

ABB: Glossary of Integrity Terms (Extract)

Term	Definition
Close Personal Relationship	A romantic, intimate, or close friendship between unrelated individuals.
Conflict of Interest	A situation where an individual's personal, social, financial, political, or other interest conflicts with the interests of their employer, customer and this creates an appearance of impropriety, or affects the objective exercise of the individual's judgment in carrying out their role as an employee, representative or a supplier. It may arise when personal interests, activities, or relationships affect an individual's ability to be impartial and to do what is in the best interest of their employer, customer, as applicable. Examples of the conflict of interest are family relatives working for ABB and a supplier, or family relatives working for supplier and a customer/government authority in front of which supplier represents ABB in their services.
Customer	A third party purchasing ABB goods and/or services as an End-user.
Donation	A contribution or donation made to a charitable organization or community entity for social, educational, environmental, or cultural benefit. Donations include funding and in-kind contributions, such as goods or services.
Facilitation Payment (also known as "grease payments")	A payment made to a Public Official to facilitate or expedite the performance of routine governmental action (e.g., processing papers, issuing permits) that the person or company making the payment is legally entitled to receive. Such payment is not openly paid to the budget / relevant government authority but is paid personally and unofficially to the Public official and in most instances is illegal.
Family Member	A spouse, domestic partner, child, sibling, parent, grandparent, grandchild, niece, nephew, first cousin, aunt, uncle, or anyone sharing a household. This definition includes relationships by law (including "step" relationships such as step-child), adoption, marriage or tradition (e.g., godmother, godfather).
Gift	Anything of value given in relation to the promotion of products or services, or as a sign of regard or appreciation.
Hospitality	Meals, entertainment, receptions, performances, and social or sports events that provide the opportunity to discuss business and build relationships.

Human Rights Laws and International Frameworks	The Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions on Labor Standards, the UK Modern Slavery Act and other similar human rights, anti-human trafficking and anti-modern slavery laws and regulations and international frameworks.
Public Official	<p>Any of the following:</p> <ul style="list-style-type: none"> • any officer or employee of any government or any government department or agency (at any level or branch) or any company or enterprise owned or controlled by or performing a function of a government (e.g., state-owned entities); • any political party, political party official, or candidate for public office at any level; • any officer or employee of a public international organization; • any member of a royal family or member of the military or police; • any individual acting in an official capacity for or on behalf of any of the above categories (whether paid or unpaid); and • any individual otherwise categorized as a Public Official under applicable local laws.
Restricted Person (also known as Sanctioned persons)	Any entity or person included on a list (including U.S. and EU lists) of targeted parties, blocked parties, or persons subject to asset-freezing or other restrictions introduced under any applicable Trade Control Laws (and includes any entity that is directly or indirectly owned fifty (50) percent or more, in the aggregate or individually, or otherwise controlled by any Restricted Person).
Sanctioned by extension (“SBE”)	Entities that do not directly appear on a US or EU sanctions list, but which are nevertheless sanctioned under US and EU regulations as a result of their ownership (“the 50% rule”)
Sanctions Agency	Any governmental or regulatory body, instrumentality, authority, institution, agency or court that promulgates or administers Trade Control Laws and has jurisdiction over the Agreement including, but not limited to, the aforementioned governmental and regulatory bodies of (i) the United Nations, (ii) the United States of America (including the U.S. Department of Treasury Office of Foreign Assets Control, U.S. Department of State and U.S. Department of Commerce), (iii) the European Union or (iv) Switzerland.
Sponsorship	A marketing tactic aimed to build and increase the positive perception of the a brand. A Sponsorship provides a direct connection with a specific target audience that increases awareness and/or understanding of the brand. It involves money or other things of value provided to a recipient to support an event, activity, or organization, with a primary objective to provide social, educational, environmental or cultural benefit.*



	<p>* This is an integrity-specific sponsorship definition.</p>
<p>State-Owned Entity (“SOE”)/ State-Owned Company (“SOC”)</p>	<p>Any entity that is state-owned or state-controlled, by meeting one or more of the following criteria:</p> <ol style="list-style-type: none"> 1. The entity is directly or indirectly owned in full or partially (25% interest or more) by any government or state; <p>Identification of ownership shall be conducted by using whichever globally available screening tool is accepted for use by Legal & Integrity at any given time. If there is no such tool, ownership will be determined by a search of open resources or conducting screening using another similar screening tool with the approval of a BA Head of Integrity;</p> <ol style="list-style-type: none"> 2. The entity is deemed a state-owned or state-controlled entity by reason of applicable local law, including, but not limited to, any national regulations or statutes, the enforcement practices of any local regulator, and/or judicial precedent; and/or 3. The entity is deemed state-controlled by reason of any state or government having (including but not limited to): <ol style="list-style-type: none"> a. the right or exercise of power to appoint or remove a majority of the members of the administrative, management or supervisory body of such entity; b. unilateral control, pursuant to an agreement with other shareholders in or members of an entity, of the majority of shareholders' or members' voting rights in that entity; c. the right to exercise a dominant influence over the entity, pursuant to an agreement entered into with that entity, or to a provision in its Memorandum or Articles of Association, where the law governing that entity permits it being subject to such agreement or provision; d. the power to exercise the right to have a dominant influence referred to in subparagraph (c) above, without being the holder of that right (including, for example, by means of a front company); e. the right to use all or part of the assets of the entity; f. management rights for the business of the entity on a unified basis, while publishing consolidated accounts; g. the right to direct the entity’s profits, if any, directly into the governmental fiscal accounts, and, by the same token, to fund the entity if it fails to break even; or h. joint and several liability for the financial liabilities of the entity, or being a guarantor for them.





	<p>If any of these criteria (a) to (h) are satisfied, the entity is deemed to be controlled by a state or government, unless the contrary can be established on a case by case basis.</p> <p>If any of these criteria contradict one another, the criterion which establishes that the entity is a SOE will prevail unless there is compelling evidence to the contrary.</p>
Supplier	A third party, including individual contractor, engaged by ABB to purchase goods and/or services and/or works.
Travel	Travel arrangement, including travel-related costs (e.g., air or train tickets, rental car, hotel, per diem, or other similar cost) incurred by a company, a prospective or current customer, supplier, or other third party in relation to the certification, licensing, testing, promotion or other similar activities.

Date and Version/Document Edit History

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Version	Date of Change	Name and Title of Person Making Change	Description of Change
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