

# Our people

## Investing in the future

(includes GRI indicator LA11)

ABB adopted an updated diversity and inclusion statement in 2010, strengthening our commitment to develop and retain people from all walks of life in a global company.

We recognize that a diverse and talented workforce, recruited globally, provides the quality and skills that create competitive advantage. Such diversity promotes both innovation and business success if allowed to flourish in an atmosphere of inclusiveness.

The [company's statement](#) – approved by the Group Executive Committee – was drawn up after widespread consultations, including 57 focus groups in 14 countries in all regions of the world.

Efforts are under way to increase diversity within the company. In some areas the evidence is palpable – there are, for example, people of 46 nationalities among the 650-strong workforce at the company's headquarters in Zurich. This is a sign of improvement; work in other areas continues.

Embedding diversity and inclusion is leading to changes in internal processes to better track and promote diversity. Regional diversity councils are also being formed to act as competence centers and address regional diversity challenges. The first such council will be in North America, and lessons learned will be transferred to other regions.

We continued to invest in 2010 in our ability to attract and develop the best people. There has, for example, been a major investment in talent processes – such as our global recruitment policy, our global Web-based recruitment tool for both internal and external talent, and our talent identification process – to better support the company's business requirements and provide the best opportunities for employees. The Talent Management process has now been embedded in all regions. It focuses on identifying those people with potential, building on their strengths, and supporting development activities so they have greater opportunities to advance within the company.

To support employees in their chosen careers there is also a series of Human Resources-led competence assessments and functional development programs in place. Assessment centers have been introduced for those wishing to become first line managers. The Talent Development Assessment helps employees identified as having strong potential to move into first line manager positions and takes them through a series of exercises to identify their current strengths and development needs.

A program of functional competence management has also continued to assess and develop skills in areas such as finance, project management, information systems and sales.

Programs are complemented by initiatives such as Global Mentoring which was launched in 2008 and focuses on current leaders helping to develop leaders for the future. About 130 mentors and 180 mentees have attended the program so far; in 2010, 102 mentoring pairs attended eight introductory workshops worldwide. Feedback confirms that mentoring supports the learning of both mentors and mentees.

ABB is regarded as an employer of choice among engineering students in a number of countries, including Switzerland and Sweden, and this is reflected in the continued popularity of ABB's two-year global trainee scheme which involves three or four six-month assignments in a wide range of countries and across multiple disciplines.

The number of global trainees doubled to 26 in 2010 compared to 2009 with an equal number of 13 men and women, and they came from twice as many countries – 20 in 2010 compared to 10 in 2009. They were selected for programs in finance, human resources, sustainability, marketing and sales, and sustainable energy futures.

A new Group recruitment policy, adopted in early 2010, focuses on ensuring that employees can move more freely within ABB and pursue vacant positions. All positions, except a small number in senior management, are now posted in a global online recruitment tool which supports greater transparency and encourages equal opportunity. The online recruitment tool also allows employees to track opportunities against their personal profile and post their Curriculum Vitae so it is available to the recruitment teams in every country. Managers are not allowed to block an employee's opportunity to advance.

As part of measures to increase global mobility, ABB increased the number of international assignments initiated in 2010 by 30 percent offering these both as development opportunities but also to meet the business needs within growing markets.

Despite the changing economic climate, ABB has continued to invest in leadership development programs. For the fourth consecutive year, there were three programs in the Senior Leadership Development Program in partnership with IMD business school in Switzerland. The Middle Manager Program is now running in all regions of the world, while the Manager Development Program for first line managers covered a further 745 managers in 2010.

ABB seeks to strengthen leadership at every level, and all employees are offered the opportunity to attend the three-day Leadership Challenge program which focuses on taking personal leadership, irrespective of the position or role in the company. About 42,400 employees have completed the course since it started in 2004.

One of the key focus areas for 2010 was [occupational health and safety leadership](#). A new program was launched to involve country managers and local business unit and division managers to highlight safety leadership as a management priority.

We believe in the need to invest in our employees. Strengthening diversity and inclusion, and increasing the opportunities for employee development, is part of our investment in the future success of the company.

## Social Performance: Other GRI indicators

### Employment

#### LA1 Full-time workforce by region

##### 2.8 Scale of the reporting organization

Full-time employees by region	2010	2009	2008
Europe	58,800	60,600	62,100
The Americas	17,700	17,100	20,000
Asia	30,900	29,900	29,100
Middle East and Africa	9,100	8,500	8,200
<b>Total</b>	<b>116,500</b>	<b>116,100</b>	<b>119,400</b>

#### LA1 Part-time workforce by region

The following numbers of part-time employees are included in the total figures LA1.

For 2010, these figures are also shown as percentages of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Part-time employees by region	2010	2009	2008
Europe	3,133 5%	2,984	3,392
The Americas	143 1%	92	73
Asia	183 1%	268	138
Middle East and Africa	4 <1%	112	124
<b>Total</b>	<b>3,463 3%</b>	<b>3,456</b>	<b>3,827</b>

#### LA2 Rate of employee turnover by region

Rate of turnover of all employees, including part-time:

For 2010, the figures show the turnover number, as well as the percentage of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Turnover by region (all employees)	2010	2009	2008
Europe	6,351 11%	10%	10%
The Americas	2,567 16%	23%	19%
Asia	4,346 14%	11%	11%
Middle East and Africa	463 8%	5%	11%
<b>Total turnover for whole Group</b>	<b>13,727 12%</b>	<b>12%</b>	<b>11%</b>

#### Turnover of all female employees, including part-time:

For 2010, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (95 percent of employees).

Turnover by region (female employees)	2010	2009	2008
Europe	1,407 2%	1,439	1,307
The Americas	631 4%	635	450
Asia	1,060 4%	520	532
Middle East and Africa	51 <1%	19	128
<b>Total turnover for whole Group</b>	<b>3,149 3%</b>	<b>2,613</b>	<b>2,417</b>

#### LA3 Benefits provided to employees

As a multinational organization with operations in around 100 countries, ABB has difficulty in providing meaningful information for this indicator. ABB provides competitive salaries and benefits to employees, taking legal requirements into account and benchmarking against other companies. In view of the different legal requirements from country to country, and 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

Approximately 64 percent of the company's employees are subject to collective bargaining agreements in various countries. Collective bargaining agreements are subject to various regulatory requirements and are re-negotiated on a regular basis in the normal course of business.

##### 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 Euro-

pean Union, ABB is represented on the EU's European Works Council where such matters are discussed.

#### LA10 Training/LA13 Women in management positions

ABB has decided to report on the top 10 countries by employee numbers in this section, representing about 65 percent of Group employees. All countries reported figures for 2010 and the full list appears on the ABB Web site.

For the first time we have defined women in top management positions as women in Hay Grades 1–10, whereas previously top management was defined as country management plus the two levels below them. We can now compare figures from country to country on the same basis.

Women were appointed to a number of senior management positions in different parts of the world in 2010. These include the regional legal counsel for the India, Middle East and Africa (IMA) region, the heads of Communications in South America and IMA, the global and local group product managers for Power Products division, two senior finance positions in Northern Europe, and key Human Resources posts in China, Canada and Norway.

#### LA12 Employees receiving performance reviews

ABB has a Group-wide policy to review at least annually the performance of every employee, providing opportunities to discuss work achievements, set future objectives and provide feedback and coaching.

In 2010, ABB developed further its new online tool, covering 75,000 employees in 75 countries. The new system is part of Human Resources Group Tools that run on a common SAP platform and provides a new way of identifying talent within the organization, as well as managing performance and development. The roll-out of the new system was completed in January 2011.

#### LA13 Other indicators of diversity

As at December 31, 2010, ABB's Board of Directors had eight members, all men, of six nationalities, whereas the Group Executive Committee had 10 members, including one woman, of seven nationalities.

#### 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.

#### 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 at approximately 360 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.

	Average training hours per employee*			Percentage of women in management**		
	2010	2009	2008	2010	2009	2008
China	40	24	20	25%	–	–
Germany	16	15	16	4%	–	–
Sweden	10	10	17	22%	–	–
India	4	3	28	2%	–	–
United States	25	25	25	15%	–	–
Switzerland	20	20	17	7%	–	–
Finland	13	24	24	17%	–	–
Italy	17	10	10	7%	–	–
Brazil	26	28	31	7%	–	–
Czech Republic	10	13	22	19%	–	–

\* The total training hours in some countries do not reflect the increased use of e-learning, which is not included in the figures.

\*\* New definition for 2010, therefore 2008/2009 data not comparable.

# Human rights

## Work in progress

(includes GRI indicator HR3)

ABB made progress in a number of areas in 2010 to ensure respect for human rights, but we acknowledge that challenges remain.

The company's proactive approach to human rights dates back several years. In 2007, ABB adopted a Human Rights Policy, followed by further moves to embed core issues and criteria into business decision-making processes such as the risk review for major projects, supply chain procedures and mergers and acquisitions checklists.

Success has been partial, and work is ongoing to ensure the implications of embedding human rights into business processes are fully understood and followed.

To this end, members of the Group sustainability management team started meeting key divisions on a quarterly basis in 2010 to identify projects at an early stage of pursuit to determine if there might be human rights, social, environmental or security risks or impacts. The aim is to carry out due diligence on potential risks at a very early stage – well before a project pursuit becomes a formal tender subject to risk review procedures.

We also launched a global human rights training program in 2010, designed to raise awareness of the risks and opportunities in the company's operations and activities. The first courses were held in Italy, a major European exporting country for ABB, followed by Egypt and Dubai in the United Arab Emirates where ABB's India, Middle East and Africa (IMA) regional headquarters is based.

Those attending included business and country management representatives, and members of functions such as Supply Chain Management, Legal and Compliance, Communications and Sustainability. The course, designed and delivered by internal experts, looks at stakeholders' human rights expectations, ABB's journey on human rights so far, how the company's business can impact human rights with case studies, supply chain issues and the company's community engagement programs. The course is scheduled to be held in other parts of the world in 2011.

In common with many other companies, ABB has been taking steps to strengthen the sustainability performance of its [suppliers](#). Among the measures taken in 2010: A new Supplier Code of Conduct defines the minimum standards for any company wishing to sell to ABB. The list of requirements includes human rights, labor rights and business ethics. It was distributed directly to ABB's top 1,000 external suppliers (rep-

resenting more than 50 percent of ABB's annual purchasing volume) and is being cascaded to the remaining suppliers via local ABB organizations. It will, over time, be included in all of ABB's supply contracts.

ABB has also committed to evaluating suppliers' performance through sustainability auditing. A series of pilot audits of various suppliers undertaking hazardous work in higher risk locations, was carried out by a third party company in 2010.

We have also been active externally in promoting corporate respect for human rights, attending and speaking at international meetings, taking part in podium discussions, and working with university students in Switzerland and Sweden. Our approach is relatively modest, given that the issue of fully integrating human rights into business operations is still work in progress.

ABB has followed, contributed to and learned from the work of the United Nations Special Representative for Business and Human Rights, Professor John Ruggie, over the past five years. The company welcomes the approach he has taken, and has begun assessing where improvements can be made to ensure we are better aligned with the recommendations Professor Ruggie will make formally in 2011.

As a founder member of the Global Business Initiative on Human Rights, ABB experts have been closely involved in strengthening its work, and in exchanges on the topic of corporate responsibility to respect human rights with business leaders in different parts of the world. We will take part in further meetings with regional business leaders in South America and Southeast Asia in 2011.

### Human Rights performance: Other GRI indicators

#### 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 and security 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. ABB completed its withdrawal from Sudan in June 2009, having taken no new business in the country since January 2007.

#### **HR4 Non-discrimination violations**

All countries in ABB's sustainability management program are asked to report any incidents of discrimination. Six cases of discrimination and 18 of harassment were reported in 2010, resulting in a range of disciplinary measures.

#### **HR5, HR6, HR7 Operations at risk**

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

There were no ABB operations identified during 2010 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.

#### **HR8 Training of security personnel in human rights**

ABB sees the training of security personnel, as well as ABB country and regional managers, on the human rights dimensions of security work as important. It has been part of general security training in different parts of the world for several years. In 2010, the issue was part of a security and crisis management course for nearly 450 managers in 18 countries. In addition, a pilot course on facility security – which includes human rights guidelines for site guards – was tested in China, Germany, Singapore, South Africa and the United States and is due to be formally launched in 2011.

New Group-wide security guidelines are being drawn up, based on the Voluntary Principles for Security and Human Rights. They are due to be finalized in 2011. ABB already requires due diligence on all security companies according to ABB and international standards, and the new guidelines will establish standard operating procedures for security providers to include instructions on human rights issues.

In addition, ABB's country and regional security heads were informed at a meeting in late 2010 of growing stakeholder expectations that human rights need to be observed, and what kinds of human rights issues could arise in communities where ABB has operations or business activities. Security heads have also been made aware of the new International Code of Conduct for Private Security Providers launched in 2010.

#### **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 2010.

# Sustainability in the supply chain

## Building a stronger base

(includes GRI indicators EC6 and HR2)

From raw materials to subcontractors, suppliers are a major part of ABB's value chain. ABB currently has tens of thousands of active suppliers who represent an extension of our own enterprise. This also makes them an important factor in our sustainability performance.

Supplier performance is increasingly important as we extend our global footprint into emerging markets, but this must go hand-in-hand with our commitment that these business partners work sustainably and to our standards.

ABB has applied sustainability management principles to our suppliers for some years now. The supplier qualification process includes consideration of environmental, health and safety, social and human rights policies, performance and improvement programs. Suppliers are required to identify the environmental aspects and the health and safety risks in the scope of their supply to ABB and on-site audits have been conducted by ABB personnel and by the suppliers themselves in a self-assessment process.

More than 50 percent of approximately 1,500 key suppliers are externally certified to ISO 14001 for their environmental performance and a further 11 percent have implemented "self-declared" environmental management systems. Additionally, more than 1,000 documented environmental audits of suppliers were performed during 2010.

ABB is now reinforcing this process with a Supplier Sustainability Development Program, with the goal to develop suppliers into strategic business partners who share our commitment to sustainability. The program is based on monitoring and auditing suppliers, along with training suppliers and ABB personnel, and is supported by a dedicated sustainability expert within Supply Chain Management. A diverse reference team from different functions, including Quality and Operational Excellence, Sustainability Affairs, Legal and Compliance and representatives from our businesses, helps to ensure that the program meets our sustainability standards and reflects ABB's business needs.

The program started late in 2009 and continued in 2010 with a series of pilot sustainability audits of ABB suppliers to road-test new, comprehensive Group-wide guidelines for auditors. The pilot audits were conducted by a third-party company and focused on suppliers in higher risk locations, producing commodities using hazardous processes, such as castings and forgings.

These pilot audits revealed a number of situations where ABB's standards were not met. They included excessive overtime, poor waste disposal practices, or a lack of appropriate protective equipment for workers. However, the majority of these suppliers were willing to either make immediate changes or develop corrective action plans in an acceptable time-frame.

The audit program continues to focus on those countries with a higher generic risk of compliance issues, and on suppliers undertaking hazardous processes. To further assist ABB in building our sustainability auditing expertise, third parties will continue to be involved in the audits for the coming years. To support improvement actions, ABB is currently developing training materials to instruct both internal personnel and suppliers.

The recently-released ABB Supplier Code of Conduct (SCC), which defines minimum standards for any company wishing to sell to ABB, underpins the development program. The code covers supplier performance in fair and legal labor conditions, occupational health and safety, environmental responsibility and business ethics. The SCC also requires suppliers to be responsible for the sustainability performance of the sub-suppliers they hire to provide direct or indirect goods or services to ABB. The SCC has been sent to ABB's top 1,000 suppliers and will, over time, be included in all global agreements.

We still have much work to do in building capacity both within our own organization and within our supply base. However, we have recognized the importance and value of this issue to the company's success, and are working to improve performance.



# Working in the community

## Supporting education and healthcare

(includes GRI indicators EC8, SO1 and EC9)

ABB works in a wide variety of ways to strengthen environmental, social and economic development in the communities where we operate.

From supporting schools in Brazil, India and South Africa, to charity fund-raisers in the United States and Canada, or helping disabled athletes at European Special Olympics, to an anti-desertification program in China, employees like to volunteer for worthwhile projects.

ABB's community engagement focuses on two core areas: Education and health care. In total, ABB employees and companies donated approximately \$7.5 million in funding and provided 2,200 man-days in volunteering time in 2010.

For ABB, community engagement goes beyond philanthropy. The company seeks to be welcome in the communities close to our operations, which is essential to a social license to operate and good for our business. Support for education projects not only raises standards but in some cases helps ABB to recruit qualified engineers and other staff.

We support schools, students and universities in different ways. There are schemes in countries such as Brazil, Colombia, India, Poland and South Africa to help schools in disadvantaged areas. In India, for example, we support six government schools close to our plants, building infrastructure and contributing to a scheme to provide a midday meal to the children.

There is clear business value in some of the programs. In Finland, for example, the company contributed \$1.4 million to four universities in 2010 as a way of ensuring that engineering graduates have the qualities required by industry. In Saudi Arabia, ABB holds annual training programs for students from vocational institutes and offers technical training to engineering students.

In other countries, such as China, needy engineering students receive financial support, while in Argentina, Egypt and Turkey the company has donated technology to university laboratories. This is also clearly a means of raising the company's profile among potential recruits.

At a corporate level, the ABB Jürgen Dormann Foundation for Engineering Education, extended its scope in 2010 to new countries to help electrical engineering students in need of financial support. Students from Brazil, Egypt and Vietnam have joined colleagues already on the program in India, China, Egypt, Mexico and Poland. A highly successful first

international meeting of students, which brought together some 30 scholars for a week of learning and exchange, was held in Switzerland in August 2010.

While there is no guarantee to students sponsored by the foundation of future employment at ABB, their progress is carefully monitored by ABB mentors. One of the first graduates – at AGH University of Science and Technology in Krakow, Poland – has already been given a part-time job at our corporate research center in the city.

Aside from education, ABB is involved in a range of community projects, many of them centering on healthcare. Employees in Canada and the United States raised more than \$1 million in 2010 through donations and charity events with much of the funds being distributed to hospitals and healthcare organizations. In South Africa, we support a project to help orphans of HIV/AIDS victims; in Egypt, the company provided the technology to air-condition a leading pediatric hospital in Cairo; and in the United Kingdom fund-raising efforts are focused on a cancer care charity.

Our volunteers also help people with intellectual disabilities at Special Olympics events in Germany, Italy, the United Kingdom and the United States. In Germany, for example, 150 employees took a week out of their holidays to support athletes at the Special Olympics in Bremen in June 2010, describing it as a very rewarding experience.

The nature of community support varies considerably. The company's largest financial contribution in China in 2010 went towards the reconstruction of a school destroyed in a devastating earthquake in 2008. Among the community initiatives in Brazil, left-over food from canteens at factories on the outskirts of Sao Paulo is delivered to a soup kitchen in an underprivileged area, providing 600 meals a day.

In some countries, volunteering efforts focus on ways of improving the environment. In China, for example, ABB is involved in tree-planting efforts as part of an anti-desertification project, and in the United Arab Emirates, volunteers work on several environmental projects, including recycling and tree-planting programs.

We also continued our corporate sponsorship agreements with a number of international organizations, including the Swiss-based International Committee of the Red Cross and the WWF. Three new projects were launched with the WWF – supporting access to electricity in remote areas of India and South Africa, and an energy-efficiency training program in China.

ABB's common efforts focus on our "Access to Electricity" rural electrification program in India and Tanzania which is strengthening the economic, social and environmental development of people in remote communities.

In Tanzania, ABB has partnered with local authorities and WWF to provide electricity to a village in the south of the country. The benefits of increased access to electricity have been marked and measurable. They include more schooling after dark, the health clinic being able to treat patients for more hours a day, and the start of new businesses such as an electric sawmill and an oilseed press which are raising incomes and supporting better environmental management. The size of the village has grown by 30 percent since the project began in 2004 – an issue that has also been carefully planned and managed.

In the Indian state of Rajasthan, ABB has partnered with an NGO and state authorities to bring distributed solar power to a widespread desert community. Some 8,000 people are benefiting from increased earnings because of the ability to work after dark, increased access to healthcare and more schooling. Tailors and weavers, for example, are earning up to 50 percent more because they can work at night, and the number of children attending school has doubled.

ABB produced a film highlighting the challenges and achievements of the two projects in 2010.