advice on how to reduce the use of unwanted substances and avoid other environmental and health risks.

Backing up the GATE process is ABB's intranet-based sustainability toolbox which contains comprehensive information and guidance about sustainability criteria for new products and projects. For example, it contains information on restricted substances and relevant European Union directives, such as those on the restriction of hazardous substances (RoHS), on waste electrical and electronic equipment (WEEE), and on the European Union's REACH regulation on chemicals and their safe use. The toolbox also provides guidance on how to apply Life Cycle Assessments and environmental assessments to products and projects.

Sustainability criteria are also integrated into ABB's risk assessment process for projects, as part of ongoing efforts to minimize any potential negative impacts on the environment and local community.

ABB carries out impact assessments of its scope of work for such projects, comparing the potential negative impacts with alternative technical solutions. These assessments may cover direct impacts such as land use, optical appearance, noise and material use, and indirect effects such as power losses in cables, overhead lines, transformers and other electrical equipment.

ABB's project risk review process may also require an appraisal of environmental or social impact assessments carried out by or for the customer for the overall project. These criteria include transparency, appropriate management of social and environmental risk, and compliance with applicable regulations and international agreements, such as those of the World Bank and the World Commission on Dams, etc.

##### 4.12 Externally developed charters, principles and initiatives

ABB subscribes to externally developed charters and principles for sustainability management. They include the ICC Business Charter for Sustainable Development which ABB signed in 1992, and ISO 14000 standards and technical reports.

ABB has adopted ISO 14001 for environmental management systems; ISO/TR 14025 for environmental product declarations; ISO 14040-45 for Life Cycle Assessments; and ISO 19011 for environmental auditing of organizations.

ABB has incorporated the principles of OHSAS 18001, the International Labour Organization (ILO) guidelines on occupational health and safety management systems, and the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases into its health and safety program.

ABB facilities are encouraged to produce integrated management systems for environmental and quality issues, and for occupational health and safety. More than 200 sites now use integrated systems, several of which have been externally certified.

ABB is a signatory to the World Economic Forum's "Partnering Against Corruption Initiative" (PACI), signed by 128 companies committed to strengthening efforts to counter corruption and bribery. ABB was one of ten companies to also sign the forerunner of this initiative at the WEF's annual meeting in 2004 in Davos, Switzerland.

##### 4.13 Memberships in associations

Listed below are some of the principal associations and initiatives with which ABB is involved in the area of sustainability:

- Amnesty International, AI, U.K.
- Business Leaders Initiative on Human Rights, BLIHR, U.K.
- Chalmers University of Technology, CPM, Sweden
- CSR Europe, Belgium
- Global Reporting Initiative, GRI, Netherlands
- Hunger Project, Switzerland
- International Committee of the Red Cross, ICRC, Switzerland
- International Institute for Management Development, IMD, Switzerland
- International Organization for Standardization, ISO, Switzerland
- Massachusetts Institute of Technology MIT, U.S.
- oikos International, Switzerland
- Pew Center on Global Climate Change, U.S.
- Transparency International, TI, Germany

- United Nations Global Compact, U.S.
- World Business Council for Sustainable Development, WBCSD, Switzerland
- World Childhood Foundation, Sweden
- World Economic Forum, Switzerland
- WWF, Switzerland

## Stakeholder engagement

### 4.14 List of stakeholder groups

Main stakeholders engaged by the company in roundtable or bilateral dialogues include the following:

- Business partners (customers, suppliers, consultants, associations)
- Employees, employee representatives, trade unions
- Shareholders and investment communities
- Banks and creditors
- Central and local government in countries where ABB operates
- Local communities where ABB operates, society at large
- Non-governmental organizations
- Academia
- Media

### 4.15 Identification and selection of stakeholders

Stakeholders with whom ABB wishes to engage are organizations or individuals who may be affected by ABB's activities or whose actions may affect ABB. Also included from the groups listed in 4.14 above are those whose experience and expertise could provide a valuable input to the issues under discussion. Stakeholders wishing to participate in constructive dialogue with the company on particular issues of concern are given the opportunity.

### 4.16 Approaches to stakeholder engagement

ABB conducts formal engagement with stakeholders on two levels: At corporate level, and at country and site levels in countries and regions where ABB has significant operations.

The issues discussed at corporate level help to identify opportunities, challenges and weaknesses for the ABB Group in the field of sustainability and to set the future strategy.

The country-level stakeholder dialogue sessions are "issue-determined." They focus on a sustainability issue which could affect ABB's activities in the country and where ABB's course of action could benefit from consultation with stakeholders. Typical issues include suppliers' and customers' sustainability performance and ABB's responsibilities to the local community. During 2008, stakeholder dialogues were held in 11 countries.

### 4.17 Key topics and concerns

At corporate level, ABB commissioned the independent verification body Det Norske Veritas (DNV) to conduct interviews during 2008 with individual stakeholders to get their views on how ABB's worldwide sustainability performance is perceived, and on how well ABB communicates with stakeholders and responds to their concerns.

Two representative stakeholders were selected, with whom DNV conducted in-depth interviews – Swedbank Robur, Sweden, specializing in investments in environmental and ethical funds, and StatoilHydro, Norway, an ABB customer in the energy industry.

Discussions were detailed and covered a wide range of subjects. In general, ABB was considered to be performing well in the environmental area. Occupational health and safety (OHS) performance was seen to present ABB with its greatest challenge in the social area. Future reporting could benefit from more specific information of OHS goals and actions, but ABB's acknowledgement of its problems and honest disclosure of unflattering data was appreciated. Stakeholders found ABB's efforts regarding its Access to Electricity program to be of interest and urged the company to provide more information about its contribution to alleviating poverty. However, regarding customer projects, it was felt that ABB could improve its reporting of high-risk projects and high-risk geographical areas. Supply management was also discussed and identified as a key area where ABB was urged to ensure that its suppliers comply with the Group's sustainability requirements. Stakeholders said business ethics could also be treated as one of the key sustainability issues for ABB. This would enable ABB to provide more detailed information on its training programs and the implementation of its Code of Conduct.

The agenda for country-level stakeholder dialogues is set by the participants and focuses on ABB's activities in the country and the concerns of local communities. The outcome benefits ABB's awareness and strategic direction in the country and is fed back to the corporate sustainability affairs team to assess its relevance to the Group.

For example, ABB in South Africa brought together a group of 24 internal and external stakeholders in a debate moderated by an independent consultant to prioritize issues that were deemed "material sustainability issues" for ABB. The results, while highlighting local issues, also corroborated the seven key areas where ABB has significant sustainability impact. ABB in India conducted two rounds of stakeholder dialogue with some 45 project contractors and ABB site managers, chaired by ABB management, including a member of the ABB Group Executive Committee, to focus on health and safety issues on customer project sites. Detailed measures to improve site safety were discussed. Both groups of stakeholders saw ABB's focus on safety at sites as being positive and contributing to more efficient management of projects, better productivity and more profitable business.

## Other performance indicators

### Economic Performance Indicators

#### EC3 Benefit plan obligations

#### EC4 Government financial assistance

#### EC5 Wage level ratios

#### EC7 Local hiring procedures

As a multinational organization with operations on some 350 sites in more than 100 countries, ABB has difficulty in selecting appropriate countries and providing meaningful information for these indicators. In view of the adverse cost-benefit ratio in producing this information, ABB has decided not to report against these GRI economic performance indicators for the time being.

### Environmental Performance Indicators

#### EN5 Energy conservation and efficiency savings

During 2008, ABB increased production output by almost 20 percent, yet was able to hold its electricity consumption unchanged at 18 MWh per employee. These savings were due to energy conservation and energy efficiency programs initiated throughout the Group in response to ABB's energy reduction target. (See EN7 below).

#### EN6 Energy-efficient and renewable energy based products initiatives

ABB sees the development of energy-efficient products and renewable-energy products as its most important contribution to climate change mitigation. It also recognizes the business opportunities for such products.

For example, at the end of 2008, ABB successfully tested a new type of ultrahigh-voltage direct current (UHVDC) 800-kilovolt transformer that is a key component of power links that can deliver large amounts of electricity over very long distances with low losses. This UHVDC technology enables more efficient use of renewable energy sources, reducing dependence on fossil fuels and cutting carbon dioxide emissions.

Also in 2008, the longest and most powerful underwater power link in the world, connecting the electricity grids of Norway and the Netherlands, was put into operation. The ABB-built link uses high-voltage direct current technology (HVDC) and delivers 700 megawatts of electricity over a distance of 580 kilometers. The Dutch grid can now be supplied with clean Norwegian hydropower to meet peak loads during the day and replace fossil fuel-based generation. This reduces carbon dioxide emissions by about 1.7 million tons per year.

#### EN7 Indirect energy consumption initiatives

ABB has a rolling two-year plan, reaffirmed in early 2009, to reduce its use of energy per manufactured unit by five percent.

#### EN9 Water sources affected by withdrawal of water

ABB's manufacturing processes do not use significant amounts of water. During 2008, ABB extracted approximately 2,700 kilotons of groundwater and 2,800 kilotons of surface water, mainly for cooling purposes. None of these extractions caused any significant changes to the water sources.

#### EN10 Water recycled and reused

The amount of water in closed-loop processes is mainly used in cooling systems, surface treatment processes and the production of electrical insulation paper.

### Biodiversity

#### EN11 Land used in protected or high biodiversity value areas

ABB's manufacturing and workshop facilities are not located in, or adjacent to, protected areas or areas of high biodiversity value, as defined in internationally recognized listings or national legislation.

#### EN12 Significant impacts on biodiversity in protected or high biodiversity value areas

See EN11.

#### EN13–15 Biodiversity and protected habitats

ABB's manufacturing and workshop facilities are not located in, or adjacent to, protected areas or areas of high biodiversity value, as defined in national legislation or internationally recognized listings such as the IUCN Protected Areas Categories 1–4, world heritage sites or biosphere reserves.

#### EN17 Other indirect greenhouse gas emissions

Indirect emissions from traveling, transportation, outsourced materials and emissions related to product use are not aggregated at Group level. More information on transportation is provided under indicator EN29 below. For core products, the greenhouse gas emissions throughout a product's life cycle are shown in its Environmental Product Declaration (published on [www.abb.com/sustainability](http://www.abb.com/sustainability)), see under indicator PR3 on page 5 for more information.

### Effluents

#### EN21 Total water discharge by quality and destination

Approximately one third of ABB's manufacturing sites use water for process purposes. Of these, about 62 percent discharge process water to the public sewers. About 25 percent discharge process water via their own treatment plants. The remaining 13 percent use water from local water sources, mainly for cooling water systems and test plants, which is then returned to these local water sources without any contamination.

#### EN24 Handling of hazardous waste

In 2008, ABB sent approximately 7,000 tons of hazardous waste for disposal, up some 16 percent from 2007 due to increased business volumes and redefinitions of hazardous waste in some countries. This waste was mostly used for heat recovery at specialized plants. ABB follows legal regulations to transport and dispose of hazardous waste only through officially authorized disposal agents.

## EN25 Water bodies/habitats affected by water discharges and runoffs

About 25 percent of ABB process plants discharge decontaminated water, via ABB's own treatment plants, to local water sources such as lakes or rivers, or they reuse the water. In India, for example, water treated in ABB's own treatment plant is reused for local irrigation.

A further 13 percent use water from local water sources, mainly for cooling water systems and test plants, which is then returned directly to these local water sources without any contamination.

## EN29 Significant environmental impacts of transportation

ABB estimates that 80–90 percent of deliveries of materials from suppliers and deliveries of ABB finished products to customers are made by road and sea. The remainder is shared between rail and air. Air transport of goods is low, but its environmental impact is higher than by land and sea.

In 2008, ABB has been working with Chalmers Technical University, Gothenburg, to produce reliable, verified, and widely accepted data for emissions from different means of transportation for products and materials. The results of this project are expected by mid-2009.

## EN30 Environmental protection expenditure and investments

For 2008, ABB's expenditure on environmental management throughout its global sustainability affairs network was as follows:

	\$ thousands
Group level	6,600
Country level	5,100
Site level	3,850
<b>Total</b>	<b>15,550</b>

ABB limits the accounting of sustainability to the costs of implementing and maintaining environmental management systems to ISO 14001, health and safety management systems to OHSAS 18001, and running the sustainability network, including personnel costs and the cost of developing sustainability tools, education and training.

This does not include costs related to improvement projects. For example, the decision to invest in a new manufacturing process is the result of integrating many decisions in addition to environmental considerations.

## Social Performance Indicators

### Employment

#### LA1 Full-time workforce by region

See 2.8.

#### LA1 Part-time workforce by region

The following numbers of part-time employees are included in the total figures for 2.8.

For 2008, these figures are also shown as percentages of the total workforce in the countries covered by our social reporting system (93 percent of employees).

Part-time employees by region	2008		2007	2006
Europe	3,392	5%	3,160	2,786
The Americas	173	1%	145	60
Asia	138	1%	105	76
Middle East and Africa	124	2%	5	111
<b>Total</b>	<b>3,827</b>	<b>3%</b>	<b>3,415</b>	<b>3,033</b>

#### LA2 Rate of employee turnover by region

Turnover of all employees, including part-time:

For 2008, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (93 percent of employees).

Turnover by region	2008		2007	2006
Europe	5,814	10%	10%	7%
The Americas	3,330*	19%	16%	11%
Asia	2,982	11%	11%	9%
Middle East and Africa	551	11%	11%	6%
<b>Total turnover for whole Group</b>	<b>12,677</b>	<b>11%</b>	<b>12%</b>	<b>8%</b>

\* This figure includes 1,001 employees in Brazil who left the company when eight full-service contracts were terminated.

Turnover of all female employees, including part-time:

For 2008, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (93 percent of employees).

Turnover by region	2008		2007	2006
Europe	1,307	2%	1,154	1,147
The Americas	450	3%	569	315
Asia	532	2%	457	391
Middle East and Africa	128	3%	78	43
<b>Total turnover for whole Group</b>	<b>2,417</b>	<b>2%</b>	<b>2,258</b>	<b>1,896</b>

#### LA3 Benefits provided to employees

ABB, as a multinational organization with operations in more than 100 countries, has difficulty in providing meaningful information for this indicator. In view of the adverse cost-benefit ratio in producing this information, ABB has decided not to report against this GRI indicator.



## Labor/management relations

### LA4 Employees covered by collective bargaining agreements

In 2008, approximately 67 percent of ABB employees were covered by collective bargaining agreements. This corresponds to a total of about 80,000 employees.

### LA5 Minimum notice periods regarding significant operational changes

ABB is not in a position to provide Group-wide aggregated information, as the figures vary from country to country depending on local regulations. For the 27 countries of the European Union, ABB is represented on the EU's European Works Council where such matters are discussed

### LA11 Programs for skills management and lifelong learning

ABB employees are provided with ongoing learning opportunities to further develop themselves and build ABB's organizational capabilities. See indicator LA10 on page 7 of this report for more information.

ABB is continually working to enhance leadership skills throughout the Group, skills which have played a critical role in bringing about culture change at ABB and restoring the company's financial strength. In 2008, our leadership development programs were rolled out to an ever wider group of leaders. An example is ABB's Leadership Challenge Program which was attended by over 7,000 people in 2008, bringing the total number of employees who have benefited from this program to 31,000 in 43 countries. The program is available in 14 languages.

Programs are complemented by initiatives such as Global Mentoring which was launched in 2008 and focuses on current leaders developing leaders for the future. There is also a growing portfolio of Organizational Development and Change Support activities.

During 2008, ABB revised its Occupational Health and Safety policy. As a part of the implementation program, an e-learning course on the new Policy and Responsibilities document was rolled out to approximately 16,000 managers to ensure full understanding and compliance. By the end of the year, 91 percent had completed the training.

### LA13 Other indicators of diversity

As at December 31, 2008, ABB's Board of Directors had eight members, all men, of six nationalities, whereas the Group Executive Committee had ten members, including one woman, of eight nationalities.

ABB is focusing on management development of our female executives as part of the company's commitment to embrace diversity and raise the number of women in leadership positions. In 2008, more women were appointed to senior key management positions, for example in general management (Country manager Czech Republic), in communications (Region communications manager Mediterranean) and human resources (Country HR managers, Mexico and Ireland). See indicator LA13 on page 7 for more information about the numbers of women in management positions.

In addition, during 2008 ABB recruited 36 people for its high-performance Global Trainee Programs in the four specialized fields of Corporate Development, Finance & Business Control, Information Systems, and Marketing & Sales for Power Products. Of these, 36 percent were women, compared to 19 percent in 2007.

ABB uses a Diversity and Inclusion Statement as a tool to help managers identify the benefits of diversity in the company's workforce.

## Diversity and equal opportunity

### LA14 Ratio of basic salary of men to women

In ABB, salaries are decided according to the nature of duties performed.

### HR3 Employee training on aspects of human rights

ABB employees receive training on environmental and social aspects, which include human rights. Average overall training hours per employee for a number of selected countries are given under indicator LA10 on page 7. But these figures are not broken down to show only human rights training.

## Freedom of association and collective bargaining, child labor, forced or compulsory labor

### HR5, HR6, HR7 Operations at risk

There were no ABB operations identified during 2008 to be at significant risk concerning employee rights to freedom of association and collective bargaining, incidents of child labor, or incidents of forced or compulsory labor.

### SO2 Business units analyzed for corruption risks

ABB's internal auditors carry out an annual risk assessment encompassing all business units as the basis for their audit planning for the following year. Anti-fraud risk assessment is part of this. In addition, every significant project is included in a risk review process, which also covers corruption considerations.

### SO3 Employees trained in anti-corruption procedures

All employees have completed training on ABB's Code of Conduct, issued in 2006. In 2008, ABB introduced a new e-learning initiative for managers on how to handle non-compliance issues, and launched an awareness campaign of the Business Ethics Hotline to ensure all employees know how to act and report when observing non-compliance issues.

### SO4 Actions taken in response to corruption

ABB applies a strict zero-tolerance policy to combat corrupt payments. Every incident is sanctioned, and may include termination of employment. In 2008, ABB identified ten new incidents of corruption. During the year, one employee was dismissed and eight disciplined for incidents of corruption. There was one incident where a contract with a business partner was terminated due to suspected violations related to corruption. During 2008, ABB fought one legal case against an employee dismissed for corruption.



#### SO5 Public policy and lobbying

ABB provided input to the European Union (EU) on transmission technologies and all aspects of energy efficiency, and lobbied for the integration of the European energy market. ABB strongly supported the inclusion of ambitious targets for renewable energy sources in EU energy policy, as well as their further development and integration in the power grids, and lobbied for the promotion of available “green” technologies through procurement and international agreements.

In the United States, ABB advanced positions at the federal government level in three key areas – trade, energy, and “green” issues. The first related to the presidential candidates’ views on trade, sanctions, and the North America Free Trade Agreement; the second focused on the implementation of a U.S. smart grid; and the third promoted ABB’s continued efforts at “greening” the electric power system through efficiency measures and reducing greenhouse gas emissions within its main customer sectors. ABB’s participation in a federal Department of Energy Advisory Committee has given the Group a visible platform to advance its sustainability profile.

#### SO6 Political contributions

Under ABB’s Code of Conduct, contributions to political parties, politicians and related institutions are not to be made. Any exceptions have to be cleared in advance with Group Legal Affairs and Compliance. In 2008, no payments were made.

#### SO7 Legal actions for anti-competitive behavior

During 2008, ABB was involved in several legal actions, either pending or completed, regarding anti-competitive behavior, anti-trust, or monopoly practices. In one country, ABB paid almost \$275,000 to the public prosecutor as a pre-condition for plea bargaining in connection with a case of alleged corruption prior to 2003, and made a provision for nearly \$600,000 for the possible outcome of the case.

Also, at the end of 2008, ABB booked pre-tax provisions of approximately \$850 million, part of which is for potential costs related to the previously disclosed investigations by the U.S. and European authorities into suspect payments and alleged anti-competitive practices, respectively. Refer to regulatory and compliance matters in the Group’s consolidated financial statements in the ABB Group Annual Report for more information.

#### Compliance – society

##### SO8 Significant fines and sanctions for non-compliance with laws and regulations

ABB has not identified any significant administrative or judicial sanctions, fines or non-monetary sanctions levied against the company during 2008 for failure to comply with laws or regulations. However, due to compliance issues in the United Nations’ Oil for Food program, an ABB company in the Middle East was suspended from doing business with the UN for a six-month period during 2008.

##### PR4 Non-compliance concerning product information and labeling

During 2008, ABB has not identified any non-compliance with regulations and voluntary codes.

##### PR8 Complaints regarding breaches of customer privacy

This is not an issue for ABB, which serves customers in the field of advanced technologies and does not supply to the consumer product market. The responsibility for ensuring compliance with advertising standards and voluntary codes on a worldwide scale is assigned to ABB’s corporate specialist advertising agencies that perform these checks.

#### Compliance – product responsibility

##### PR9 Significant fines for non-compliance with laws and regulations concerning products and services

ABB has not identified any significant administrative or judicial sanctions or fines levied against the company during 2008 for failure to comply with laws or regulations concerning the provision and use of its products and services.

# Summary of main performance indicators

GRI ref.	Indicator description	2008	2007	2006
<b>Environmental</b>				
<b>EN1</b>	<b>Materials</b>			
	Phthalates (tons)	25	43	42
	Brominated flame retardants (tons)	2.3	0	3.1
	Lead in submarine cables (tons)	6,596	4,750	6,900
	Organic lead in polymers (tons)	36		
	Lead in other products (tons), e.g. backup batteries and counterweights in robots	318	346	222
	Cadmium in industrial batteries (tons)	2.0	0.4	22
	Cadmium in rechargeable batteries (tons)	6.4	21	4
	Cadmium in lead alloy (tons)	5.3	3.5	5
	Mercury in products (tons)	0.015	0.013	0.009
	SF <sub>6</sub> insulation gas (inflow to ABB facilities) (tons)	1,200	909	815
	SF <sub>6</sub> insulation gas (outflow to customers) (tons)	1,184	892	596
	No. of transformers with PCB oil in ABB facilities	7	9	14
	No. of capacitors with PCB oil in ABB facilities	9	1,669	2,145
	Mercury in instruments in ABB facilities (tons)	0.9	1.0	0.4
<b>EN3</b>	<b>Direct energy consumption (Gigawatt-hours – GWh)</b>			
	Oil (11.63 MWh/ton)	104	103	117
	Coal (7.56 MWh/ton)	0	0	8
	Gas	416	438	410
	District heat	250	223	239
	Electricity	1,323	1,264	1,265
	<b>Total direct energy used</b>	<b>2,093</b>	<b>2,027</b>	<b>2,064</b>
	Megawatt-hours (MWh) per employee	18	18	19
<b>EN4</b>	<b>Indirect energy consumption (Gigawatt-hours – GWh)</b>			
	District heat (total including losses at utilities)	287	256	275
	Electricity (total including losses at utilities)	2,950	3,010	3,012
<b>EN8</b>	<b>Water withdrawal (kilotons)</b>			
	Purchased from water companies	3,100	3,186	3,431
	Groundwater extracted by ABB	2,700	2,800	2,700
	Surface water extracted by ABB	2,800	2,300	2,500
	<b>Total water consumption</b>	<b>8,600</b>	<b>8,286</b>	<b>8,631</b>
<b>EN16</b>	<b>Direct and indirect greenhouse gas emissions (kilotons)</b>			
	CO <sub>2</sub> from use of energy	859	835	833
	SF <sub>6</sub> (in CO <sub>2</sub> equivalents)	357	398	558
	CO <sub>2</sub> from transport by own fleet	350	350	350
<b>EN19</b>	<b>Emissions of volatile organic compounds (tons)</b>			
	Volatile organic compounds (VOC)	909	850	992
	Chlorinated volatile organic compounds (VOC-Cl)	6	13	29
<b>EN20</b>	<b>Emissions of NOx and SOx (tons SO<sub>2</sub> and NO<sub>2</sub>)</b>			
	SOx from burning coal	0	0	6
	SOx from burning oil	76	76	86
	NOx from burning coal	0	0	4
	NOx from burning oil	57	57	65
	NOx from burning gas	90	94	89

GRI ref.	Indicator description	2008	2007	2006
<b>EN21</b>	<b>Discharge of process water (percentage of ABB plants)</b>			
	Discharge to public sewer	62	77	75
	Discharge to water sources	13	23	25
	Discharge to own treatment plant	25	-	-
<b>EN22</b>	<b>Waste (kilotons)</b>			
	Waste sent for recycling	139	126	112
	General waste sent for disposal	35	38	31
	Hazardous waste	7	6	4
<b>EN23</b>	<b>Significant spills</b>			
	Total number of spills	4	12	4
<b>EN27</b>	<b>Products and services</b>			
	Percentage of reclaimable material in products	90	90	90
<b>Social</b>		<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>LA1</b>	<b>Employment</b>			
	Total workforce by region (ABB employees)			
	Europe	62,131	61,600	60,688
	The Americas	19,974	18,829	18,653
	Asia	29,084	25,245	22,321
	Middle East and Africa	8,204	6,280	6,498
	<b>Total</b>	<b>119,393</b>	<b>111,954</b>	<b>108,160</b>
	Total numbers of part-time employees included above			
	Europe	3,392 5%	3,160	2,786
	The Americas	173 1%	145	60
	Asia	138 1%	105	76
	Middle East and Africa	124 2%	5	111
	<b>Total</b>	<b>3,827 3%</b>	<b>3,415</b>	<b>3,033</b>
<b>LA2</b>	<b>Employee turnover</b>			
	Turnover of all employees, including part-time			
	Europe	5,814 10%	10.3	6.9
	The Americas	3,330 19%	16.0	10.8
	Asia	2,982 11%	10.7	8.9
	Middle East and Africa	551 11%	11.3	5.8
	<b>Total turnover for whole Group</b>	<b>12,677 11%</b>	<b>11.5</b>	<b>7.9</b>
	Turnover of all female employees, including part-time			
	Europe	1,307 2%	1,154	1,147
	The Americas	450 3%	569	315
	Asia	532 2%	457	391
	Middle East and Africa	128 3%	78	43
	<b>Total turnover for whole Group</b>	<b>2,417 2%</b>	<b>2,258</b>	<b>1,896</b>

GRI ref.	Indicator description	2008	2007	2006
<b>LA7</b>	<b>Occupational health and safety</b>			
	Fatalities, injuries, lost days, diseases			
	Employee work-related fatalities	2	4	5
	Incident rate	0.02	0.04	0.05
	Employee work-related serious injuries	38	28	15
	Incident rate	0.32	0.25	0.15
	Employee commuting/business travel fatalities	2	4	3
	Incident rate	0.02	0.04	0.03
	Employee commuting/business travel serious injuries	3	3	2
	Incident rate	0.03	0.03	0.02
	Contractor work-related fatalities	4	10	6
	Contractor work-related serious injuries	16	16	6
	Contractor business travel fatalities	1	3	0
	Members of the public fatalities	1	1	3
	Employee lost days due to industrial incidents	16,877	18,929	22,076
	Employee occupational health diseases	102	87	117
	Employee total recordable incident rate	18.93	n.a.	n.a.
<b>HR4</b>	<b>Non-discrimination</b>			
	Total number of incidents of discrimination	0	0	0
	<b>Public policy</b>			
<b>SO6</b>	Financial and in-kind political contributions	0	\$9,000	0
<b>LA10</b>	<b>Training and education</b>			
	Training per year per employee (average hours)			
	Austria	19		
	Brazil	31		
	Canada	24		
	Colombia	24		
	Czech Republic	22		
	Greece	21		
	India	28		
	Ireland	10		
	Latvia	17		
	Mexico	13		
	Norway	10		
	Poland	12		
	Portugal	39		
	United Arab Emirates	5		
	United Kingdom	18		
<b>LA13</b>	<b>Diversity and equal opportunity</b>			
	Women in senior management (percentage)			
	Austria	10		
	Brazil	8		
	Canada	13		
	Colombia	16		
	Czech Republic	26		
	Greece	3		
	India	2		
	Ireland	18		
	Latvia	23		
	Mexico	2		
	Norway	19		
	Poland	13		
	Portugal	25		
	United Arab Emirates	3		
	United Kingdom	10		



## INDEPENDENT VERIFICATION OF MAIN PERFORMANCE INDICATORS 2008

### Scope and method of work

Det Norske Veritas AS has been engaged to verify the numerical values of the environmental and social performance indicators presented in the "Summary of main performance indicators" table (the "Table") on pages 20 - 22. The verification was conducted in January and February 2009.

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The verification is based on spot checks in which a few key persons throughout the ABB organization were interviewed. To assess the validity of the numerical values of the environmental indicators we carried out telephone interviews with eight local sustainability officers, and made visits to two sites (both in Sweden). Furthermore, to check the numerical values of the social indicators we carried out telephone interviews with four country sustainability controllers, and met one of them. We also interviewed three people in ABB Group Sustainability Affairs with responsibility for collecting, aggregating and presenting the data in the Table. Furthermore, we have reviewed information in the ABB sustainability performance database made available to us in connection with the above mentioned interviews.

The verification was limited to assessing the numerical values of the indicators for 2008 reported in the Table in this Sustainability Performance review. The scope of work did not include confirmation of ABB's self-declared GRI Application Level.

### Conclusions

In our opinion, ABB has a well-established Web-based internal reporting system, which has been continually improved in recent years.

During the interviews some errors were discovered in the numbers reported. However, none of these were identified as systematic. The errors were immediately corrected, and the Table that is presented in this review includes the updated numbers.

Based on our findings, we consider the numbers published in the Table to give a reasonable representation of ABB's sustainability performance.

Høvik, Norway, 23. February 2009

Jon Jerre  
Project manager  
DNV Energy

# GRI content index table

GRI ref.	Description	
1.	Strategy and analysis	
1.1	Chairman and CEO's letter	ABB Group Annual Report
1.2	ABB's key sustainability issues	ABB Group Annual Report
2.1–2.10	Organizational profile	page 10
3.1–3.13	Report parameters	page 12
4.1–4.10	Governance	page 13
4.11–4.13	Commitments to external initiatives	page 14
4.14–4.17	Stakeholder engagement	page 15
5.	Performance indicators	
	Economic performance indicators	
	EC1 (ABB key figures)	ABB Group Annual Report
	EC2	page 3
	EC6	page 8
	EC8–9	page 9
	EC3–5, EC7	page 16
	Environmental performance indicators	
	EN3–4, EN16–18	page 3
	EN1–2, EN8, EN19–20, EN22–23, EN28	page 4
	EN26–27	page 5
	EN5–7, EN9–15, EN17, EN21, EN24	page 16
	EN25, EN29–30	page 17
	Social performance indicators	
	PR1–3, PR5–7	page 5
	LA6–9	page 6
	LA10, LA12–13, HR1–2, HR4, HR8–9	page 7
	SO1, 4.11	page 9
	LA1–3	page 17
	LA4–5, LA11, LA13–14, HR3, HR5–7, SO2–4	page 18
	SO5–8, PR4, PR8–9	page 19





