



Ilsur Akhmetshin, ABB Russia Country Integrity Officer

The ABB integrity program

AEB Open Security & Compliance Event on Anti-Corruption, June 7, 2012

ABB's commitment to integrity

A robust, advanced global program



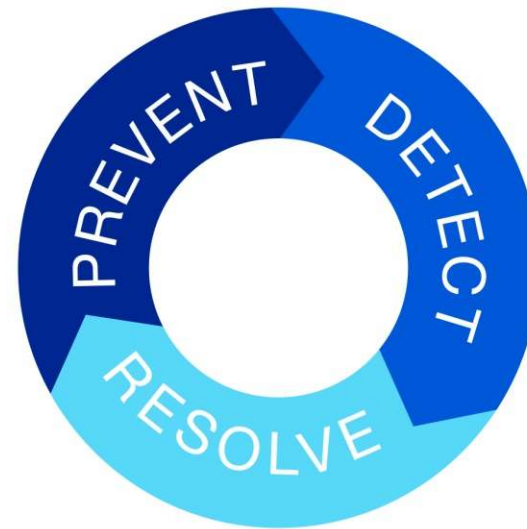
- ABB sets high standards of integrity and compliance which are expected of every employee and in every country where it does business
- ABB uses a systematic approach, designed to foster a culture of integrity and compliance
- This is done through leadership and business accountability, supported by 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 is one of ABB's five focus areas, imperative to long-term competitiveness and success

- 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

Tone from the Top



“ We want to be the most successful and competitive company in our class, but we never want to cross the line with regard to business ethics, environmental, health and safety, and social standards. We recognize that robust management of these risks has a direct influence on the bottom line.

We continue to invest in measures to strengthen awareness and respect for such standards. Our integrity program is being run relentlessly as a fully integrated business process, with zero tolerance toward illegal or unethical behavior.”

Joe Hogan
Chief Executive Officer

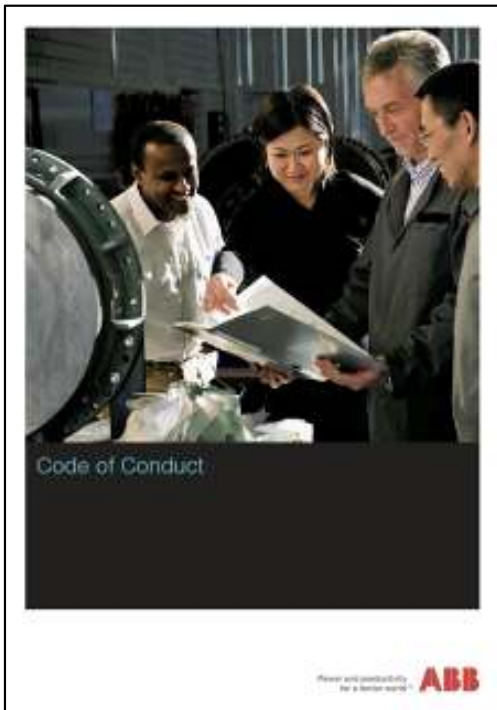
Preventing integrity concerns: key employee messages

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
 - Substance-based, thorough pre-retention due diligence
 - All appointments are subject to a robust, structured approval process
 - Maximum percentages for commissions are defined
 - Standard agreement must be used that includes anti-bribery provisions, audit rights, right to terminate agreements for any violation etc.
 - Database supports intermediary and agent appointments and controls during execution and prior to payment

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



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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

The screenshot shows an e-learning interface for a 'Code of Conduct Refresher' course. The main content area displays 'LESSON 5: MUTUAL RESPECT' with the quote: 'We show respect for each other when we help each other to succeed.' Below this is a video player showing two women in a meeting. The video player has a progress bar at the bottom and a subtitle: 'Alleen tells Jiao that her coworkers have frozen her out.' On the left, there is a 'COURSE MENU' with options: '+ TITLE PAGE', '+ INTRODUCTION', '+ LESSON 1', '+ LESSON 2', '+ LESSON 3', '+ LESSON 4', and '- LESSON 5'. Under '- LESSON 5', there are sub-options: 'Key Principles', 'Scenario', 'Checkpoint Question', 'Checkpoint Question', 'Checkpoint Question', and 'Take Note'. Below the menu are 'RECOMMENDATIONS' and 'CONCLUSION'. At the bottom left, there is a '+ RESOURCES' button. The video player has a 'PROGRESS' indicator and a '28 / 35' marker.

- Required for all employees, completion is tracked and certified:
 - ABB Code of Conduct fundamentals
 - ABB Code of Conduct advanced
 - Anti-bribery
- Additional, targeted courses (mandatory for employees with responsibilities in specific risk areas, and managers):
 - Integrity leadership
 - Fair competition and antitrust
 - Working with ABB representatives
 - Health and safety
 - Export credit

Regular communications to enhance training

Integrity is given visibility at ABB

What should I do: giving gifts?


2007-12-12 - My manager has asked me to purchase a very expensive branded pen for a potential customer. However, I am unsure of whether it is within our Code of Conduct. And if it isn't, what should I do? – 'just a bit nervous in New York'

Dear Nervous,

We thank you for voicing your concerns to us. You may have saved your manager a lot of trouble.

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ABB Group Legal and Compliance
Can I give my customer gifts and treat them to social activities?



Gifts and entertainment are allowed within strict guidelines.

Accepting gifts and entertainments from business partners or offering such favors could undermine ABB's credibility. It makes ABB vulnerable to accusations that business decisions are influenced by factors other than merit.

Gifts are allowed to be offered and received if they are moderate, made openly and without any obligation and expectation. Entertainment can be offered or received in connection with business purposes only. Group Directive 0-46 sets out the detailed rules, limits and the pre-approval process for gifts and entertainment. Strict guidelines apply when your customers are public officials.

If you are unsure of the rules, always refer to the Group Directive on inside.abb.com or make sure you seek guidance from your country compliance officer. If you know or suspect a violation of the Code of Conduct, please contact the ABB business ethics hotline.

- Regular articles on corporate intranet site – real cases including consequences of compliance situations, Q&A series, all with interactive discussions
- Poster campaigns at all local sites around the world to encourage reporting and raise awareness of specific areas of risk
- Display stands at all main sites promoting Business Ethics Hotline including banners, brochures and wallet cards to facilitate reporting and emphasize non-retaliation policy

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 90 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

Hotline is easily accessible to all employees

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ABB Group Legal and Compliance
ABB business ethics hotline



If you know of or suspect a violation of the ABB Code of Conduct, please contact your ABB business ethics hotline.

Operating in diverse global locations can be very complicated, but conducting business with integrity is the same all around the world.

Help us to promote a culture of integrity by speaking up if you know of or suspect any illegal or unethical behavior. Speak with your manager, supervisor, compliance officer, or contact the ABB business ethics hotline. The hotline is a toll-free number and is available in your local language anytime, day or night. Your call is strictly confidential and you can choose to remain anonymous. You will never be retaliated against for raising a concern in good faith. All calls are answered by an independent company that specializes in forwarding your concerns to the ABB Group Compliance Office.

North & South America

Business Ethics Hotline Numbers

The Hotlines are available 24 hours a day, 7 days a week.

This service is provided by an independent third party.

All calls made to the Business Ethics Hotline numbers will be treated in confidence, and if you wish, anonymously.

North America	Number
Canada	(1) 800 368 7222
Costa Rica	+ 41 503 2222
Dominican Republic	+ 41 503 2222
El Salvador	+ 41 503 2222
Guatemala	+ 41 503 2222
Mexico	001 800 368 7222
Panama	001 800 368 7222
United States	(1) 800 368 7222
South America	Number
Argentina	0800 368 7222
Bolivia	800 368 7222
Brazil	0800 368 7222
Chile	1230 368 7222
Colombia	01 800 368 7222
Ecuador	+ 41 503 2222
Peru	0800 368 7222
Uruguay	000 368 7222
Venezuela	0800 368 7222

ABB Business Ethics Hotline Process

What happens when I call the ABB Business Ethics Hotline number?

Process for handling the Hotline calls

- When a call is made to your ABB Business Ethics Hotline, you will be connected with a Communications Specialist.
- The Communication Specialist is an outsourced service provider who is fully independent of ABB.
- If you cannot speak English, you will have the option of choosing the language which relates to your country.
- If you do select an international language, you will then be connected directly to an Interpreter.
- Connecting with an interpreter could take approx. 3-5 minutes, therefore please be patient.
- Once you are connected to the Interpreter, the call will take on the form of a 3 way conversation between yourself and the Interpreter, and the Interpreter and the Communications Specialist.
- The Communications Specialist will record all information you provide during the call, and may also ask you some questions.

Headquarters - Compliance Office

You may also report any potential legal, ethical or Code of Conduct violations to the Compliance Office at Headquarters.

ABB Ombuds program provides guidance and support Staffed by respected and experienced employees



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



Internal surveys

- 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
- 19 professional and experienced investigators based in Switzerland, the US and Hong Kong, and Dubai covering all 100+ ABB countries
- Most investigators are former law enforcement officers from these 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

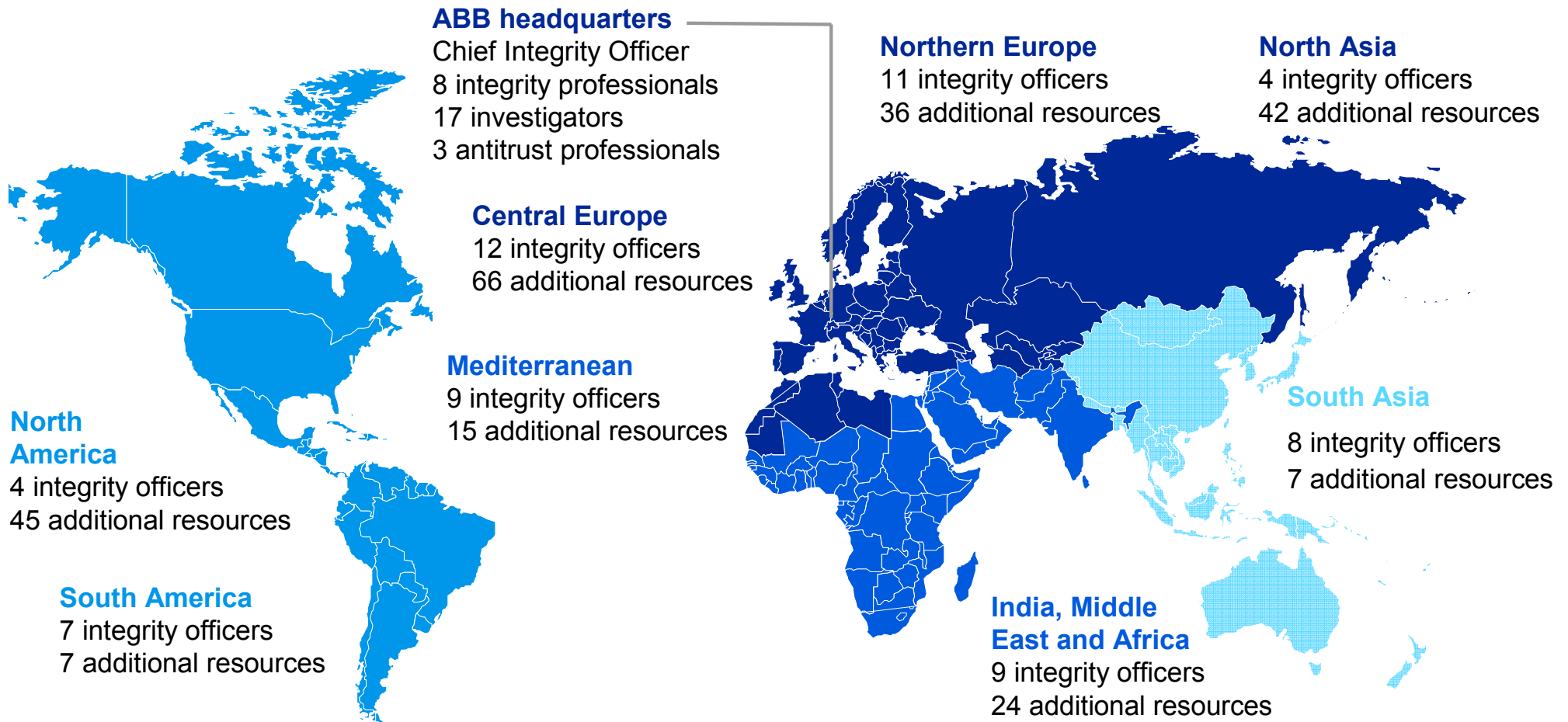
- ABB investigates all potential integrity or compliance concerns and cooperates fully with law enforcement agencies
- Strict zero tolerance policy for violations of the law or the ABB Code of Conduct
- Enforced through systematic disciplinary actions
- Human Resources Disciplinary Action Protocol
 - 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

Top leadership	Local leadership	Integrity resources	Partner resources
Board of Directors	Regional and country management	Chief Integrity Officer	Human Resources
Board's Finance, Audit and Compliance Committee	Business Unit management	Integrity Committee	Corporate Communications
CEO	Regional and country integrity officers	Legal and Integrity	Sustainability Affairs
Executive Committee – Division Heads	Ombudspersons		Quality and Supply Chain Operational Excellence
General Counsel			Internal Audit
			Finance and Internal Controls

ABB's integrity and antitrust resources

Some 330 people (full- or part-time) worldwide



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

Thank you for attention!

ABB Russia Country Integrity Officer

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