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ABB LIMITED

# UK Gender Pay Report April 2018

**ABB** is a pioneering technology leader in power grids, electrification products, industrial automation and robotics and motion, serving customers in utilities, industry and transport & infrastructure globally. Continuing a history of innovation spanning more than 130 years, ABB today is writing the future of industrial digitalization with two clear value propositions: bringing electricity from any power plant to any plug and automating industries from natural resources to finished products. As title partner in ABB Formula E, the fully electric international FIA motorsport class, ABB is pushing the boundaries of e-mobility to contribute to a sustainable future. ABB operates in more than 100 countries with about 147,000 employees.

We continue to welcome the UK Government's requirement for large companies to be more transparent and we have now conducted our analysis for the second year in respect of the UK gender pay gap regulations which came into effect in April 2017.

Whilst recognising there is still much work to continue over the medium and long term, we are pleased to report that since last year, there has been a reduction in both the Mean and Median gender pay gaps for both Hourly Pay and Bonus since the report as at April 2017. We have also seen a positive balancing and representation of the proportion of employees receiving a bonus, partly due to annual bonuses being paid late in April 2017.

We continue to work on the initiatives identified last year to help us work towards a more balanced workforce.

In conjunction with our Global colleagues in ABB we are targeting that 30% of new Graduate Hires will be female by 2020.

Globally ABB has additional targets for 13% female Leadership Appointments by 2020 and is building a business leadership succession pool of 100 women. These initiatives will be underpinned by enabling a culture of inclusion and by providing career and work flexibility options.

During 2018 and in 2019, in the UK we have and will continue to focus on the following areas in addition to these Global initiatives:

- Ongoing training for all managers to ensure no unconscious gender bias from recruitment, promotion and performance management;
- Reviewing our suite of family friendly and return to work programmes & policy;
- Improving flexible working and a more agile working culture;
- Supporting internal or external networking opportunities;
- Mentoring programmes; and
- Working towards our gender mix targets at levels or roles or for recruitment or promotion.

Unconscious bias training has started as it forms part of the ABB First Line Manager (FLM) training program as well as sessions being delivered for our Senior Management as part of the Global roll out.

In addition, we already support a range of school outreach events to encourage children into Science, Technology, Engineering and Mathematics (STEM) careers and have a particular focus on encouraging girls into STEM. In 2018, we joined the Women's Engineering Society to support and leverage the initiatives, networks and representation for our medium-term ambitions and initiatives.

This, alongside ABB's representation in Employers Engineering Federation (EEF now 'Make UK') national employment and skills policy committee, will aid our longer term strategic actions to increase gender diversity.

As in previous years, the gender pay gap we measure is not a direct comparison of males and females doing comparable jobs, but is a measure of the difference in the average pay of all men and women across the organisation, regardless of the roles they fill.

At ABB, we are committed to solving some of the biggest global challenges of our time. This is only possible through our exceptional people who work, every day, for a better future. Building a culture of diversity and inclusion is critical to our success and makes each of us stronger; A culture where individual differences are welcomed and we all unite to write the future together.

At ABB, we welcome different ways of thinking and acting, different qualities and skills, different experiences and backgrounds. We value them because we are dedicated to being inclusive, recognizing and respecting all aspects of what makes someone unique.

#### **ABB Limited's Pay and bonus difference between women and men at 5 April 2018**

	Mean pay gap	Median pay gap
Hourly Pay	22.4%	30.6%
Bonus	32.2%	33.9%

#### **The Proportion of employees receiving a bonus\* in the 12 months preceding 5 April 2018**

84.8% Male      83.0% Female

\*Our annual performance bonuses earned for the reporting period (6 April 2016 – 5 April 2017) were actually paid in April 2017 and the annual performance bonus for the reporting period 6 April 2017 – 5 April 2018 were paid in March 2018 therefore some employees received two annual performance bonuses in the 12 months preceding 5 April 2018.



**The pay quartiles across our employees at 5 April 2018**

Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile	
Male	Female	Male	Female	Male	Female	Male	Female
64.3%	35.7%	81.0%	19.0%	87.5%	12.5%	89.7%	10.3%
Mean gap: -8.1%		Mean gap: 2.3%		Mean gap: 0.9%		Mean gap: 2.6%	
Median gap: -7.4%		Median gap: 4.5%		Median gap: 2.6%		Median gap: 2.9%	

The mean and median pay gaps between male and female employees are much lower when we look at each quartile, we believe that this demonstrates that we broadly pay all employees the same where they do comparable jobs.

For the purposes of the Government Regulations, Hourly Pay is not limited to basic pay, but also includes other types of pay such as shift premium pay and any bonuses paid in April 2018. However, it doesn't include overtime pay, pay relating to redundancy/termination of employment, or the value of benefits which are not in the form of pay.

The definition of Bonus under the new Government Regulations includes more traditional annual bonus schemes, but also a wide variety of other payments such as commission, long service awards, etc. Calculations of mean and median bonus pay use any bonus paid from the twelve months ending on 5 April 2018.

We recognise that, along with many Engineering companies, our female employees make up a smaller proportion, 20%. While this is an industry wide issue, that will take a concerted effort over many years to resolve, it is one which we have started to actively address within ABB.

We believe that the difference in our mean and median pay between male and female employees is reflective of our overall gender demographic and due to the proportion of male employees in more senior positions and a higher proportion of female employees in more junior positions.

ABB recognizes that a diverse and talented workforce is a key competitive advantage. As a truly global company, our business success reflects the quality and skill of our people. We believe that the wide array of perspectives that results from a diversity and inclusiveness focus promotes innovation and business success. ABB is therefore committed to providing a working environment where all our employees, regardless of gender, are able to thrive as we want all employees to write the future. Together.

We confirm that the data reported is accurate.

  
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 For and on behalf of ABB Limited

  
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