



## OUR PEOPLE

# Thriving in a purpose-driven culture

We want everyone at ABB to feel safe, secure and empowered to perform their best and achieve their full potential



To fulfil ABB's Purpose and create value, we need people in the right positions at the right time. To this end, people and leadership development are at the center of the ABB Way, our company's new operating model. As well as providing opportunities for learning and personal development, we empower our people to shape their own careers with an open job market across our organization. In this way, we attract, develop and retain capable employees who can run successful businesses, motivate their colleagues with the passion and spirit for success, and who also have the maturity to understand the value of cooperating for mutual accomplishments.

## A shared purpose

ABB's Purpose was announced in June 2020, after we concluded a project to address questions about our Group's identity, core business activities and overall strategic direction.



The need to identify ABB's purpose became apparent in the wake of the series of profound changes undertaken by our Group in recent years. The desire for more direction was especially voiced in the 2019 employee Engagement Survey, which highlighted that colleagues wanted a clear sense of where the Group is headed. With significant empirical evidence from other companies that a strong, lived purpose has a positive impact on business performance, value creation and employee engagement, we formed a purpose project team of some 20 colleagues from across all of ABB's Business Areas, functions and regions.

From January until the end of May 2020, we conducted extensive interviews and listening sessions with all stakeholder groups, including employees, customers, investors, suppliers and multilateral organizations. Our aim was to build up a holistic picture of how ABB is perceived by its stakeholders and to articulate an overall strategic direction for the company, which would energize our employees. From these discussions, we crafted a series of purpose themes, which led to a clear statement of purpose that can be summed up as follows.

- **We succeed by creating superior value.**
- **We push the boundaries of technology to drive performance to new levels.**
- **We energize the transformation of society and industry to achieve a more productive, sustainable future.**

After the introduction of our Purpose, teams across ABB held workshops to discuss how they can bring our Purpose and the ABB Way to life. They discussed how we can work together to truly express what ABB stands for, how we can all identify with our Purpose, and how we can work together to realize it.

## **Becoming an even better company**

Excellence in people is the key to value creation. That is why we are fostering a high-performance, purpose-driven culture.

Our values are the cornerstone of this performance culture: courage, care, curiosity, collaboration. We identified these values in much the same way as our Purpose – through listening to our leaders and people and using their ideas and input to capture the essence of ABB's corporate culture. Our values reflect the attitudes and behaviors we need to drive our decentralized company with its empowered divisions. They are there to guide and shape our actions and interactions with each other, our customers, partners and society as a whole. By living our four ABB values, we lead by example.



In the context of our Purpose and our ABB Way operating model, our Purpose explains “why we are in business,” the ABB Way defines “how we operate,” and our values determine “how we behave.”

CASE STUDY

## Employee resource groups




In 2019, a grassroots effort within ABB’s United States operations spotlighted the power of employee resource groups (ERGs) to shape ABB’s corporate culture, demonstrating how they can foster a diverse, inclusive workplace aligned with organizational missions, values, goals, business practices and objectives. By the end of 2020, it was clear that this effort was a great success: Six ERGs with more than 1,700 active members had been created in just 12 months. These ERGs, which all fall under the umbrella name of Encompass, include Encompass Women, Black Professionals, Hispanic-LatinX, Military & Allies, Pride and Young Professionals.

Each Encompass group welcomes all employees to join. All were active in the ABB community over the past year, sharing their time and talents while raising funds on behalf of organizations that help girls in STEM (science, technology, engineering and mathematics), providing scholarships to underrepresented minorities, offering meals to the less fortunate, and supporting veterans and their families. Our six ERGs also supported ABB’s diversity recruiting and external Diversity & Inclusion brand efforts by remaining active with leading advocacy organizations, including the Society of Women Engineers, the National Society of Black Engineers, the Society of Hispanic Engineers and Out 4 Undergrad.

By fostering an environment where Diversity & Inclusion is at the forefront of our company’s culture, ABB’s U.S. team has set in motion a natural shift towards engagement, “allyship” and professional development within our Group. In 2020, Encompass initiated impactful programming, led communications and networking efforts, and drove important policy changes within ABB. It also established a Diversity & Inclusion executive council that will continue to drive this grassroots transformation of ABB’s culture well into 2021.



For more information on Encompass and their work to create an environment of inclusion, equity and belonging, please look [here](#) .

## 2020 target and related goals

For 2020, our target was to increase the number of women in senior management positions (Hay grades G1–7) by 30 percent from 2017 and to increase the proportion of employees covered by ABB’s well-being program to 70 percent. Gender diversity and the health, well-being and resilience of our workforce were core priorities that we sought to embed in ABB’s people strategy, with the view that these variables will continue to have a significant influence on our overall performance and future success.

To achieve our 2020 target and, more generally, promote gender balance in our workforce, ABB relies on its stated gender diversity ambitions and associated framework. This framework is built on three pillars: talent, career life cycle, and awareness. The talent pillar entails our people processes and practices, including recruitment, development, retention and career planning. The career life cycle pillar covers a wide range of options for supporting the full career arc of our employees. And the awareness pillar encompasses our work to build a diverse and inclusive culture by raising understanding of its benefits externally and internally.

We are proud to have performed well against our 2020 target of a 30 percent increase in the number of women in senior management. By the end of the year, 13.5 percent of the senior managers at ABB were women, up from 11.7 percent in 2019 and 10.5 percent in 2018. This figure represents a 30 percent increase over our 2017 baseline, when 10 percent of our senior managers were women.<sup>8</sup>

Our second gender diversity goal in 2020 was to identify 100 female candidates for succession to senior leadership positions (G1–7). As in 2019, almost every division identified five or more women for this purpose in 2020, enabling us to once again exceed our goal. In total, more than 100 women were nominated for leadership talent pools over the past year.

Our third goal was to ensure that females comprise at least 30 percent of our early talent hires, i.e., recent university graduates. As in 2019, we achieved this goal in 2020, with the proviso that, once again, most of these hires were in functional areas. We made a significant effort to meet this target for business roles at our company in 2020 and will continue our focused efforts as we move into the new strategy cycle.

<sup>8</sup> Data from 2017 – 2019 includes Power Grids. Data from 2020 excludes Power Grids. ABB elected not to restate the baseline and the 2020 target following the completion of the divestment.



## CASE STUDY

## Creating a gender diverse and inclusive workforce within ABB India



Over the past three years, ABB in India has increased the number of female employees in its workforce to 14 percent, up from 9 percent in 2017. To make this promising start in gender diversity, ABB India worked closely with leaders from all of our Business Areas and divisions to identify “Diversity & Inclusion champions” in each business. These champions were assigned to work closely with our business leaders to foster an environment of inclusion across ABB, with a particular focus on enhancing gender diversity within our organization.

This further incentivized managers, teams and Business Areas with the introduction of a “Diversity Reward & Recognition” policy, which makes driving progress on Diversity & Inclusion one of ABB India’s core business goals. ABB India also expanded its training and sensitization initiatives, introducing “Unconscious Bias” training programs to help managers build an inclusive culture; a “Women Excellence Program” to provide female staff in the Global Business Function with new pathways for success; and the “RISE Women Leadership Development Program,” which is designed to identify promising female employees within the organization and provide them with professional development opportunities to be ABB India’s leaders of tomorrow.

To enhance its ability to engage and retain female talent, ABB India introduced policies that make its workplace more open and friendly for women. This included permitting telecommuting, a groundbreaking step for an organization that was overwhelmingly dedicated to manufacturing, which involved optimizing digital tools and systems to increase employees’ ability to connect with the workplace from home. It also revamped its daycare centers for employees’ children and made them more inclusive.

ABB India then successfully increased its gender diversity by focusing on hiring female university graduates. The number of female university graduates recruited and retained by ABB India increased from 42 percent in 2017 to 49 percent in 2019. In 2020, this figure decreased to 45 percent in 2020 due to the COVID-19 pandemic, which reduced hiring throughout ABB India.

To complement its effort to increase the gender diversity of its workforce, ABB India worked with its vendors to encourage them to hire women, and the number of females employed by some of our manufacturing suppliers increased from 4 to 11 percent over



the same three year period. ABB India also launched an innovative “re-boarding program” to connect with former female employees, resulting in the rehiring of 10 of them. Lastly, to monitor this push for gender diversity and ensure that it continues, ABB India set up a governance structure, with Diversity & Inclusion council members working together with the Country Managing Director and the Country Human Resources Officer to track progress over time.

## Major initiatives in 2020

In 2020, ABB was among more than 50 leading European companies in the industrial and technology sectors to reaffirm its pledge to EmbraceDifference, a pan-European diversity and inclusion (D&I) initiative. Developed and led by the European Round Table of Industrialists, of which ABB CEO Björn Rosengren is a member, the pledge aims to spur progress in the creation of diverse and inclusive work environments. We signed the EmbraceDifference pledge in 2018, and have linked our D&I initiatives for the next strategy cycle to its six focus areas: Inclusive Culture, Inclusive Leadership, Aspiration & Goal Setting, Clear Responsibility, Equal Opportunities & Societal Engagement, and Responsibility.

In response to COVID-19-related social distancing requirements, we successfully turned our unconscious-bias training materials into virtual workshops. To preside over the virtual delivery of these materials, we specially trained 168 in-house facilitators in the practice of online workshop management. In 2020, more than 1,100 managers participated in these workshops, up from the 900 managers that participated in 2019.

We also revised and adapted the global guidelines for the flexible working practices that we introduced in 2018, adjusting them to meet the unique demands of the COVID-19 pandemic.

Regarding the Lesbian, Gay, Bisexual, Transgender, Questioning and all of the communities encompassed by the “LGBT+” acronym (herewith LGBTQ+), ABB kicked off its LGBTQ+ strategy in 2020, which included trainings, awareness raising campaigns and benefits reviews, among other actions. The company also signed the UN Standards of Conduct for Business Tackling Discrimination against Lesbian, Gay, Bisexual, Trans and Intersex People (LGBTI), in addition to signing a partnership with Stonewall, Europe’s largest LGBT rights organization, to help develop a roadmap on LGBTQ+ for our employees.

In 2020, ABB also joined the Gender and Diversity KPI Alliance together with more than 50 large companies; the alliance supports the use of a common set of key performance indicators to accelerate diversity in corporations. Relatedly, within our own organization we included D&I metrics on the global people analytics dashboard, in addition to our already established D&I dashboard. We continued to build our female mentorship programs around the world and support the establishment and growth of employee resource groups across ABB.



## Lessons learned



From 2010 to 2014, ABB was working to establish diversity and inclusion initiatives on both the local and regional levels. In 2015, the concept of D&I was embedded in our HR strategy and we created our global diversity & inclusion framework. Thanks to local and regional initiatives across our organization, we were able to achieve continued growth and progress in the D&I space within our company in 2016.

Our work received new impetus in 2017, when we set our current 2020 target. Serious work toward achieving this target began at that time, together with work to achieve our D&I goals. In January 2018, ABB's Executive Committee signed off on our global gender diversity ambitions; this marked the beginning of our first truly global D&I strategy, complete with clear key performance indicators on female early pipeline, development and growth into senior leadership roles (G1-7).

The major lessons we learned during the execution of our 2020 D&I strategy was that the strong engagement of our senior management, the empowerment of our passionate people on the ground and our regular follow up on metrics was crucial to achieving our goals.