

# Developing our people

## Central to business success

(includes GRI indicator LA11)

ABB is a truly international company. We are headquartered in Switzerland and have strong historical ties there and in Sweden, but this company is not the product of a particular country or national identity.

A walk along any corridor at corporate headquarters in Zurich underscores the company's cultural diversity. People from 50 countries are represented in the 700-strong workforce. It's a diversity – and strength – that is mirrored in many of the 100-plus countries where ABB has business operations.

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ABB operates in about 100 countries around the world, so understanding and working with cultural differences is key to success. Particular value is placed on a cross-cultural workforce. A total of 2,350 people have roles with global responsibility at ABB. They come from 70 different countries, providing cultural awareness and sharing experiences that help international teams work together in a unified way.

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ABB has been expanding rapidly in recent years as part of ambitious growth plans. A highly trained, motivated and well-integrated international workforce is a key factor in achieving business success and strategic goals.

### Supporting business success

New tools and processes have been introduced by human resources specialists to strengthen the business, and support the development and mobility of employees. For example, a number of learning and development work streams were developed in 2012 focusing on sales, project management and service, which are key to ABB's growth.

Other programs being introduced in 2013 include specialized tools and processes for new and existing employees in the growing service business in order to recruit and retain the right people, maximize their skills and equip them for a changing work environment. A sales simulator has also been developed to provide sales staff around the world with an interactive way to develop and refine their skills.

Employee mobility is also becoming increasingly important to business success. Mobility improves the sharing and transfer of knowledge, and forms part of career development.

Considerable efforts have been made in ABB to capitalize on the benefits of increased mobility. About 950 people were on international assignments in 2012 – a 12 percent increase on 2011.

We are also starting to see more employees from emerging economies move on assignments to ABB locations in mature markets, as well as the more customary moves in the other direction. In 2012, for the first time, India and China entered the top ten exporting countries for talent within ABB. China saw a 21 percent increase in the number of assignees going to other countries while India saw an 11 percent increase.

Under a cross-region talent sharing scheme introduced in 2012, ABB employees facing the economic downturn in Mediterranean countries have increasingly been prepared to re-locate to other ABB units, particularly in central Europe and South America, where there were job vacancies. In Spain, for example, employees whose motors unit was being downsized were encouraged to seek new jobs at other ABB European locations.

### Diversity

For ABB, achieving cultural diversity is a function of how we run an international business. A diverse and talented workforce, recruited globally, provides the quality and skills that support innovation and business success.

However, one area of diversity where we have room for improvement is gender, and this is where our effort is currently concentrated with a number of local and corporate-level initiatives.

In India, for example, ABB has launched a number of programs to strengthen the presence of women in executive, functional and factory roles. Among the measures are workshops for line managers to strengthen understanding of the business value of diversity and inclusiveness; and efforts to increase the number of women in the interview pipeline, and to raise the number of women on the shop floor. Child care centers have also been opened to enable more women to work.

In Saudi Arabia, people from more than 30 countries work for ABB. For the first time, we also hired Saudi women in 2012 in accordance with labor laws and a number of women were selected for internships. The emphasis in South Africa is different: all employees received training to promote greater understanding of disabilities and ways of integrating disabled people into the workforce.

A Group-wide inclusiveness network was established in 2012, aimed primarily at finding and highlighting female talent in regions and business divisions. ABB also takes part in international initiatives. We have 18 women, half from functions and half from the business, representing the company at the international Women's Forum for the Economy and Society.

ABB currently has one woman on the Group Executive Committee and one on the Board of Directors. A number of women were promoted to senior positions in 2012, including head of Investor Relations, and country and region-level business and functional leadership roles.

### Training and development

Another key area of focus is how we can develop talented employees in increasing numbers to meet our business goals.

Despite the economic downturn, we continued to invest during 2012 in learning and development programs for our employees to ensure we have high-caliber people in the right places. Our programs include:

- A Talent Management process which has been improved and embedded in all regions. Around 89,000 personal performance and development assessments were conducted in 76 countries through new tools. The process focuses on identifying those people with potential, building on their strengths, and supporting development activities.
- Leadership development programs for different levels of management. A total of 95 senior managers attended two courses of the Senior Leadership Development Program held in partnership with the IMD business school in the Swiss city of Lausanne. The Middle Manager and First Line Manager programs covered a further 400 middle managers and 1,600 first line managers in 2012.
- The three-day Leadership Challenge program, offered to all employees and delivered in 14 languages, focuses on taking personal leadership, irrespective of position or role in the company. Another 5,600 employees completed the course in 2012, bringing the overall total to about 54,000 since it started in 2004.

### Attracting young people

Attracting talented young people and developing them for future leadership roles is also key to business success.

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.

There were 28 global trainees from 20 countries in 2012. They were selected for a range of programs, including finance, human resources, energy, sustainability, marketing and sales.

Competition to attract talented graduates is fierce. One of the ways ABB seeks to attract the best prospects is through partnering with CEMS, a strategic alliance of leading business schools and multinational companies whose goal is to set a global standard of excellence for pre-experience Master's in management. ABB has been a partner for the past three years. About 60 CEMS alumni work at ABB.

Once graduates join the company, they benefit from the ABB Life program which is designed to develop and prepare talented young people for future leadership roles. A total of 320 young employees went through the program in 2012.

Other Human Resources-led programs are also available to help in personal development. These include the Global Mentoring scheme which was launched in 2008. A total of 216 mentors and mentees attended the program in 2012. Mentees benefit from advice and guidance; mentors also learn things and appreciate the opportunity to pass on their knowledge and experience.

And, as part of other efforts to improve language skills, ABB has a Standard English training course offered online and free of charge to employees and their family members. About 24,000 people in around 100 countries have so far activated a license to strengthen their skills.

All these programs are designed to foster business excellence and success, and strengthen the development and loyalty of employees. As we forge ahead with our growth plans, much more work lies ahead.

## Social Performance Indicators

### Employment

#### LA1 Full-time workforce by region

##### 2.8 Scale of the reporting organization

LA1 Employment			
Full-time employees by region	2012	2011	2010
Europe	64,000	60,300	58,800
The Americas	34,400	25,900	17,700
Asia	38,300	37,400	30,900
Middle East and Africa	9,400	10,000	9,100
<b>Total</b>	<b>146,100</b>	<b>133,600</b>	<b>116,500</b>

#### LA1 Part-time workforce by region

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

For 2012, these figures are also shown as percentages of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Part-time employees by region	2012	2011	2010
Europe	2,835 5%	2,924	3,133
The Americas	169 1%	108	143
Asia	1,391 4%	106	183
Middle East and Africa	4 <1%	1	4
<b>Total</b>	<b>4,399 3%</b>	<b>3,139</b>	<b>3,463</b>

#### LA2 Rate of employee turnover by region

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

For 2012, the figures show the turnover number as well as the percentage of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Turnover by region	2012	2011	2010
Europe	5,083 8%	10%	11%
The Americas	3,689 14%	15%	16%
Asia	4,149 12%	13%	14%
Middle East and Africa	911 15%	14%	8%
<b>Total turnover for whole Group</b>	<b>13,832 11%</b>	<b>12%</b>	<b>12%</b>

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

For 2012, these figures are also shown as a percentage of the total workforce in the countries covered by our social reporting system (89 percent of employees).

Turnover of all female employees, including part-time	2012	2011	2010
Europe	1,218 2%	1,364	1,407
The Americas	676 3%	531	631
Asia	1,023 3%	1,086	1,060
Middle East and Africa	70 1%	184	51
<b>Total turnover for whole Group</b>	<b>2,987 2%</b>	<b>3,165</b>	<b>3,149</b>

#### LA3 Benefits provided to employees

ABB, as a multinational organization with operations in around 100 countries, 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 49 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 renegotiated 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 European 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 66 per cent of Group employees. All countries reported figures for 2012 and the full list appears on the ABB website.

We define women in top management positions as women in Hay Grades 1–10. This enables us to compare figures from country to country on the same basis.

#### LA10 Training and education

Training per year per employee (average hours)	2012	2011	2010
Brazil	27	25	26
China	31	34	40
Czech Republic	12	11	10
Finland	14	13	13
Germany	16	16	16
India	18	5	4
Italy	16	17	17
Sweden	12	12	10
Switzerland	19	17	20
USA	24	25	25

#### LA13 Diversity and equal opportunity

Women in senior management (percentage)	2012	2011	2010
Brazil	16	7	7
China	27	25	25
Czech Republic	19	18	19
Finland	16	15	17
Germany	7	7	4
India	2	2	2
Italy	7	7	7
Sweden	24	22	22
Switzerland	7	7	7
USA	15	16	15

### 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.

### LA13 Other indicators of diversity

As at December 31, 2012, ABB's Board of Directors had eight members – seven men and one woman – of seven nationalities, whereas the Group Executive Committee had 12 members, including one woman, of eight nationalities. In addition, people from 50 countries were among the 700-strong workforce at the company's headquarters in Zurich.

### 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.

#### LA15 Return to work and retention rates after parental leave

The number of people who took parental leave in 2012 was just over 4,400. Nearly half of those were women. The numbers varied according to culture and region. ABB expects to be able to provide further detailed data in the 2013 report.

### 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 approximately 390 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.