

2014

The global ABB integrity program

www.abb.com/integrity

Tone from the Top



“A culture of integrity is a prerequisite for a world-class business. Many valuable customers choose to do business with us in part because they know ABB behaves in a responsible and ethical way, and that we respect the needs of individuals, society, and the environment.

At ABB, performance is measured not only by the results achieved, but also how these results were achieved. This is why our stakeholders can rely on the fact that our services, operations, and daily business are based on ethical behavior.”

CEO Ulrich Spiesshofer

ABB's commitment to integrity

A robust, advanced global program

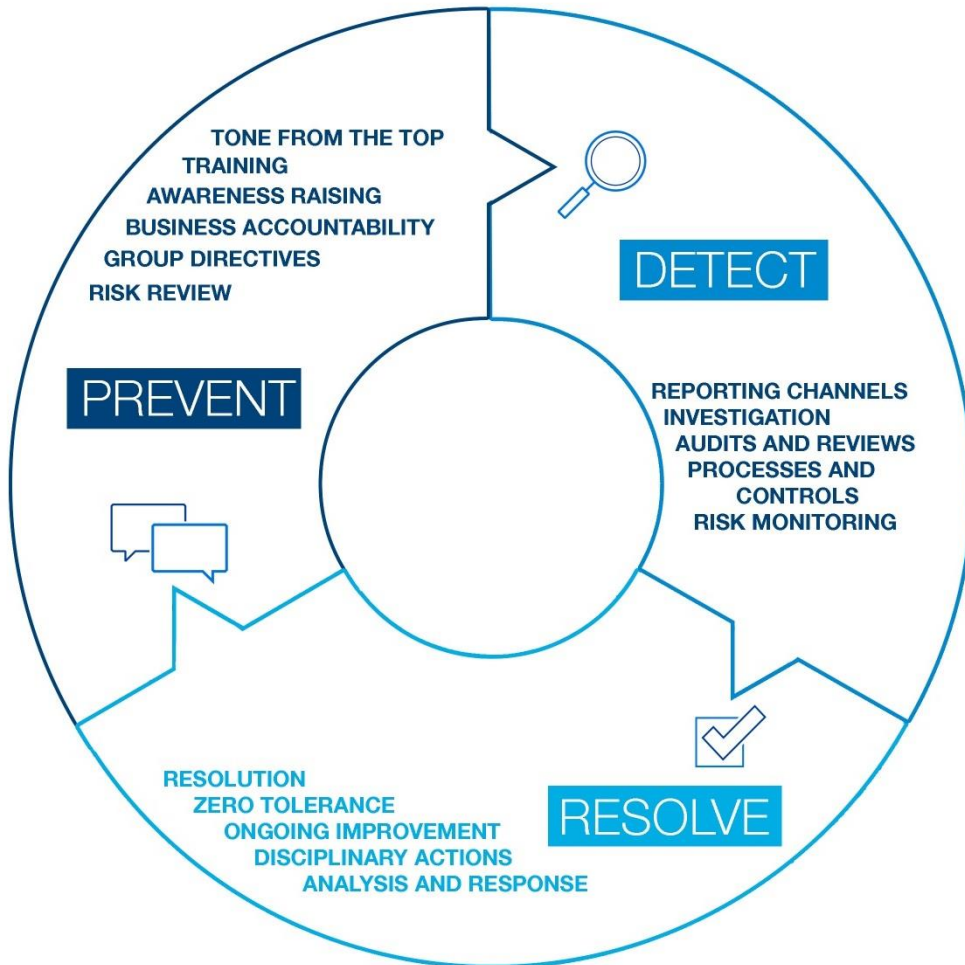


- ABB sets high standards of integrity and compliance which are expected of every employee and in every country where it does business
- ABB uses a systematic approach, designed to foster a culture of integrity and compliance
- This is done through leadership and business accountability, supported by 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



The fundamentals of the ABB integrity program are designed to **prevent**, **detect** and **resolve** any potential concerns

Integrity begins with leadership and tone from the top

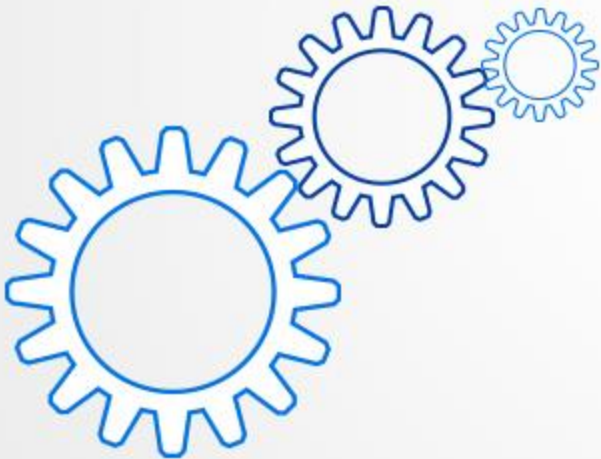
Integrity is an integrated business processes

- Integrity and compliance are driven by the businesses:

- Top division managers and financial controllers regularly review and report on integrity and compliance developments in their business

- Integrity and compliance are a regularly required agenda item for division reviews and an element in the divisions' business performance evaluations

- Integrity is part of ABB's focus with the Don't Look the Other Way campaign

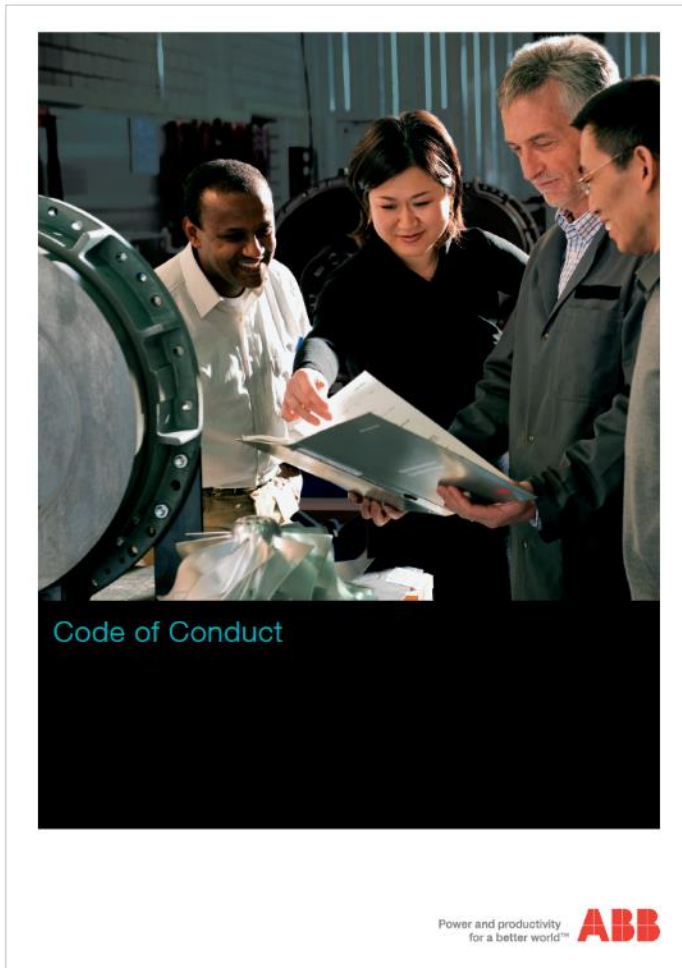


Preventing integrity concerns: key employee messages

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 and Ombuds program

Our framework: 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 Group Directives

- **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, intermediaries and 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

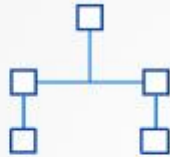
ABB Group Directive on working with third parties

Additional processes and controls

- Strong rules for appointment of representatives, intermediaries and third-party agencies



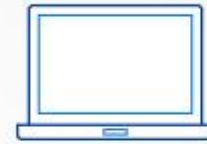
Standard agreement must be used that includes anti-bribery provisions, audit rights, right to terminate agreements for any violation



All appointments are subject to a robust, structured approval process



Substance-based, thorough due diligence prior to considering engagement



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



Maximum percentages for commissions are defined

ABB Group Directive on gifts, entertainment, expenses

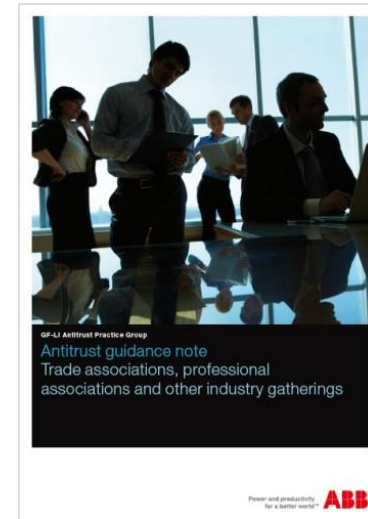
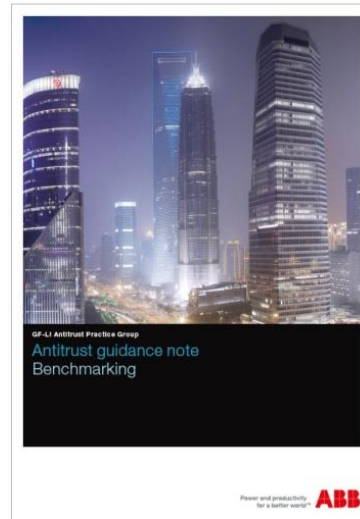
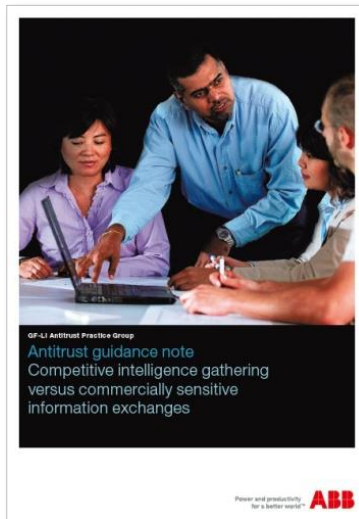
Legitimate and reasonable business entertainment only



- 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 country databases
- Additional controls for public officials
 - Employees of government-owned or controlled companies are subject to public official definition

ABB guidance notes

Antitrust



Antitrust guidance notes designed to address practical business situations and focus on specific topics which could raise antitrust concerns, including:

- Participation in trade association meetings
- Competitive intelligence gathering versus commercially sensitive information exchanges
- Participation in benchmarking exercises

Face-to-face training

Creates personal accountability, responsible leadership

- Face-to-face training required for all employees on the Code of Conduct and Anti-bribery
- Additional face-to-face training is required for risk- and manager-level employees on selected integrity topics
- Face-to-face training sessions create constructive dialogues throughout the business

Face-to-face is supplemented with e-learning

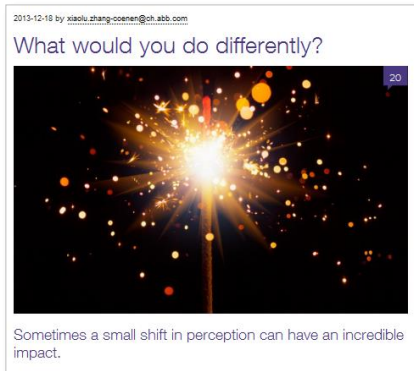
Ongoing integrity and compliance training



- Required for all employees, completion is tracked and certified:
 - Integrity at ABB
 - Global Anti-bribery: Don't Look the Other Way
- Additional, targeted courses (mandatory for employees with responsibilities in specific risk areas, and managers):
 - Global competition principles and practices
 - Global Anti Bribery – Working with Third Parties
 - Privacy and Data Protection
 - Workplace Health and safety
 - Export credit Integrity

Regular communications to complement training

Integrity is given visibility at ABB



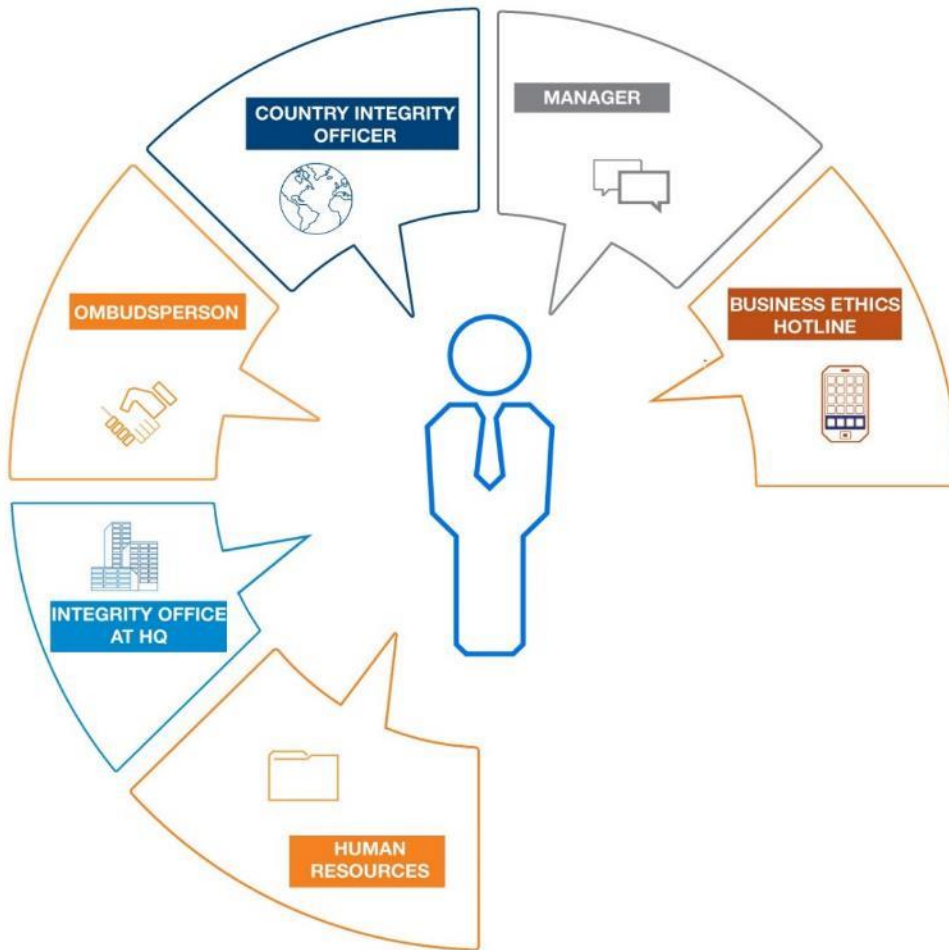
Manager used his subordinate employee to submit fraudulent expenses

2014-01-22 - An ABB Manager uses a subordinate employee to circumvent our rules on expenses and is reported to the Country Integrity Officer

- Articles regularly published on corporate intranet site – real cases of consequence, integrity updates, and FAQs – all with interactive discussions
- Integrity videos regularly published with messages from senior business leaders ABB employees about the importance of working with integrity
- Integrity blog posts regularly published on corporate intranet.
- Poster campaigns at all local sites around the world to encourage reporting
- Display stands at all high traffic areas promoting the integrity reporting channels including banners, brochures and wallet cards

Detecting integrity concerns

ABB offers employees 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

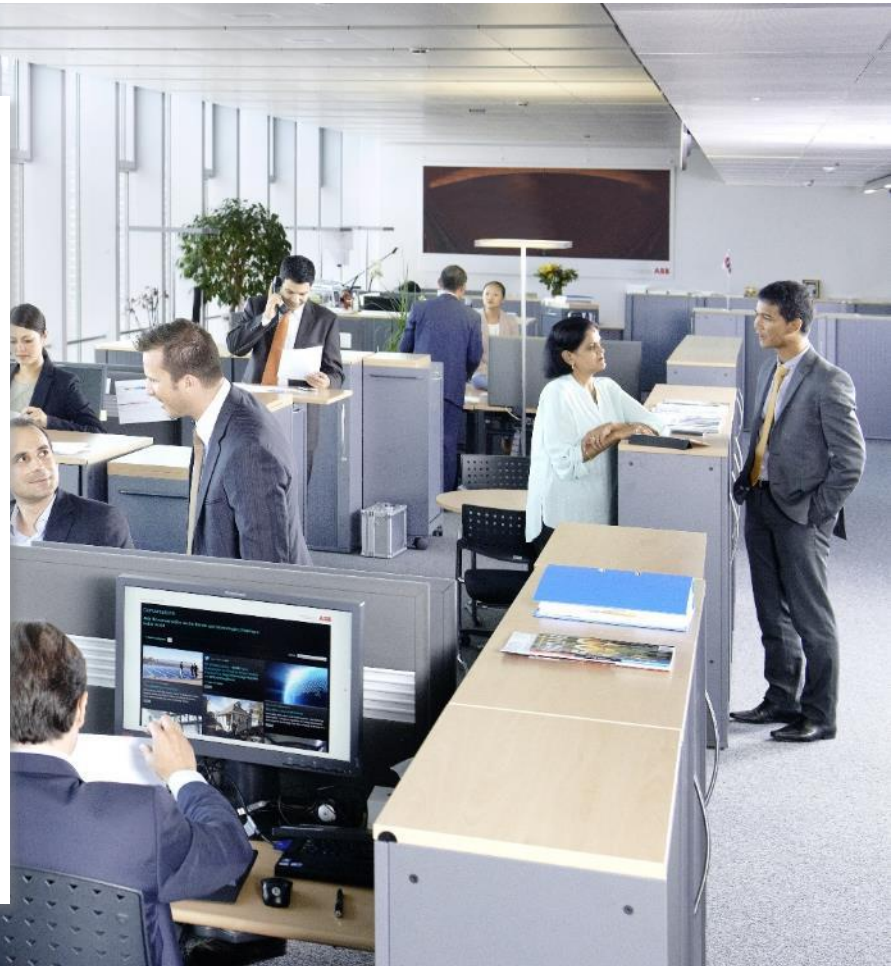
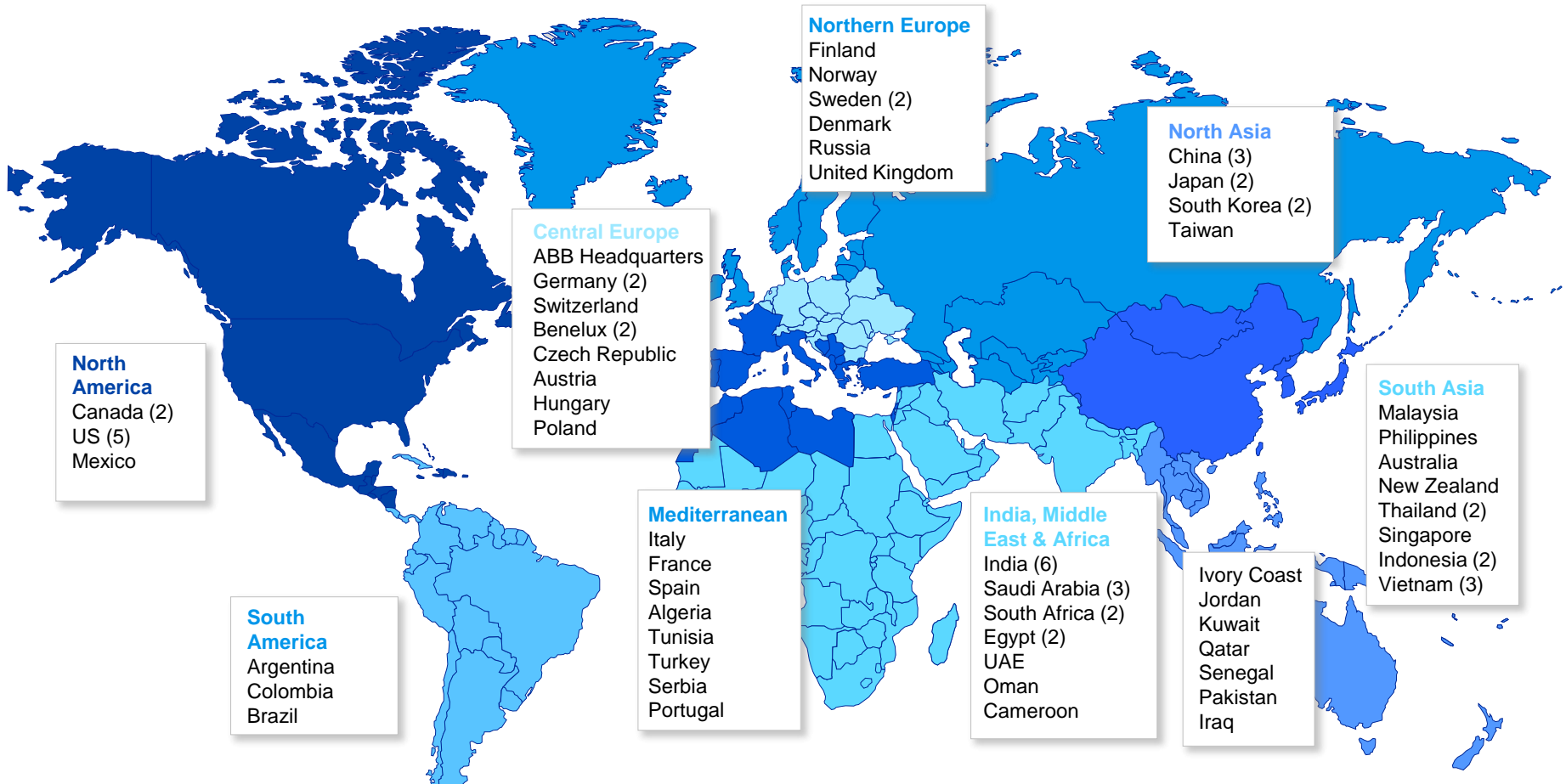


ABB Ombuds program provides guidance and support Ombudspersons – as per 25 March 2014



Approx. 80 Ombudspersons in 54 countries

Preventing and detecting

A risk-based focus

Anti-bribery reviews

- Conducted frequently throughout the year by internal audit of business units 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

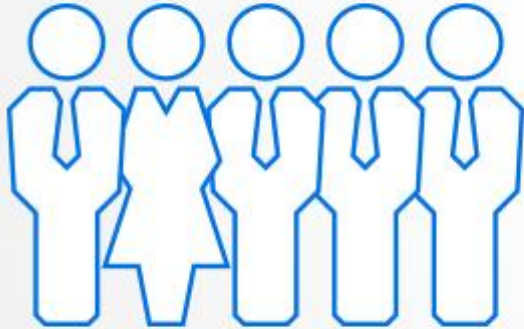
Resolving any potential integrity concerns

ABB Office of Special Investigations

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

Most investigators are former law enforcement officers from these countries

19 professional and experienced investigators based in Switzerland, the USA, China, and UAE, 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

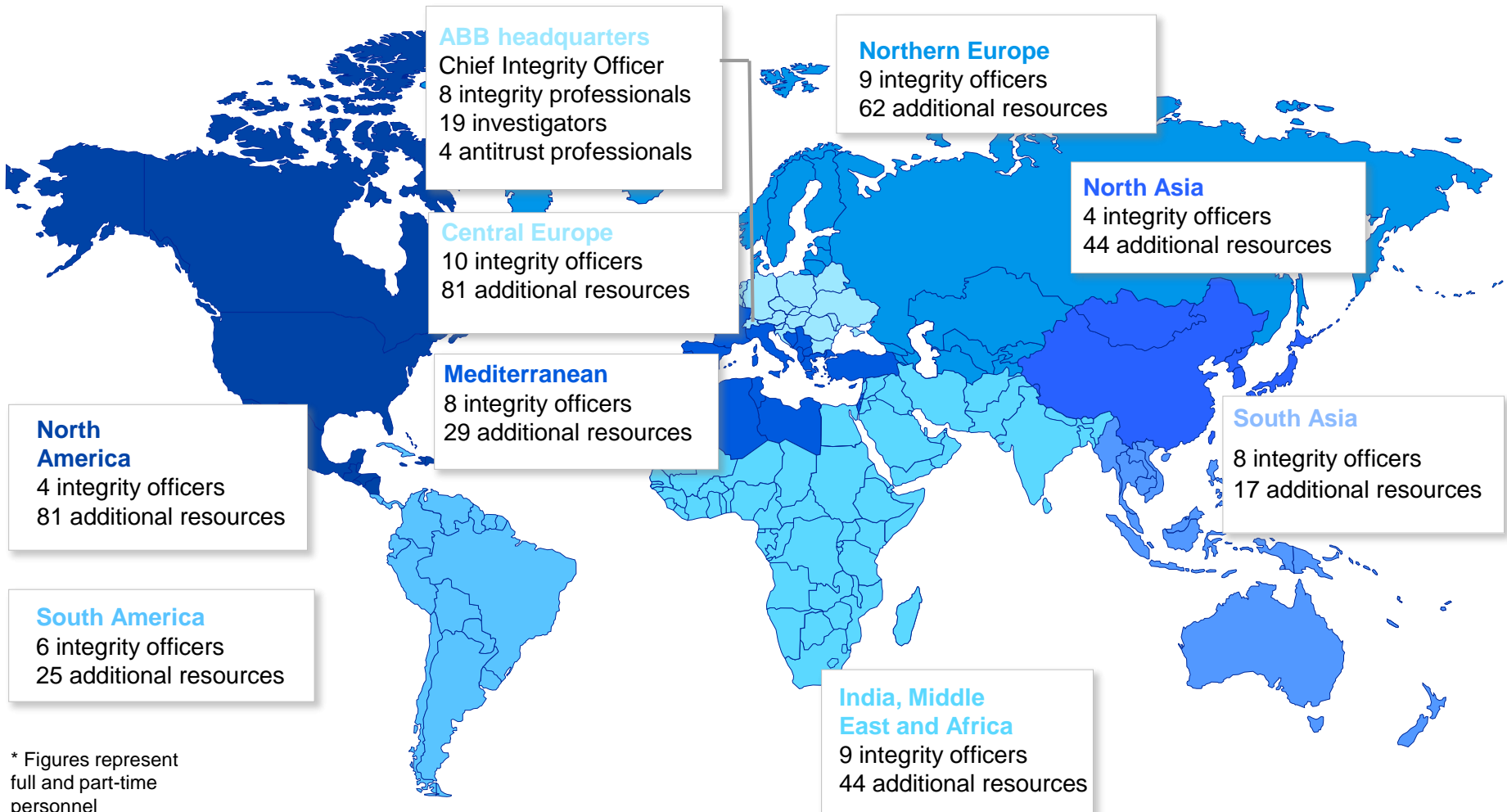
- ABB investigates all potential integrity or compliance concerns and cooperates fully with law enforcement agencies
- Strict zero tolerance policy for violations of the law or the ABB Code of Conduct
- ABB maintains a non-retaliation policy for whistleblowers
- Enforced through systematic disciplinary 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 since 2004, with additional committees at the regional level since 2008

Integrity leadership involves every dimension of ABB



ABB's integrity and antitrust resources

Nearly 500 people worldwide – as per Jan. 2014



* Figures represent full and part-time personnel

Demonstrating ethical leadership around the world

2014 World's Most Ethical Companies



- Awarded in 2013 and 2014
- Recognized for leadership in ethical business practices
- In depth review process:
 - Ethics and compliance program, corporate best practices
 - Reputation, company's legal compliance, litigation and ethical track record
 - Availability and quality of systems designed to ensure strong corporate governance
 - Corporate citizenship and responsibility
 - Culture of ethics

Independent recognition for best-in-class integrity program

External Benchmarking



Anti-Corruption Program Verification

- Objective, independent verification of ABB's anti-corruption program
- Proving ABB has designed, implemented and enforced a robust, best-in-class anti-corruption program



Compliance Leader Verification

- Verification of best-in-industry compliance program demonstrating superior industry requirements and standards

Integrity at ABB



“ABB is committed to fostering a culture where integrity is woven into the fabric of everything we do. We want integrity embedded in our people, our businesses and processes. This means acting responsibly as individuals and as a company.

We regularly evaluate our culture of integrity, and will continue raising the bar relentlessly.”

Diane de Saint Victor
General Counsel of ABB Group
and Executive Committee Member



“Integrity is about behavior and doing what is right. It cannot be delegated or compromised. It is a responsibility that each and every employee has as an individual - a sense of right and wrong, a commitment we make to ourselves and to others, and it exists in everything we do. Employees are expected to not look the other way and to reflect integrity regardless of whether they are at work or not.”

Hanna van der Put
Chief Integrity Officer

Power and productivity
for a better world™

