



GFLI – MARCH 10, 2021

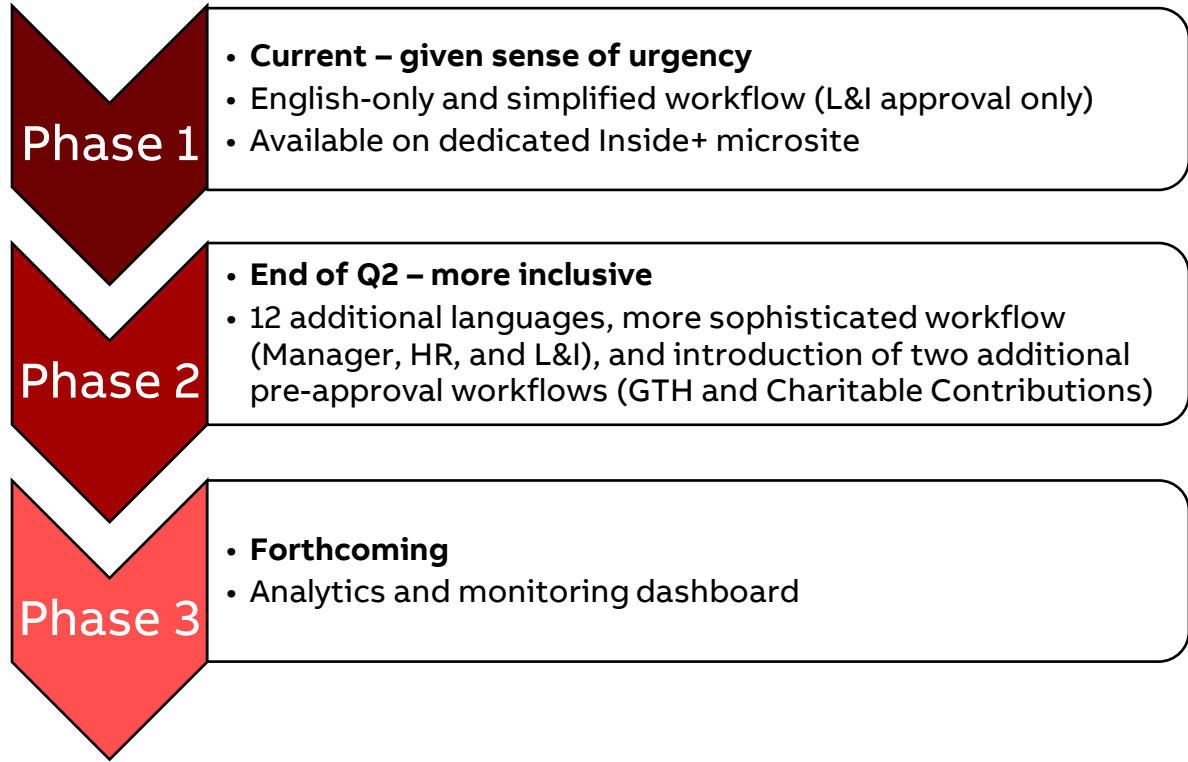
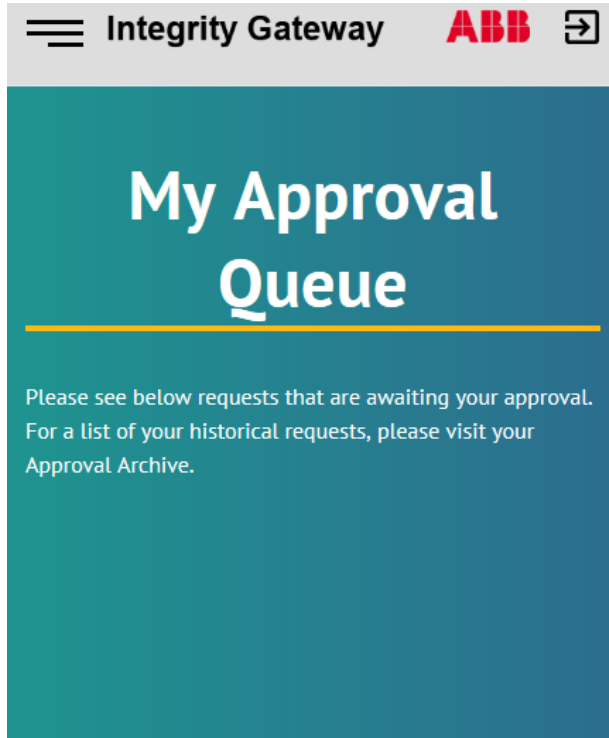
# Integrity Gateway

Training deck - Launch Conflict of Interest Disclosure Process

# Introducing the Integrity Gateway (via *Lextegrity*)

New, global, standardized conflicts of interest disclosure process

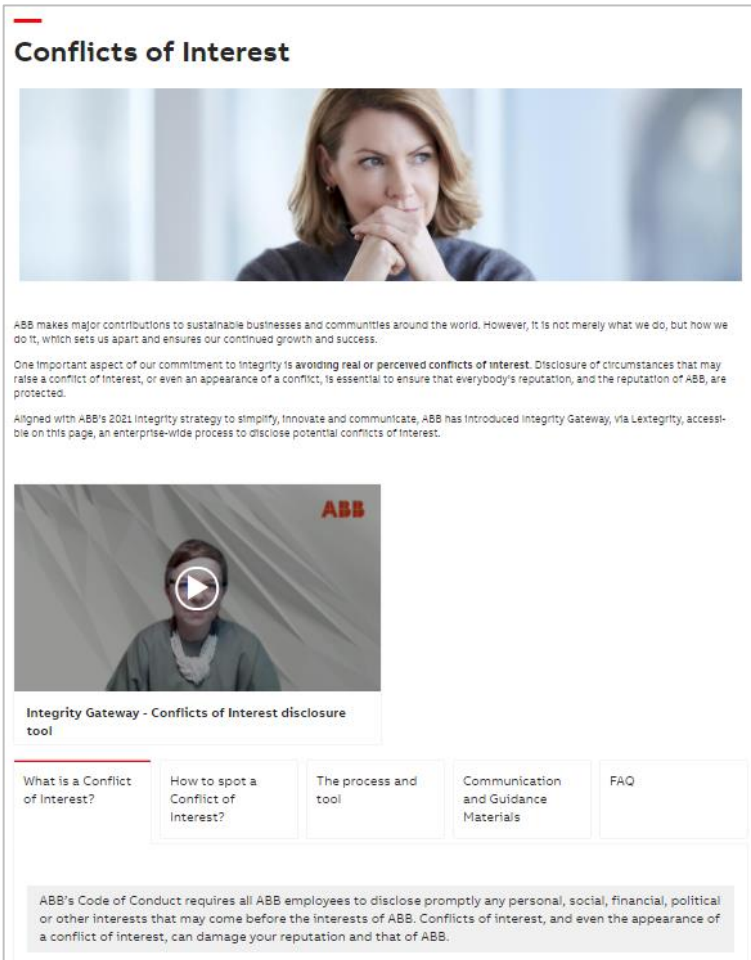
The Code of Conduct requires disclosure of all potential COIs



Easy and innovative means of disclosure, providing enhanced global visibility and monitoring capability – all online

# Global launch Wednesday 10 March

A one-stop-shop Col microsite for employees and approvers



**Conflicts of Interest**

ABB makes major contributions to sustainable businesses and communities around the world. However, it is not merely what we do, but how we do it, which sets us apart and ensures our continued growth and success.

One important aspect of our commitment to integrity is avoiding real or perceived conflicts of interest. Disclosure of circumstances that may raise a conflict of interest, or even an appearance of a conflict, is essential to ensure that everybody's reputation, and the reputation of ABB, are protected.

Aligned with ABB's 2021 Integrity strategy to simplify, innovate and communicate, ABB has introduced Integrity Gateway, via Lextegrity, accessible on this page, an enterprise-wide process to disclose potential conflicts of interest.

**Integrity Gateway - Conflicts of Interest disclosure tool**

- What is a Conflict of Interest?
- How to spot a Conflict of Interest?
- The process and tool
- Communication and Guidance Materials
- FAQ

ABB's Code of Conduct requires all ABB employees to disclose promptly any personal, social, financial, political or other interests that may come before the interests of ABB. Conflicts of interest, and even the appearance of a conflict of interest, can damage your reputation and that of ABB.

A newly created [microsite](#) on group Inside+ helps employees and approvers to find all information in one place

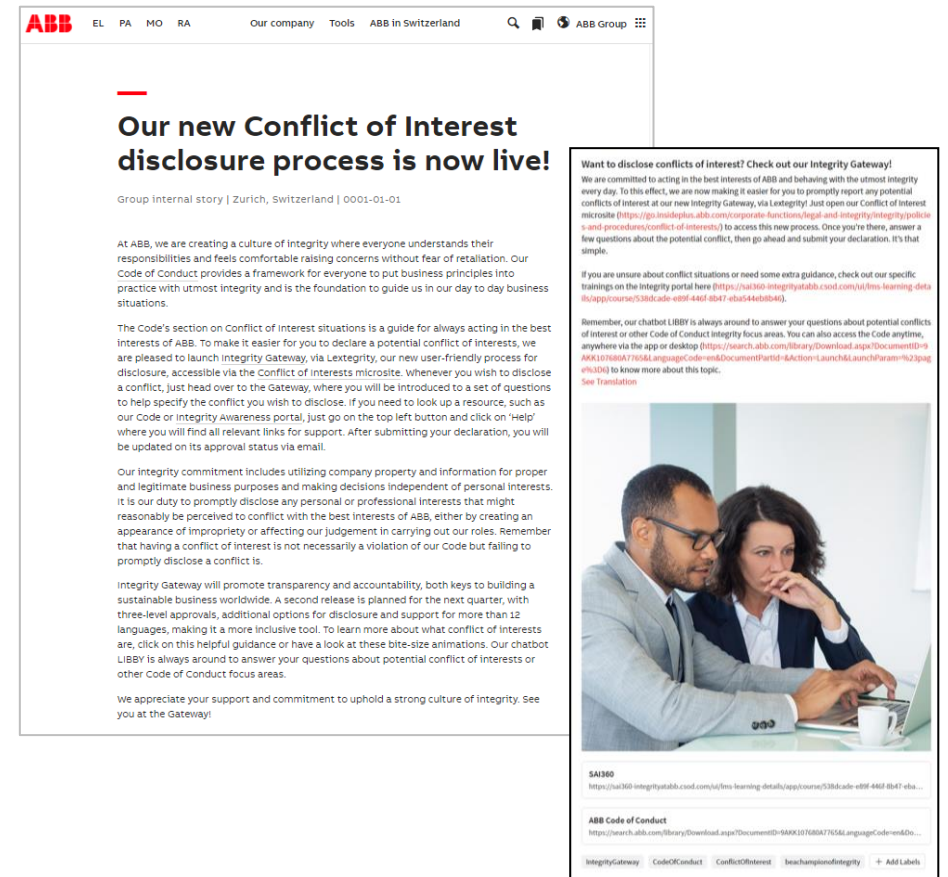
- Links to all the communications, guidance materials and videos
- Section with FAQ that will help employees to understand what a conflict of interest is. This section will be enhanced regularly
- Link to the [Integrity Gateway](#), accessible via Single Sign On
- Contact details in case of questions

# Global launch Wednesday 10 March

Supported with various communication and guidance materials

The global launch of the Integrity Gateway is supported by various communication and learning materials:

- Launch video Natalia Shehadeh, Chief Integrity Officer
- Global Inside+ article  
Countries are asked to publish it on their local intranet in their local language
- Beekeeper/Yammer posts on ABB Stories and L&I community
- Micro-learnings on the Integrity Awareness Portal
- One-pager guidance for Employees and Approvers
- User Guides (in PDF) for Employees and Approvers how to use the Integrity Gateway
- Videos for Employees and Approvers on how to navigate the Integrity Gateway
- And more



The screenshot shows the ABB website's internal page for the new Conflict of Interest disclosure process. The page features a navigation bar with the ABB logo and links for 'EL', 'PA', 'MO', 'RA', 'Our company', 'Tools', 'ABB in Switzerland', a search icon, and 'ABB Group'. The main heading reads 'Our new Conflict of Interest disclosure process is now live!'. Below this, it identifies the content as a 'Group Internal story | Zurich, Switzerland | 0001-01-01'. The text explains that ABB is creating a culture of integrity where everyone understands their responsibilities and feels comfortable raising concerns. It details the 'Conflict of Interest Gateway' as a user-friendly process accessible via a microsite. A section titled 'Remember, our chatbot LIBBY is always around to answer your questions...' provides additional support. The page also includes a photo of two professionals, a man and a woman, looking at a laptop. At the bottom, there are links for 'SAI360' and 'ABB Code of Conduct', and a navigation bar with 'Integrity Gateway', 'Code of Conduct', 'Conflict of Interest', 'beachampointegrity', and '+ Add Labels'.

# Global launch Wednesday 10 March

Simple communication of requirements – 1 page guidance & bite-size learnings

## These are conflicts of interest



You have an outside job, serve as a director for another company, or have a political position or appointment.

A family member or close friend works for one of our suppliers, customers, or competitors.

You own or invest in one of our suppliers, customers, or competitors.

A family member or close friend works for ABB.

## Conflicts are not necessarily a problem

A conflict of interest means that you have a relationship where your personal interests could be in conflict ABB's interests. It doesn't mean that you've done anything wrong.

In fact, conflicts are usually a result of good things — like having good relationships in our industry through friendships and investments.

But they could also cloud your judgement or be used by someone to question your judgment. That's why we need to be aware — so we can take steps to mitigate them.

## Conflicts must be disclosed, so they can be addressed

If ABB knows about your conflict, we can take steps to make sure that both you and ABB are protected. For example, we may need to exclude you from a project if you have a financial interest in one of the companies involved. In other cases, we may just need to document the conflict in case circumstances change. The key is disclosure—and here's how to do it.

Decide via the [ABB Integrity Gateway](#)


Talk to your manager

Talk to Legal & Integrity

Contact the [ABB Business Ethics Helpline](#)

For more information see our [Code of Conduct](#) or visit our [Conflict of Interest microsite](#)

## Assessing Conflicts of Interest



When you are asked to assess a conflict of interest, consider the following:

### Is the conflict prohibited?

THE EMPLOYEE	THE EMPLOYEE
<ul style="list-style-type: none"><li>Hires, supervises, or exercises influence over a family member or close friend</li><li>Is in the direct reporting line of a family member or close friend</li><li>Has a family member or close friend who works for a supplier or customer with whom the employee interacts</li></ul>	<ul style="list-style-type: none"><li>Has an outside job, directorship, or ownership/investment in a supplier or customer with whom the employee interacts, or a competitor</li><li>Has a political position or appointment with influence, oversight, or responsibilities related to ABB's business</li></ul>

These situations represent an **actual conflict**, which must be mitigated. Mitigation may include (1) reassigning the employee from the position related to the family/friend, (2) prohibiting the employee from interacting with the third party, or (3) the employee forgoing the outside opportunity.

### If not, is it a potential conflict?

THE EMPLOYEE	THE EMPLOYEE
<ul style="list-style-type: none"><li>Has a family member or close friend who works for a supplier, a competitor or customer with whom the employee does not interact or have influence over</li><li>Has a family member or close friend in a political position that has influence, oversight, or responsibilities related to ABB's business</li></ul>	<ul style="list-style-type: none"><li>Has an outside job, directorship, or ownership/investment in a supplier or customer with whom the employee does not interact or have influence over</li><li>Has a political position or appointment that has no connection to ABB's business</li></ul>

These situations represent a **potential conflict** that require mitigation to prevent an actual conflict from arising. This may include (1) preventing the employee from interacting with the third party in the future, (2) not allowing the employee to share ABB information with the family/friend, or (3) the employee recusing him/herself from any "political" decision-making related to ABB that may arise in the future.

### Is there no conflict?


THE EMPLOYEE	THE EMPLOYEE
<ul style="list-style-type: none"><li>Has a family member or close friend who works at ABB who is outside the employee's reporting line and the employee has no influence over their hiring, supervision, or advancement</li><li>Has a family member or close friend in a political position that has no connection to ABB's business</li></ul>	<ul style="list-style-type: none"><li>Has an outside job, directorship, or ownership/investment in a company that has no relationship with ABB and whose work does not interfere with the employee's duties to ABB</li><li>Owns or holds stock in a publicly traded company that is an ABB supplier, customer, or competitor</li></ul>

These situations do **not** present an actual or potential conflict and no mitigation is required.

To disclose any potential or actual conflict of interest, use the [ABB Integrity Gateway](#)

For more information see our [Code of Conduct](#) or visit our [Conflict of Interest microsite](#)

Micro-learnings (Click on images to open the learning)



## Conflict of Interests

Last Updated 02/17/2021 Duration 5 minutes

### Details

OVERVIEW: What to do when a conflict between personal and professional interests affects your abilities to make good business decisions. LEARNING OBJECTIVES: Understand what can happen when there is a conflict of interests, how we can recognize when a conflict might occur, why it might occur, and what we can do to try and avoid it.

Completed

Training was successfully completed and recorded to [your transcript](#).

Launch



## What Is a Conflict of Interest?

Last Updated 01/27/2021 Duration 2 minutes

### Details

OVERVIEW: What is a Conflict of Interest? Challenges learners to think about situations where they may have encountered a conflict of interest, and gives them questions to ask when facing a potential conflict situation. LEARNING OBJECTIVES: Identify potential causes of conflicts of interests. Understand the key points and questions an employee can ask themselves if faced with a potential conflict of interest. Know who to escalate concerns to and how to escalate.

Completed

Training was successfully completed and recorded to [your transcript](#).

Launch

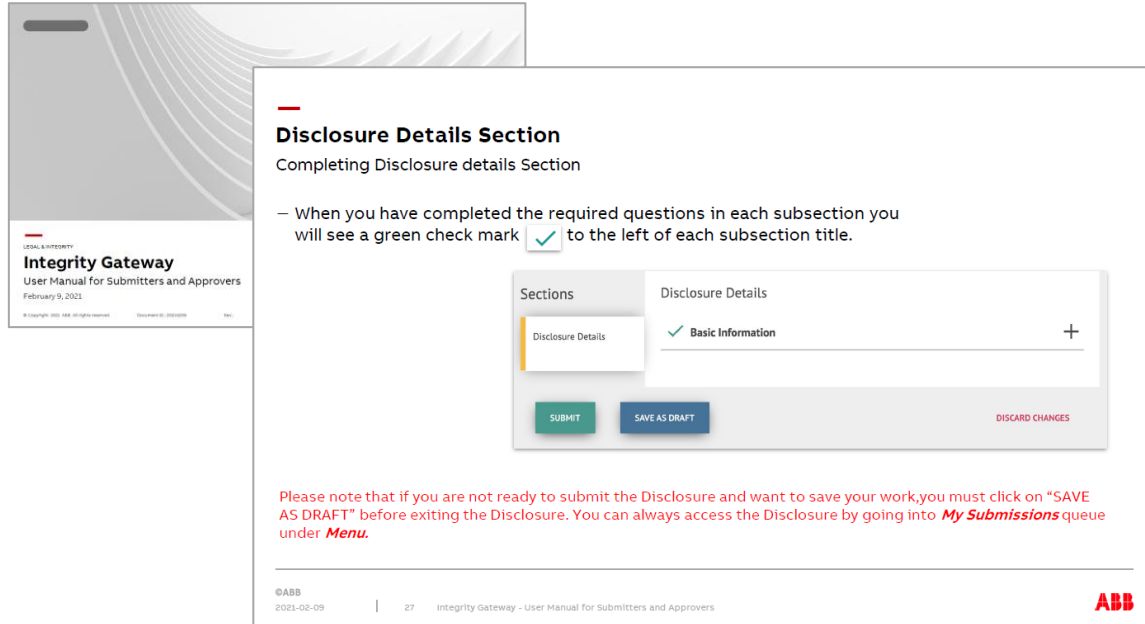
Available Language(s)

- Arabic, Chinese (Simplified), Czech (Czech Republic), Dutch (The Netherlands), English (US), Finnish (Finland), French (France), German (Germany), Italian (Italy), Japanese (Japan), Norwegian (Norway), Polish (Poland), Portuguese (Brazil), Russian (Russia), Spanish (Latin America), Swedish (Sweden), Turkish (Turkey)

One-page flyers with guidance for [Employees](#) and [Approvers](#)

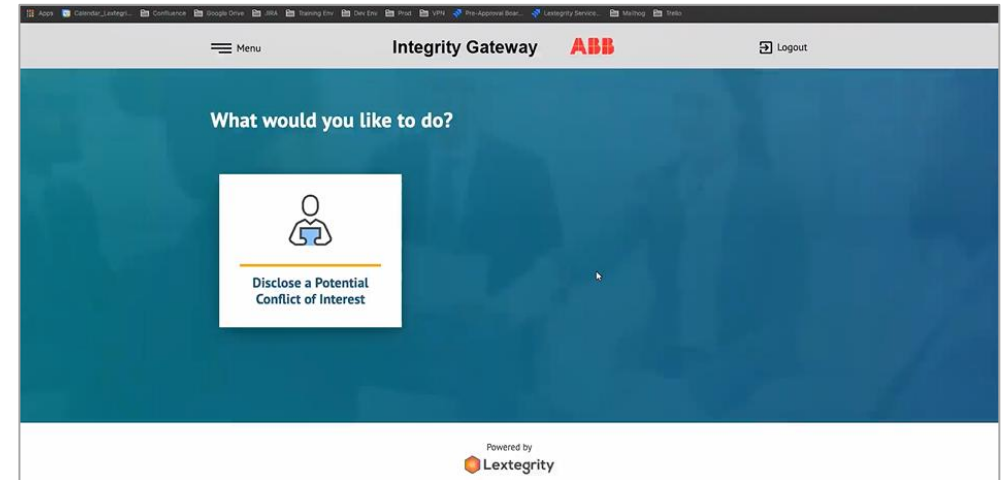
# Global launch Wednesday 10 March

User Guides how to navigate the Integrity Gateway

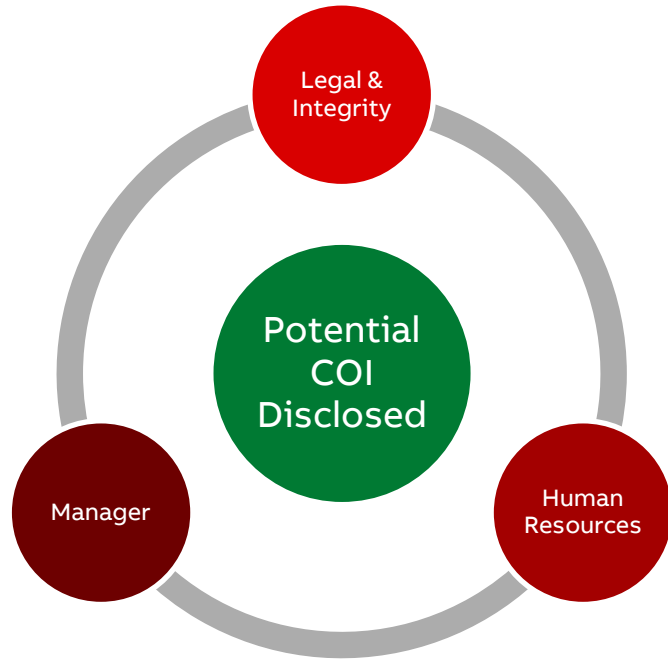


A [User Guide](#) in PDF provides help to employees and approvers how to use the Integrity Gateway

Two training videos are available to [Users](#) and [Approvers](#) on how to navigate the Integrity Gateway



# How to assess potential conflicts



Disclosed conflicts should be resolved by line managers, HR, and Legal & Integrity teammates



FAQ section on the **conflicts of interest microsite** (available to all employees) will be **enhanced every quarter** with real-life examples and lessons-learned

# Actual conflicts of interest – lessons learned from recent cases

## China

Managers and employees had **ownership interests in** and other **personal connections with** ABB customers, vendors, competitors and **did not disclose** these conflicts of interest

- Managers and employees did not disclose investments in ABB customers, vendors, competitors, and/or potential takeover targets
- Employees approved large discounts for ABB distributors/value providers with whom they had interests or connections
- Employees failed to disclose prior ownership interests in, and continued personal connection with, a distributor whose business they managed

Employees **failed to disclose personal relationships** between ABB employees and relatives of customers **involved in ABB project decisions**

- An employee failed to disclose that his/her spouse was a senior manager at a customer, and appears to have shared ABB information about the project with his/her spouse
- An employee and his/her spouse were shareholders of a customer for whom the employee handled all transactions; they divested, but the spouse remained a legal representative and the employee's father became a director

Employees **hired relatives or relatives of close friends** to work for ABB **without disclosing their connections**

- There were undisclosed personal relationships between ABB employees and relatives of customers, and relatives were hired based on falsified CVs in some cases

## Actual conflicts of interest – lessons learned from recent cases

### South Africa

- An ABB employee **encouraged ABB to retain third parties that the employee and/or the employee's relatives had an interest in** without disclosing the conflict of interest
- An ABB employee failed to report a **romantic relationship with a director/shareholder of a subcontractor**
- A manager had an **undisclosed romantic relationship** with the employee of a supplier that the manager introduced to ABB and managed once onboarded. The manager also approved transactions with another supplier that **employed the manager's spouse**, even after being instructed not to.

### Saudi Arabia

- A manager benefitted from **misuse of ABB assets** and had **personal interests in various ABB suppliers**, some of which charged prices significantly exceeding market rate

### Zambia

- A manager failed to disclose a **close personal relationship with the owner of a supplier** whose purchase orders the manager approved

### India

- Employees selected and used subcontractors in which ABB personnel had **personal interests**
- Several employees collaborated to execute an **inventory pilferage scheme**, selling the stolen goods to end customers through **system integrators and subcontractors in which an ABB manager had a personal interest**

# Actual conflicts of interest – key takeaways and analysis

## Reporting method

- A **vast majority of these cases were reported anonymously**, while some were identified by L&I during investigations of previously anonymously reported matters, or raised by third parties
- The few known reporters repeatedly requested protection and confidentiality due to **fear of retaliation**
- None of the matters were raised to business management and then escalated to L&I – all were reported by concerned parties via the **Business Ethics Helpline or directly to L&I personnel**

**Takeaway:** Must continue efforts to foster a culture of trust by business management and employees

## Executed schemes

- Nearly all of these cases involved **ABB managers**
- Certain relationships and/or schemes were **well known among fellow managers and direct reports** – these other managers/employees who either accepted the situation, or, in some cases, participated in the schemes
- Some employees divested ownership in the relevant third parties – in some cases, they claimed to **believe this divestment would remove the conflict**

**Takeaway:** Must enhance awareness of ABB's zero tolerance approach through the 2021 conflict of interest campaign

## Actual conflict of interest – mitigation required

The employee **hires, supervises, or exercises influence** over a family member or close friend

The employee is in the **direct reporting line** of a family member or close friend

The employee has a family member or close friend who **works** for a supplier, a competitor, or customer **with whom the employee interacts**

The employee has a **romantic relationship** with someone who is in **their direct reporting line** or works for a supplier, a competitor, or customer **with whom the employee interacts**

The employee has an **outside job, directorship, or ownership/investment** in a supplier, competitor or customer **with whom the employees interacts**

The employee has a **political position or appointment** with influence, oversight, or responsibilities **related to ABB's business**

## Actual conflict of interest – mitigation required



### **Mitigation to be aligned with HR and management may include:**

- Reassigning the employee from the position related to the family member or friend
- Prohibiting the employee from interacting with the third party / customer, or removing the employee from any role or responsibility relating to the engagement of or transaction with the third party / customer
- The employee foregoing the outside opportunity

## Perceived conflict of interest – mitigation required

The employee has a **family member or close friend** who works for a supplier, a competitor, or customer with whom the employee **could have influence over**

The employee has an outside job, directorship, or ownership/investment in a company that has **no relationship with ABB** and where such work **does not interfere** with the employee's duties to ABB

The employee has an **outside job, directorship, or ownership/investment in a supplier or customer** with whom the employee **does not interact or have influence over**

The employee has a family member or close friend in a political position that has influence, oversight, or responsibilities related to ABB's business

## Perceived conflict of interest – mitigation required



### Mitigation may include:

- Employee should exercise reasonable judgment and avoid exercising any influence over the relationship.
- If that is unavoidable, the the employee should escalate to their manager to ensure the employee is recused from any ABB-facing part of the relationship with the supplier, competitor, or customer.

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## No conflict of interest – no mitigation required

The employee has a family member or close friend who works at ABB who is **outside the employee's reporting line and the employee has no influence over their hiring, supervision, or advancement**


The employee has a family member or close friend in a political position that **has no connection to ABB's business**

The employee has a political position or appointment that has no connection to ABB's business

The employee owns a small amount of stock in a publicly traded company that is an ABB supplier, customer, or competitor

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## **No conflict of interest – no mitigation required**



**THESE SITUATIONS DO  
NOT PRESENT AN  
ACTUAL OR POTENTIAL  
CONFLICT, AND NO  
MITIGATION IS  
REQUIRED**

**Transparency is appreciated, but no mitigation is required.**