The Global ABB Integrity Program

www.abb.com/integrity

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“To grow and be successful, ABB depends on the trust of its employees, customers and shareholders, as well as the communities and societies that it serves. The bedrock of that trust is integrity – an uncompromising commitment to adhere to the highest standards of ethical business conduct.

At a time when technological advance is accelerating and speed is a key competitive advantage, our Code of Conduct reflects our collective and individual commitment to integrity. As a company with a decentralized business model, ABB needs a strong governance framework and the Code of Conduct serves as a core common policy applicable to all of ABB.

Beyond that, we follow safe and healthy work routines, adopt sustainable and environmentally sound business practices, and we respect the human rights of others.

Let’s work together to make sure that our commitment to ethical business practices reflects who we are as a company and as individuals and that it helps to advance ABB as a technology leader and an exemplary corporate citizen.”

Björn Rosengren
Chief Executive Officer
ABB’s commitment to integrity
A robust, advanced, risk focused global program

- ABB sets high standards of integrity and compliance which are expected of every employee and in every country where it does business
- ABB uses a systematic approach, designed to foster a culture of integrity and compliance
- This is done through leadership and business accountability, supported by strong tools and processes, and a zero tolerance policy for violations
Program fundamentals: prevent, detect and resolve
ABB is constantly raising the bar on integrity

Fundamentals

The fundamentals of the ABB integrity program are designed to **PREVENT**, **DETECT** and **RESOLVE** any potential concerns.

Raising the bar and creating a fully integrated process
### Integrity begins with leadership and tone from the top

Integrity is an integrated business process

<table>
<thead>
<tr>
<th>Business heads and financial controllers regularly review and report on integrity and compliance developments in their business</th>
<th>Integrity and compliance are a regularly required agenda item for business reviews and an element in the business performance evaluations</th>
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<tbody>
<tr>
<td>Five value pairs form the backbone of all operations and our daily life in ABB. The value pair “Safety &amp; Integrity” is the bedrock of our organization. We do not accept business if it means putting people at risk or engaging in unethical practices</td>
<td>Integrity is part of ABB’s focus with the Don’t Look the Other Way campaign</td>
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Preventing integrity concerns: key employee messages
Program emphasizes substance over form

**ABB is firmly committed to integrity**

- ABB must not, should not, and will not break the law
- We compete and win only by playing by the rules
- There is no place in ABB for anyone who breaks the rules. We have a zero tolerance policy which is rigorously enforced
- We are proactive about integrity and compliance through ongoing training, internal surveys and resources such as the Business Ethics Hotline
Our framework: The ABB Code of Conduct

The ABB Code of Conduct

– The integrity framework which explains the behavior ABB expects of its employees and stakeholders, and practical instructions to help employees in their day-to-day work

– Based on ABB’s business principles: responsibility, respect and determination

– The Code of Conduct has been translated into 45 languages

– All current and new employees are required to take face-to-face and e-learning training, and to acknowledge their commitment to adhere to the Code of Conduct

– ABB maintains a regular re-acknowledgement process for the Code of Conduct by managers
Standards and policies: a strong set of internal controls

ABB Corporate Regulations

Bribery and corruption is prohibited in all business dealings, whether with public officials or private sector business partners. As a rule, facilitation payments are not permitted.

Mandatory, substance-based due diligence prior to the appointment of ABB representatives, such as third-party agents. Centralized, transparent approval process with appropriate controls over performance prior to any payments.

Political and charitable contributions are subject to detailed internal policy and controls.

Gifts, entertainment and expenses policy defines thresholds, approval processes and their documentation, with additional controls for public officials.

Agreements with subcontractors and consortium partners are aligned with ABB’s commitment to integrity in the performance of the contract, including commitments not to violate anti-bribery laws. Suppliers must also maintain integrity standards which are satisfactory to ABB and agree to the ABB Supplier Code of Conduct.

Mergers and acquisitions: mandatory compliance due diligence for any joint venture or acquisition target. Thorough integration strategy for the ABB integrity program.
Standard agreement must be used that includes anti-bribery provisions, audit rights, right to terminate agreements for any violation.

All appointments are subject to a robust, structured approval process.

Substance-based, thorough due diligence prior to considering engagement.

Database supports agent appointments and controls during execution and prior to payment.

Maximum percentages for commissions are defined.

Strong rules for appointment of representatives, such as third-party agencies.
ABB Corporate Regulations on gifts, entertainment and expenses
Legitimate and reasonable business entertainment only

**Gifts, entertainment and expenses policy**

- Covers both giving and receiving
- Sets thresholds and approval processes
  - Lower thresholds than Group standard implemented in many countries based on local conditions
- Approval process documented in global web-based tool
- Additional controls for public officials
  - Employees of government-owned or controlled companies are subject to public official definition
Antitrust guidance notes designed to address practical business situations and focus on specific topics which could raise antitrust concerns, including:

- Competitive intelligence gathering versus commercially sensitive information exchanges
- Participation in benchmarking exercises
- Participation in trade association meetings
- Pricing strategies
Face-to-Face training
Creates personal accountability, responsible leadership

**Broad**
Face-to-Face training required for all employees on the Code of Conduct and Anti-Bribery

**Risk-focused**
Additional Face-to-Face training is required for risk- and manager-level employees on selected integrity topics

**Collaborative**
Face-to-Face training sessions create constructive dialogues throughout the business
Face-to-Face training is supplemented with e-learning

Ongoing integrity and compliance training

Required for all employees, completion is tracked and certified:

– Integrity Starts with You (Code of Conduct)
– Global Anti-Bribery ESSENTIALS: Don’t Look the Other Way
– General Data Protection Regulations (GDPR)

Additional, targeted course(s) (mandatory for managers and employees with responsibilities in specific risk areas):

– Antitrust Rules and Best Practices
Regular communications to complement training

Integrity is given visibility at ABB – Don’t Look the Other Way

- Articles regularly published on corporate intranet site – real cases of consequence, integrity updates, and FAQs – all with interactive discussions
- Integrity shorts regularly published with examples of practical dilemma situations and advice on how to handle
- Ongoing hotline Poster campaign at all local sites around the world to encourage reporting
- Display stands at all high traffic areas promoting the integrity reporting channels including brochures and wallet cards
Detecting integrity concerns

ABB offers employees multiple reporting channels

**Multiple Reporting Channels**

– Multiple reporting channels are available to all employees

– Employees are encouraged to speak up and report integrity and compliance concerns and to seek guidance

– All reports subject to appropriate investigation, follow up, and brought to full closure; systematic process and tracking system

– ABB enforces a rigorous non-retaliation policy
Detecting integrity concerns
The ABB Business Ethics Hotline

- The ABB Business Ethics Hotline is available for employees to report integrity and compliance concerns or seek guidance. In operation since 2006
- Available in over 180 languages. Toll-free calls taken by an independent provider 24 hours a day, 7 days per week. Web-based reporting also available
- Calls are treated confidentially and reporters can choose to remain anonymous
- Stakeholder hotline for business partners also available
Preventing and detecting
Our risk-based focus

Anti-bribery reviews
– Conducted frequently throughout the year by internal audit of business lines and countries globally
– Review of business processes, accounts and balances, and test transactions to assess robustness of controls and identify possible violations

Anti-fraud program
– Monitored by internal audit, regularly evaluates fraud risk exposure and developing trends
– Substantive cross-functional analysis of 21 program elements and response plan to prevent and detect potential fraud
Preventing and detecting
Additional controls for risk exposure

Integrity risk and culture survey

- To understand employee attitudes, awareness and perceptions of integrity and compliance at ABB, and to monitor progress and address potential gaps in ABB’s culture of integrity

High-risk area process

- Enhanced integrity and compliance processes to address certain areas with greater compliance risk
- Additional due diligence reviews and controls for identified risk areas
Resolving any potential integrity concerns
ABB Office of Special Investigations

The ABB Office of Special Investigations conducts internal investigations into integrity and compliance concerns worldwide.

Investigators have different backgrounds and skillsets such as former law enforcement, technology experts, lawyers, auditors, corporate investigative specialists.

14 professional and experienced investigators based in various key locations in North America, Asia, Middle East and Europe, covering all 100+ ABB countries.

Works closely with ABB Legal and Integrity and Internal Audit for an integrated approach to resolving potential concerns.
ABB’s strict zero tolerance policy toward violations

Non-retaliation for whistleblowers

- ABB investigates all potential integrity or compliance concerns and cooperates fully with law enforcement agencies
- Strict zero tolerance policy for violations of the law or the ABB Code of Conduct
- ABB maintains a non-retaliation policy for whistleblowers
- Enforced through systematic disciplinary actions
- Human Resources Disciplinary Action Protocol
- Process for dealing with the individual consequences of integrity and compliance matters
- Institutionalized with HR disciplinary committees at ABB headquarters
Integrity leadership involves every dimension of ABB

### Top leadership
- Board of Directors
- Board’s Finance, Audit and Compliance Committee
- CEO
- Executive Committee – Business Presidents
- General Counsel

### Local leadership
- Business Leadership teams in a country
- Local Business Line managers
- Company Officers / Directors of subsidiary
- Territory and Country Integrity Officers

### Integrity resources
- Chief Integrity Officer
- Integrity Committee
- Legal and Integrity
- Antitrust
- Business Head of Legal & Integrity

### Partner resources
- Human Resources
- Corporate Communications
- Sustainability Affairs
- Quality and Supply Chain Operational Excellence
- Internal Audit
- Finance and Internal Controls
ABB’s integrity and antitrust resources
More than 410 resources worldwide – as per January 2020

ABB headquarters
1 Chief Integrity Officer
5 Business Head of Legal & Integrity
5 Integrity Professionals
14 Investigators
4 Antitrust Professionals

North America
5 Integrity Officers
66 Additional Resources

North Asia
5 Integrity Officers
40 Additional Resources

Northern Europe
8 Integrity Officers
34 Additional Resources

Central Europe
7 Integrity Officers
58 Additional Resources

Southern Europe
10 Integrity Officers
34 Additional Resources

Middle East & Africa
5 Integrity Officers
42 Additional Resources

South America
7 Integrity Officers
31 Additional Resources

South Asia
8 Integrity Officers
24 Additional Resources
Independent recognition for best-in-class integrity program

External Benchmarking

**Anti-Bribery Management System Verification**
- Objective, independent verification of ABB’s anti-bribery management system
- Proving ABB has designed, implemented and enforced a robust, best-in-class anti-bribery management system

**Compliance Leader Verification**
- Verification of best-in-industry compliance program demonstrating superior industry requirements and standards
**Integrity at ABB**

Don’t Look the Other Way

“ABB has developed five “value pairs” which form the backbone of all operations and our daily life in ABB. The value pair **Safety & Integrity** is the bedrock of our organization. We do not accept business, if it means putting people at risk or engaging in unethical practices. At ABB, we take care of ourselves and we look out for our colleagues – **we don’t look the other way**.

We draw attention to behavior and actions that might compromise someone’s health or wellbeing, or that might jeopardize their career or the reputation of the company.”

“Integrity is about behavior and someone’s intrinsic values of what’s right and wrong. The company carries the responsibility to provide a safe and stable work environment for our employees around the globe. The ABB Code of Conduct and integrity principles show the way we wish to do business and are meant to be clear, simple and transparent.

The leaders in our company are expected to lead by example and to provide this safe environment by taking reported concerns seriously, by raising red flags through the right channels early and by prohibiting any kind of retaliation.

We build trust with each other, our customers and business partners by being fair, honest and respectful and we collaborate to promote an ethical culture within ABB.”

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Maria Varsellona  
General Counsel of ABB Group

Lisette van Eenennaam  
Chief Integrity Officer