

# — Corporate Governance Report 2022



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# Chairman's letter

## Dear Shareholders,

The events of 2022 will have a lasting impact on society. The war in Ukraine has fundamentally altered the balance of power in the world and triggered upheavals that are affecting us all, from the energy crisis to higher inflation, with all its related economic effects.

For ABB, the war has had a direct impact on our business through our decision to exit the Russian market, which accounted for 1–2 percent of our global revenues. However, it has not affected our financial performance, which we improved significantly in 2022, nor our pursuit of our sustainability goals, where we also made good progress. This strong execution shows that our strategy and business model, with its focus on performance and accountability, are the right ones for ABB.

Looking ahead, we expect global economic growth to weaken further in 2023 as inflation reduces businesses' and households' spending power. ABB is well-prepared for further market turbulence – our order book is at a very high level and our decentralized business model allows us to respond quickly to changing conditions. To help our people deal with the rapid rises in the cost of living, we have already increased salaries in several regions, especially for blue-collar workers in the lower salary bands, and will follow suit in others in 2023.

### Integrated Report

I am very pleased to present for the first time an integrated annual report, which brings together the most important material information about our company's financial and sustainability performance. The report explains how our company purpose guides our direction and strategy and enables us to create value for all our stakeholders. In addition to our performance highlights in 2022, it provides an overview of the external environment in which we are operating and how we intend to meet our targets in the short-, medium- and long-term. Finally, it contains summaries of our Corporate Governance and Compensation reports. I encourage you to look through it.

### Progress on sustainability

In 2022, with many governments in crisis mode, little progress was made at the COP27 climate conference and greenhouse gas (GHG) emissions continued to rise above pre-pandemic levels. In that context, we

at ABB see it as more important than ever that we live up to our purpose of enabling a more sustainable and resource-efficient future with our technology leadership in electrification and automation, especially when it comes to tackling climate change.

Over the course of the year, we focused in particular on the first pillar of our 2030 sustainability strategy – enabling a low-carbon society. We reduced GHG emissions from our own operations by 42 percent and helped our customers reduce and avoid emissions with our energy-saving and emissions-reducing technologies. We also set a new target for our main tier-1 suppliers to reduce their GHG emissions by 50 percent by 2030. And to improve our accountability, in addition to our 2030 targets, we set mid-term targets, to be met by 2025, for reducing emissions in our own and our suppliers' operations. You can read more about these in our Sustainability Report 2022.

Beyond our emissions goals, we made good progress on gender diversity, increasing the number of women in senior management positions to 17.8 percent, up from 16.3 percent a year ago. Finally, to ensure appropriate leadership focus on our sustainability strategy, we incorporated sustainability-related performance measures into senior leaders' incentive plans. Moving forward, as we progress towards our sustainability goals, we will aim to involve our shareholders in a continuing dialogue about this important topic.

### Strengthening our portfolio

Last year, we took important steps to strengthen our portfolio. Our Motion business area announced the acquisition of Siemens' low-voltage NEMA motors business, which will strengthen our presence in North America, and it acquired PowerTech Converter, a leading supplier of auxiliary power converter solutions for light rail vehicles and metros, with operations in Germany and the United States. Our Electrification business boosted its Smart Power division by acquiring ASKI Energy, a leader in energy automation and control systems, serving customers in Germany, Austria and Switzerland.

To further strengthen our leadership in electric-vehicle charging, we acquired controlling stakes in two EV charging companies – Incharge Energy in the United States and Numocity in India. Our E-mobility business also raised approximately CHF 525 million

in a private placement, the second and final part of which was completed in February 2023. The proceeds will be used to invest in expanding the business both organically and through value-adding acquisitions in a fast-growing market. ABB retains an 80 percent shareholding in ABB E-mobility, and we will remain a majority shareholder once the business is listed on the SIX Swiss stock exchange, which we plan to do once market conditions are more favorable.

In line with our portfolio management strategy of divesting businesses that no longer fit with our strategic focus, we spun off our successful Turbo-charging division, Accelleron, with a listing on the SIX Swiss stock exchange on October 3. Our shareholders approved the spin-off in September at an extraordinary general meeting, which we were able to hold in person thanks to the improved COVID-19 situation. The spin-off enables our shareholders to realize the full value of that business while allowing ABB to focus on our core electrification and automation portfolio. As an independent company, Accelleron is able to play even better to its strengths and is a true gem of Swiss industry.

And, earlier than expected, we divested to Hitachi ABB's remaining 19.9 percent equity stake in the Hitachi Energy joint venture that was formed from our Power Grids business in 2020.

#### **Stronger integrity culture in the wake of the Kusile case**

In December 2022, we reached a full and final settlement with the relevant authorities in South Africa, the United States and Switzerland related to the legacy Kusile project in South Africa. The settlement resolves investigations into a contract that ABB was awarded in 2015 to provide equipment for the Kusile power plant. We remain committed to fulfilling our contractual obligations on the Kusile project to achieve successful and sustainable project completion.

We hope to reach a final resolution with German authorities in the near future. The settlements total \$327 million, were already accounted for in ABB's third quarter 2022 financial results and include the expected exposure to the German case. The corresponding negative cash flow impact is expected to be split with approximately 75 percent in the fourth quarter 2022 with the remainder in the first quarter 2023.

Since the Kusile matter was reported, ABB has cooperated fully with all authorities and spent considerable time and effort – including launching a new code of conduct, educating employees and implementing an enhanced control system – to prevent something similar from happening again. ABB has a systematic approach designed to prevent, detect, and resolve potential integrity concerns in line with our zero-tolerance approach to violations.

#### **Revision of Swiss corporate law**

We are very much looking forward to welcoming shareholders in person at our annual general meeting 2023. Among the proposals for which we will be seeking your approval is the amendment of our Articles of Incorporation to reflect changes in Swiss corporate law, which has been revised to strengthen shareholder rights and update various processes, among other changes. The proposal will, as part of a separate vote, also include the option to hold virtual shareholder meetings, which participants would attend using an online meeting platform. If a virtual meeting were to be held, shareholders would be able to exercise all their rights electronically, including the right to speak, to request information, and to vote and elect.

#### **Board assessment and diversity**

Earlier this year, the Board of Directors conducted an internal assessment in which each member assessed the Board's composition, processes, culture and relationship with executive management, as well as its responsibilities, performance and the role of the Chairman. This is a regular process that is complemented periodically by external reviews.

At our AGM in March, we will be proposing a new board member for election: We are proud to introduce Denise Johnson, President at Caterpillar Inc., with responsibility for Resources Industries, to our shareholders. Denise has a strong background in advanced automation and technology for heavy industries and is the ideal candidate to advise ABB on our ongoing efforts to support customers with their energy transition. Having Denise on the Board of Directors would also strengthen its gender diversity.

In line with our process in ABB's Board governance rules for members reaching the age limit, the Board has decided to propose Gunnar Brock for re-election for an additional term. Since he joined the Board in 2018, Gunnar has made a significant contribution to the Board and the Finance, Audit and Compliance Committee, and we would like to continue to benefit from his considerable business leadership experience.

Finally, we will be saying goodbye to Satish Pai, who has decided not to stand for re-election in 2023. I want to thank Satish for his valuable contributions to the Board and to ABB over the past six years and wish him continued success in his future endeavors.

On behalf of the Board of Directors, I would like to thank you for your continued trust and support.

#### **Peter Voser**

Chairman of the Board of Directors

Zurich, February 23, 2023

# Summary of corporate governance approach

## Corporate governance – general principles

ABB is committed to the highest international standards of corporate governance and this is reinforced in its structure, processes and rules as outlined in this report. In line with this, ABB complies with the general principles as set forth in the Swiss Code of Best Practice for Corporate Governance, as well as those of the capital markets where its shares are listed and traded. In addition to the provisions of the Swiss Code of Obligations, ABB's key principles and rules on corporate governance are laid down in ABB's Articles of Incorporation, the ABB Ltd Board Governance Rules (which include the governance rules of ABB's Board committees and the ABB Ltd Related Party Transaction Policy, which was prepared based on the Swiss Code of Best Practice for Corporate Governance and the independence criteria set forth in the corporate governance rules of the New York Stock Exchange), and the ABB Code of Conduct. These documents are available on ABB's website at <https://new.abb.com/about/corporate-governance>. It is the duty of ABB's Board of Directors (the Board) to review and amend or propose amendments to those documents from time to time to reflect the most recent developments and practices, as well as to

ensure compliance with applicable laws and regulations. Shareholders and other interested parties may communicate with the Chairman of the Board or the independent directors by writing to ABB Ltd (Attn: Chairman of the Board/independent directors), at Affolternstrasse 44, CH-8050 Zurich, Switzerland.

Swiss corporate law has been revised, effective as of January 1, 2023. The main objectives of the revision are to strengthen shareholder rights, improve corporate governance and modernize corporate law in general. Swiss corporations are required to amend their articles of incorporation for compliance with the new law by the end of 2024 at the latest. ABB will propose the necessary changes to its Articles of Incorporation for approval by shareholders at its Annual General Meeting in March 2023. These changes will impact certain of the provisions referred to in this report.

## Compensation governance and Board and EC compensation

Information about ABB's compensation governance as well as Board and Executive Committee (EC) compensation and shareholdings is provided in the Compensation Report 2022.

# Board of Directors

## Board and Board committees (2022–2023 Board term)

Board of Directors		
<b>Chairman:</b> Peter R. Voser	Gunnar Brock	Jennifer Xin-Zhe Li
<b>Vice-Chairman:</b> Jacob Wallenberg	David Constable	Geraldine Matchett
	Frederico Fleury Curado	David Meline
	Lars Förberg	Satish Pai
Finance, Audit and Compliance Committee	Governance and Nomination Committee	Compensation Committee
David Meline (chairman)	Peter R. Voser (chairman)	Frederico Fleury Curado (chairman)
Gunnar Brock	Lars Förberg	David Constable
Geraldine Matchett	Jennifer Xin-Zhe Li	Jennifer Xin-Zhe Li
Satish Pai	Jacob Wallenberg	

## Board governance

### The Board

The Board defines the ultimate direction of the business of ABB and issues the necessary instructions. It determines the organization of the ABB Group and appoints, removes and supervises the persons entrusted with the executive management and representation of ABB. The internal organizational structure and the definition of the areas of responsibility of the Board, as well as the information and control instruments vis-à-vis the Executive Committee are set forth in the ABB Ltd Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>).

The Board takes decisions as a whole, supported by its three committees: the Finance, Audit and Compliance Committee (FACC), the Governance and Nomination Committee (GNC), and the Compensation Committee (CC). These committees assist the Board in its tasks and report regularly to the Board. The Board and its committees meet regularly throughout the year.

The directors and officers of a Swiss corporation are bound, as specified in the Swiss Code of Obligations, to perform their duties with all due care, to safeguard the interests of the corporation in good faith and to extend equal treatment to shareholders in like circumstances. Prior to proposing new candidates for election to the Board, checks are performed to ensure that they are independent and that there are no conflicts of interest.

The Swiss Code of Obligations does not specify what standard of due care is required of the directors of a corporate board. However, it is generally held by Swiss legal scholars and jurisprudence that the directors must have the requisite capability and skills to fulfill their function, and must devote the necessary time to the discharge of their duties. Moreover, the directors must exercise all due care that a prudent and diligent director would have taken in like circumstances. Finally, the directors are required to take actions in the best interests of the corporation and may not take any actions that may be harmful to the corporation.

Although the Swiss Code of Obligations does not discuss specifically conflicts of interest for board members, the ABB Ltd Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>) state that Board members shall avoid entering into any situation in which their personal or financial interests may conflict with the interests of ABB.

### Chairman of the Board

The Chairman is elected by the shareholders to represent their interests in creating sustainable value through effective governance. In addition, the Chairman (1) takes provisional decisions on behalf of the Board on urgent matters where a regular Board decision cannot be obtained, (2) calls for Board meetings and sets the related agendas, (3) interacts with the CEO and other EC members on a more frequent basis outside of Board meetings and (4) represents the Board internally and in the public sphere.

### Vice-Chairman of the Board

The Vice-Chairman is elected by the Board and handles the responsibilities of the Chairman to the extent the Chairman is unable to do so or would have a conflict of interest in doing so. He also acts as counselor/advisor to the Chairman on any matters that are Company or Board relevant and as appropriate or as the Chairman may require and with a particular focus on strategic aspects related to the Company and its business in general. In addition, the Vice-Chairman takes such other actions as may be decided by the Board or requested by the Chairman.

### Finance, Audit and Compliance Committee

The FACC is responsible for overseeing (1) the integrity of ABB's financial statements, (2) ABB's compliance with legal, tax and regulatory requirements, (3) the external auditors' qualifications and independence, (4) the performance and role of ABB's internal audit function and the performance of the external auditors, (5) ABB's capital structure, funding requirements and financial and risk policies, and (6) ABB's implementation and maintenance of an integrity program and internal controls designed to mitigate integrity risk.

The FACC must comprise three or more independent directors who have a thorough understanding of finance and accounting. The Chairman of the Board and, upon invitation by the committee's chairman, the CEO or other members of the Executive Committee may participate in the committee meetings, provided that any potential conflict of interest is avoided and confidentiality of the discussions is maintained. In addition, the chief integrity officer, the head of internal audit and the external auditors participate in the meetings as appropriate. The Board has determined that each member of the FACC is an audit committee financial expert as such term is defined in Form 20-F.

## Governance and Nomination Committee

The GNC is responsible for (1) overseeing corporate governance practices within ABB, (2) overseeing corporate social responsibility (including health, safety and environment as well as sustainability), (3) nominating candidates for the Board, the role of the CEO and other positions on the Executive Committee, and (4) succession planning and employment matters relating to the Board and the Executive Committee. The GNC is also responsible for maintaining an orientation program for new Board members and an ongoing education program for existing Board members.

The GNC must comprise three or more independent directors. Upon invitation by the committee's chairman, the CEO or other members of the Executive Committee may participate in the committee meetings, provided that any potential conflict of interest is avoided and confidentiality of the discussions is maintained.

## Compensation Committee

The CC is responsible for compensation matters relating to the Board and the Executive Committee.

The CC must comprise three or more directors who are elected by the shareholders. The Chairman of the Board and, upon invitation by the committee's chairman, the CEO or other members of the Executive Committee may participate in the committee meetings, provided that any potential conflict of interest is avoided and confidentiality of the discussions is maintained.

## Board membership

### Board composition

In proposing individuals to be elected to the Board, the Board seeks to align the composition and skills of the Board with the Company's strategic needs, business portfolio, geographic reach and culture. The Board strives for diversity in all aspects including gender, nationalities, geographic/regional experience and business experience. In addition, the average tenure of the members of the Board should be well-balanced. The Board also considers the number of other mandates of each Board member to ensure that he/she will have sufficient time to dedicate to his/her role as an ABB Board member.

### Elections and term of office

The members of the Board of Directors and the Chairman of the Board as well as the members of the Compensation Committee are elected by the shareholders at the general meeting of shareholders for a term of office extending until completion of the next ordinary general meeting of shareholders. Members whose terms of office have expired shall be immediately eligible for re-election. ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>) do not provide for the retirement of directors based on their age. However, an age limit for members of the Board is set forth in the ABB Ltd Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>), although waivers are possible and subject to Board discretion. If the office of the Chairman of the Board of Directors or any position on the Compensation Committee becomes vacant during a Board term, the Board

### Members of the Board (2022–2023 Board term)

Board Member	Board Experience		Corporate Officer Experience		Other Business Experience				Global Experience	Country of Origin / Nationality	Gender	Non-Executive	Independent
	ABB Board Tenure (years)	Other Public Board Experience	CEO	CFO	Operations	Risk Management	Sustainability	Digital / Technology					
Peter R. Voser	8	●	●	●	●	●	●	●	●	CH	M	Yes	Yes
Jacob Wallenberg	24	●	●		●	●	●	●	●	SE	M	Yes	Yes
Gunnar Brock	5	●	●		●	●	●		●	SE	M	Yes	Yes
David Constable	8	●	●		●	●	●		●	CA, US	M	Yes	Yes
Frederico Fleury Curado	7	●	●		●	●	●	●	●	BR, PT	M	Yes	Yes
Lars Förberg	6	●	●			●	●		●	SE, CH	M	Yes	Yes
Jennifer Xin-Zhe Li	5	●		●	●	●	●	●	●	CN, CA	F	Yes	Yes
Geraldine Matchett	5		●	●		●	●		●	CH, UK, FR	F	Yes	Yes
David Meline	7	●		●		●			●	US, CH	M	Yes	Yes
Satish Pai	7	●	●		●	●	●	●	●	IN	M	Yes	Yes

of Directors may appoint (shall appoint in the case of the Chairman of the Board) another individual from among its members to that position for the remainder of that term. The Board of Directors shall consist of no less than 7 and no more than 13 members.

## Members of the Board (2022–2023 Board term)



**Peter R. Voser** has been a member and Chairman of ABB's Board of Directors since April 2015. He was also ABB's Chief Executive Officer from April 2019 to February 2020.

He is a member of the board of directors of IBM Corporation (U.S.). He is also a member of the board of directors of Temasek Holdings (Private) Limited (Singapore) as well as chairman of the board of PSA International Pte Ltd (Singapore), one of its subsidiaries. In addition, he is the chairman of the board of trustees of the St. Gallen Foundation for International Studies. He was previously the chief executive officer of Royal Dutch Shell plc (The Netherlands). Mr. Voser was born in 1958 and is a Swiss citizen.



**Jacob Wallenberg** has been a member of ABB's Board of Directors since June 1999 and Vice-Chairman since April 2015. He is the chairman of the board of Investor

AB (Sweden). He is vice-chairman of the boards of Telefonaktiebolaget LM Ericsson, FAM AB and Patricia Industries (all Sweden). He is also a member of the board of directors of the Knut and Alice Wallenberg Foundation as well as a member of the nomination committee of SAS AB (both Sweden). Through June 2022, he was a member of the board of directors of Nasdaq, Inc. (U.S.). Mr. Wallenberg was born in 1956 and is a Swedish citizen.



**Gunnar Brock** has been a member of ABB's Board of Directors since March 2018. He is the chairman of the boards of directors of Neptunia Invest AB and Stena AB (both Sweden)

and a member of the boards of directors of Investor AB and Patricia Industries (both Sweden). Through July 2022, he was the chairman of the board of directors of Mölnlycke Health Care AB (Sweden). He was formerly president and chief executive officer of Atlas Copco AB (Sweden). Mr. Brock was born in 1950 and is a Swedish citizen.



**David Constable** has been a member of ABB's Board of Directors since April 2015. He is the chairman of the board of directors and chief executive officer of Fluor Corpora-

tion (U.S.). He was formerly the chief executive officer and president as well as a member of the board of directors of Sasol Limited (South Africa). He joined Sasol after more than 29 years with Fluor Corporation (U.S.). Mr. Constable was born in 1961 and is a Canadian and U.S. citizen.



**Frederico Fleury Curado** has been a member of ABB's Board of Directors since April 2016. He is a member of the boards of directors of Ultrapar S.A. (Brazil),

Transocean Ltd. (Switzerland) and LATAM Airlines Group S.A. (Chile). He was formerly the chief executive officer of Ultrapar S.A. and Embraer S.A. (both Brazil). Mr. Curado was born in 1961 and is a Brazilian and Portuguese citizen.



**Lars Förberg** has been a member of ABB's Board of Directors since April 2017. He is co-founder and managing partner of Cevian Capital. Mr. Förberg was born in

1965 and is a Swedish and Swiss citizen.



**Jennifer Xin-Zhe Li** has been a member of ABB's Board of Directors since March 2018. She is a member of the boards of directors of SAP SE (Germany), Kone Oy (Finland) and

Full Truck Alliance Co. Ltd. (Cayman Islands/ P.R.C.). Through August 2022, she was a member of the board of directors of Flex Ltd (Singapore/ U.S.). Ms. Li is a founder and general partner of Changcheng Investment Partners (P.R.C.), a private investment fund. From 2008 to 2018, she served as chief financial officer of Baidu Inc. (P.R.C.) and chief executive officer of Baidu Capital (P.R.C.). Prior to that, Ms. Li spent 14 years with General Motors, holding various senior finance positions, including chief financial officer of GM China and corporate controller for GMAC North American Operations. Ms. Li was born in 1967 and is a Canadian citizen.



**Geraldine Matchett** has been a member of ABB's Board of Directors since March 2018. She is the co-chief executive officer, the chief financial officer and a member of the manag-

ing board of Royal DSM N.V. (The Netherlands). She was previously the chief financial officer of SGS Ltd (Switzerland). Prior to joining SGS she worked as an auditor at Deloitte Ltd (Switzerland) and KPMG LLP (U.K.). Ms. Matchett was born in 1972 and is a Swiss, British and French citizen.



**David Meline** has been a member of ABB's Board of Directors since April 2016. From 2011 through 2022, he held chief financial officer roles at Moderna Inc. (U.S.), Amgen Inc. (U.S.) and the 3M Company (U.S.). From 2008 through 2011 he was the corporate controller and chief accounting officer of the 3M Company (U.S.). Prior to joining 3M, Mr. Meline worked for more than 20 years for General Motors Company (U.S.). Mr. Meline was born in 1957 and is a U.S. and Swiss citizen.



**Satish Pai** has been a member of ABB's Board of Directors since April 2016. He is the managing director and a member of the board of directors of Hindalco Industries Ltd. (India). He joined Hindalco in 2013 after 28 years with Schlumberger Limited (U.S.). Mr. Pai was born in 1961 and is an Indian citizen.

As of December 31, 2022, none of the Board members held any official functions or political posts. Further information on ABB's Board members can be found on ABB's website under the ABB Board of Directors link (available at <https://new.abb.com/about/corporate-governance>).

## Board meetings and attendance

The Board and its committees have regularly scheduled meetings throughout the year. These meetings are supplemented by additional meetings (either in person or by conference call), as necessary. Board meetings are convened by the Chairman or upon request by any other Board member or the CEO. Documentation covering the various items of the agenda for each Board

meeting is sent out in advance to each Board member in order to allow each member time to study the covered matters prior to the meetings. Each Board meeting has a private session without management or others being present. Decisions made at the Board meetings are recorded in written minutes of the meetings. Some decisions are also taken by circular resolution.

The table below shows the number of meetings held during 2022 by the Board and its committees, their average duration, as well as the attendance of the individual Board members. The Board meetings shown include a strategic retreat attended by the members of the Board and the EC.

## Mandates of Board members outside the ABB Group

No member of the Board may hold more than ten additional mandates, of which no more than four may be in listed companies. Certain types of mandates, such as those in our subsidiaries, those in the same group of companies and those in non-profit and charitable institutions, are not subject to those limits. Additional details can be found in Article 38 of ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>).

2022 Board and Board Committee Meetings										
Meetings and attendance	Pre annual general meeting 2022					Post annual general meeting 2022				
	Board					Board				
	Mtg.	Conf. Call	FACC	GNC	CC	Mtg.	Conf. Call	FACC	GNC	CC
Average duration (hours)	7.5	1.5	2	1.25	1.25	8.25	1.5	3	1	1.25
Number of meetings	1	1	2	2	2	4	2	5	4	5
Meetings attended:										
Peter R. Voser	1	1		2		4	2		4	
Jacob Wallenberg	1	1		2		4	2		3	
Gunnar Brock	1	1	2			4	2	5		
David Constable		1			2	4	1			5
Frederico Fleury Curado	1	1			2	4	2			5
Lars Förberg	1	1		2		4	2		4	
Jennifer Xin-Zhe Li	1	1		2	2	4	1		4	5
Geraldine Matchett		1	1			4	2	5		
David Meline	1	1	2			4	2	5		
Satish Pai	1	1	2			4	2	5		

## Business relationships between ABB and its Board members

This section describes important business relationships between ABB and its Board members, or companies and organizations represented by them.

Fluor Corporation (Fluor) is an important customer of ABB. ABB sells primarily electrical switchgears, control systems and electrical solutions through its Electrification and Process Automation business areas to Fluor. David Constable is the chairman of the board of directors and CEO of Fluor.

After reviewing the level of business with Fluor, the Board has determined that ABB's business relationship with Fluor is not unusual in its nature or conditions and does not constitute a material business relationship. As a result, the Board concluded that all members of the Board are independent.

These determinations were made in accordance with ABB Ltd's Related Party Transaction Policy, which was prepared based on the Swiss Code of Best Practice for Corporate Governance and the independence criteria set forth in the corporate governance rules of the New York Stock Exchange. This policy is contained in the ABB Ltd Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>).

## Information and control systems of the Board vis-à-vis the Executive Committee

### Information from the Executive Committee

In accordance with the ABB Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>), the CEO reports regularly to the Board about ABB's overall business and when circumstances require on any extraordinary events that may arise. This includes:

- Reports on financial results (including profit and loss, balance sheet and cash flows);
- Changes in key members of management;
- Information that may affect the supervisory or monitoring function of the Board (including on matters of strategy and compliance); and
- Significant developments in legal matters.

At each Board meeting, Board members are briefed by the Chairman, CEO, CFO and other EC members on ABB's business performance and on

material developments affecting ABB. Outside of Board meetings, Board members generally channel any requests for information through the Chairman. Board members also obtain information through offsite retreats with the Executive Committee and visits to ABB sites. In addition, Board members obtain information through the Board committees in which they participate and which are also attended by relevant EC members and management representatives from human resources, finance, legal and the business.

### Internal Audit

ABB has an Internal Audit team that provides independent objective assurance and other services to help ensure that ABB operates in accordance with applicable laws as well as internal policies and procedures. Internal Audit reports to the FACC and to the CFO. The FACC reviews and approves the internal audit plan, and material changes to the plan. Investigations of potential fraud and inappropriate business conduct are an integral part of the internal audit process. Depending on circumstances, Internal Audit may act together with ABB's Integrity Investigations and Monitoring department, which is part of ABB's integrity function. Internal Audit reports on a regular basis its main observations and recommendations to the relevant members of the EC and to the FACC as appropriate.

### Risk Management

ABB has an enterprise risk management program (ERM) in place which takes into account ABB's size and complexity. ERM provides the EC and the Board with a comprehensive and holistic view of the risks facing the business. ERM involves managing the acceptance of risk to achieve the objectives of the business. The ERM process is typically cyclical in nature, conveying the idea of continuous refinement of the risk management approach in a dynamic business environment. Furthermore, ABB runs a mitigation process for the identified risks that is key to the success of this process. ERM assessments are both top down and bottom up. They cover strategic, financial, and operational risks, both current and long term. Key risks identified and managed in 2022 were those related to the war in Ukraine, to continued constraints in global supply chains and to the planned initial public offering in Switzerland of ABB's electric-vehicle charging business. ERM results are reported to the FACC and the entire Board. This information becomes part of the overall strategic and risk discussions by the Board to help create value for stakeholders.

# Executive Committee

## Composition of the Executive Committee (at December 31, 2022)

<b>Björn Rosengren</b> Chief Executive Officer	
CORPORATE OFFICERS	BUSINESS AREA PRESIDENTS
<b>Timo Ihamuotila</b> Chief Financial Officer	<b>Morten Wierod</b> Electrification
<b>Carolina Granat</b> Chief Human Resources Officer	<b>Peter Terwiesch</b> Process Automation
<b>Andrea Antonelli</b> General Counsel	<b>Tarak Mehta</b> Motion
<b>Karin Lepasoon</b> Chief Communications and Sustainability Officer	<b>Sami Atiya</b> Robotics & Discrete Automation

## Executive Committee responsibilities and organization

The Board has delegated the executive management of ABB to the CEO. The CEO and, under his direction, the other members of the Executive Committee are responsible for ABB's overall business and affairs and day-to-day management. The CEO reports to the Board regularly, and whenever extraordinary circumstances so require, on the course of ABB's business and financial performance and on all organizational and personnel matters, transactions and other issues material to the Group. Each member of the Executive Committee is appointed and discharged by the Board.

## Members of the Executive Committee (at December 31, 2022)



**Björn Rosengren** was appointed Chief Executive Officer and member of the Executive Committee effective March 2020. He is a member of the board of directors

of the World Childhood Foundation (Sweden). Before joining ABB, he was the president and chief executive officer of Sandvik AB (Sweden) since 2015. Prior to that, Mr. Rosengren was the chief executive officer of Wärtsilä Corporation (Finland) from 2011 to 2015. He held a variety of management roles at Atlas Copco AB (Sweden) from 1998 to 2011. Mr. Rosengren was born in 1959 and is a Swedish citizen.



**Timo Ihamuotila** was appointed Chief Financial Officer and member of the Executive Committee effective April 2017. He is a member of the board of directors of Software-

ONE Holding AG and Hitachi Energy Ltd (both Switzerland). From 2009 to 2016, Mr. Ihamuotila was chief financial officer and an executive vice president of the Nokia Corporation (Finland). From 1999 to 2009, he held various senior roles with Nokia. Mr. Ihamuotila was born in 1966 and is a Finnish citizen.



**Carolina Granat** was appointed Chief Human Resources Officer and member of the Executive Committee effective January 2021. She joined ABB in 2020 as Head of

People Development. Prior to that, she was globally responsible for human resources at the machining solutions business area of Sandvik AB (Sweden). Ms. Granat was born in 1972 and is a Swedish citizen.



**Andrea Antonelli** was appointed General Counsel and member of the Executive Committee effective March 2022. From 2020 to 2022 he was General Counsel of both ABB's

Electrification and Robotics & Discrete Automation business areas. Prior to joining ABB, Mr. Antonelli was at the Tetra Pak Group, where he held various positions as regional general counsel for different regions as well as vice president legal affairs of global commercial operations. He has also worked for General Electric and Fluor Corporation, as well as in private practice at DLA Piper London offices. Mr. Antonelli was born in 1974 and is an Italian citizen.



**Karin Lepasoon** was appointed Chief Communications and Sustainability Officer and member of the Executive Committee effective October 2022. She joined ABB from

Vattenfall, where she served as head of group communications and public & regulatory affairs and member of the company's group executive management team. Prior to that, Ms. Lepasoon also served as head of global marketing and communications at SEB, director of sustainability, communications and HR at Nordic Capital, head of strategy and chief of staff at Skanska, and held various other roles in the area of communications. Ms. Lepasoon was born in 1968 and is a Swedish citizen.



**Morten Wierod** was appointed President of the Electrification business area effective April 2022 and has been a member of the Executive Committee since April

2019, when he was appointed President of the Motion business area. From 2015 until April 2019 he was the Managing Director of the drives business unit in the Robotics and Motion division. During 2011 to 2015, Mr. Wierod was the Managing Director of the control products business unit in the Low Voltage Products division. Between 1998 to 2011, he held various management roles with ABB. Mr. Wierod was born in 1972 and is a Norwegian citizen.



**Peter Terwiesch** was appointed President of the Process Automation business area and member of the Executive Committee effective January 2015 (Process Automation

known as Industrial Automation from 2017 until 2020). He is a member of the board of directors of Hilti AG (Liechtenstein). From 2011 to 2014, Mr. Terwiesch was Head of ABB's Central Europe region. He was ABB's Chief Technology Officer from 2005 to 2011. From 1994 to 2005, he held several positions with ABB. Mr. Terwiesch was born in 1966 and is a German and Swiss citizen.



**Tarak Mehta** was appointed President of the Motion business area effective April 2022 and has been a member of the Executive Committee since October 2010. He is a member

of the board of directors of Prysmian S.p.A. (Italy). He was President of the Electrification business area since April 2019 and President of the Electrification Products division from 2016 to 2019. From October 2010 through December 2015, he was President of the Low Voltage Products division. From 2007 to 2010, he was Head of ABB's transformers business. Between 1998 and 2006, he held several management positions with ABB. Mr. Mehta was born in 1966 and is a U.S. and Swiss citizen.



**Sami Atiya** was appointed President of the Robotics & Discrete Automation business area effective April 2019 and has been a member of the Executive Committee since

June 2016. He is a member of the board of directors of SGS SA (Switzerland). He had previously been President of the Robotics and Motion division since January 2017. From June to December 2016 he was President of the Discrete Automation and Motion division. Prior to joining ABB, Mr. Atiya held senior roles at Siemens in Germany from 1997 to 2015, including as chief executive officer of the mobility and logistics division in the infrastructure and cities sector from 2011. Mr. Atiya was born in 1964 and is a German citizen.

Further information about the members of the Executive Committee can be found on ABB's website under the Executive Committee link (available at <https://new.abb.com/about/corporate-governance>).

## Mandates of EC members outside the ABB Group

No member of the EC may hold more than five additional mandates, of which no more than one may be in a listed company. Certain types of mandates, such as those in our subsidiaries, those in the same group of companies and those in non-profit and charitable institutions, are not subject to those limits. Additional details can be found in Article 38 of ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>).

## Business relationships between ABB and its EC members

This section describes important business relationships between ABB and its EC members, or companies and organizations represented by them.

Until December 28, 2022, ABB had a minority stake in Hitachi Energy Ltd (Hitachi Energy), the holding company of ABB's former power grids business. Hitachi Energy is both an important supplier to and customer of ABB. Timo Ihamuotila is a director of Hitachi Energy.

After reviewing the level of business with Hitachi Energy, the Board has determined that ABB's business relationship with Hitachi Energy is not unusual in its nature or conditions.

These determinations were made in accordance with ABB Ltd's Related Party Transaction Policy,

which was prepared based on the Swiss Code of Best Practice for Corporate Governance and the independence criteria set forth in the corporate governance rules of the New York Stock Exchange.

This policy is contained in the ABB Ltd Board Governance Rules (available at <https://new.abb.com/about/corporate-governance>).

# Shares

## Share capital of ABB

At December 31, 2022, ABB's ordinary share capital (including treasury shares) as registered with the commercial register amounted to CHF 235,769,409.00, divided into 1,964,745,075 fully paid registered shares with a par value of CHF 0.12 per share.

ABB Ltd's shares are listed on the SIX Swiss Exchange, the NASDAQ OMX Stockholm Exchange and the New York Stock Exchange (where its shares are traded in the form of American depositary shares (ADS) – each ADS representing one registered ABB share). At December 31, 2022,

ABB Ltd had a market capitalization based on outstanding shares (total number of outstanding shares: 1,865,003,331) of approximately CHF 52 billion (\$57 billion, SEK 590 billion). The only consolidated subsidiary in the ABB Group with listed shares is ABB India Limited, Bangalore, India, which is listed on the BSE Ltd. (Bombay Stock Exchange) and the National Stock Exchange of India. At December 31, 2022, ABB Ltd, Switzerland, directly or indirectly owned 75 percent of ABB India Limited, Bangalore, India, which at that time had a market capitalization of approximately INR 569 billion.

### Stock exchange listings (at December 31, 2022)

Stock exchange	Security	Ticker symbol	ISIN code
SIX Swiss Exchange	ABB Ltd, Zurich, share	ABBN	CH0012221716
SIX Swiss Exchange	ABB Ltd, Zurich, share buyback (second trading line)	ABBNE	CH0357679619
NASDAQ OMX Stockholm Exchange	ABB Ltd, Zurich, share	ABB	CH0012221716
New York Stock Exchange	ABB Ltd, Zurich, ADS	ABB	US0003752047
BSE Ltd. (Bombay Stock Exchange)	ABB India Limited, Bangalore, share	ABB <sup>(1)</sup>	INE117A01022
National Stock Exchange of India	ABB India Limited, Bangalore, share	ABB	INE117A01022

(1) Also called Scrip ID.

## Share repurchases and cancellation

At ABB's Annual General Meeting 2022, shareholders approved the proposal to cancel 88,403,189 shares repurchased under ABB's 2020/21 and 2021/22 share buyback programs. These shares were cancelled in June 2022, resulting in a reduced total number of issued ABB Ltd shares of 1,964,745,075. 15,283,500 shares repurchased under ABB's 2021/22 share buyback program are remaining for cancellation.

In April 2022, ABB launched a follow-up share buyback program of up to \$3 billion. The main purpose of this program was to complete the return of \$7.8 billion cash proceeds from the Power Grids divestment to shareholders. Under that share buyback program, ABB repurchased a total of 59,956,000 shares as per

December 31, 2022, and a total of 64,615,000 shares as per February 15, 2023.

ABB intends to use the capital band, which it will propose at the Annual General Meeting 2023 to its shareholders for introduction (see "Authorized share capital" below), for cancellation of shares repurchased under the share buyback programs 2021/22 and 2022/23.

Further information on ABB's share buyback programs can be found at <https://global.abb.com/group/en/investors/investor-and-shareholder-resources/share-buybacks>.

In addition, ABB repurchased a total of 20,000,000 shares as per December 31, 2022, primarily for use in connection with employee share programs. Further information can be found at <https://www.abb.com/investorrelations>.

## Changes to the ordinary share capital

Except for the share cancellations described above and in ABB's Annual Report 2021, there were no other changes to ABB's ordinary share capital during 2022, 2021 and 2020.

## Convertible bonds and options

ABB does not have any bonds outstanding that are convertible into ABB shares. For information about options on shares issued by ABB, please refer to "Note 19 – Stockholders' equity" to ABB's Consolidated Financial Statements.

## Contingent share capital

At December 31, 2022, ABB's share capital may be increased by an amount not to exceed CHF 24,000,000 through the issuance of up to 200,000,000 fully paid registered shares with a par value of CHF 0.12 per share through the exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments. If this contingent share capital were fully issued this would increase the existing share capital by approximately 10.2 percent. The contingent share capital has not changed during the last three years.

At December 31, 2022, ABB's share capital may be increased by an amount not to exceed CHF 1,200,000 through the issuance of up to 10,000,000 fully paid registered shares with a par value of CHF 0.12 per share through the exercise of warrant rights granted to its shareholders. If this contingent share capital were fully issued this would increase the existing share capital by approximately 0.5 percent. This contingent share capital has not changed during the last three years. The Board may grant warrant rights not taken up by shareholders for other purposes in the interest of ABB.

The pre-emptive rights of the shareholders are excluded in connection with the issuance of convertible or warrant-bearing bonds or other financial market instruments or the grant of warrant rights. The then current owners of conversion rights and/or warrants will be entitled to subscribe for new shares. The conditions of the conversion rights and/or warrants will be determined by the Board.

The acquisition of shares through the exercise of warrants and each subsequent transfer of the

shares will be subject to the restrictions of ABB's Articles of Incorporation (see "Limitations on transferability of shares and nominee registration" in the Shareholders section below) (available at <https://new.abb.com/about/corporate-governance>).

In connection with the issuance of convertible or warrant-bearing bonds or other financial market instruments, the Board is authorized to restrict or deny the advance subscription rights of shareholders if such bonds or other financial market instruments are for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, participations or new investments or an issuance on national or international capital markets. If the Board denies advance subscription rights, the convertible or warrant-bearing bonds or other financial market instruments will be issued at the relevant market conditions and the new shares will be issued pursuant to the relevant market conditions taking into account the share price and/or other comparable instruments having a market price. Conversion rights may be exercised during a maximum ten-year period, and warrants may be exercised during a maximum seven-year period, in each case from the date of the respective issuance. The advance subscription rights of the shareholders may be granted indirectly.

At December 31, 2022, ABB's share capital may be increased by an amount not to exceed CHF 11,284,656 through the issuance of up to 94,038,800 fully paid shares with a par value of CHF 0.12 per share to employees. If this contingent share capital were fully issued this would increase the existing share capital by approximately 4.8 percent. This contingent share capital has not changed during the last three years. The pre-emptive and advance subscription rights of ABB's shareholders are excluded. The shares or rights to subscribe for shares will be issued to employees pursuant to one or more regulations to be issued by the Board, taking into account performance, functions, level of responsibility and profitability criteria. ABB may issue shares or subscription rights to employees at a price lower than that quoted on a stock exchange. The acquisition of shares within the context of employee share ownership and each subsequent transfer of the shares will be subject to the restrictions of ABB's Articles of Incorporation (see "Limitations on transferability of shares and nominee registration" in the Shareholders section below).

## Authorized share capital

At December 31, 2022, ABB had an authorized share capital in the amount of up to CHF 24,000,000 through the issuance of up to

200,000,000 fully paid registered shares with a par value of CHF 0.12 each, which is valid through March 25, 2023. If the authorized share capital were fully issued, this would increase the existing share capital by approximately 10.2 percent. Aside from renewal at the 2021 AGM, the authorized share capital has not changed during the last three years. The Board is authorized to determine the date of issue of new shares, the issue price, the type of payment, the conditions for the exercise of pre-emptive rights and the beginning date for dividend entitlement. In this regard, the Board may issue new shares by means of a firm underwriting through a banking institution, a syndicate or another third party with a subsequent offer of these shares to the shareholders. The Board may permit pre-emptive rights that have not been exercised by shareholders to expire or it may place these rights and/or shares as to which pre-emptive rights have been granted but not exercised at market conditions or use them for other purposes in the interest of the Company. Furthermore, the Board is authorized to restrict or deny the pre-emptive rights of shareholders and allocate such rights to third parties if the shares are used (1) for the acquisition of an enterprise, parts of an enterprise, or participations, or for new investments, or in case

of a share placement, for the financing or refinancing of such transactions; or (2) for the purpose of broadening the shareholder constituency in connection with a listing of shares on domestic or foreign stock exchanges. The subscription and the acquisition of the new shares, as well as each subsequent transfer of the shares, will be subject to the restrictions of ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>).

In line with the revised provisions of the Swiss Code of Obligations effective since January 1, 2023, ABB will propose to the Annual General Meeting 2023 to replace the then expiring authorized share capital with a capital band ranging from CHF 212,192,469 (lower limit) to CHF 259,346,349 (upper limit), i.e. from 90 percent to 110 percent of the share capital currently entered in the commercial register. Within this capital band, the Board of Directors shall be authorized to increase or reduce the share capital once or several times until March 23, 2028, or until an earlier expiry of the capital band. ABB intends to use the capital band for cancellation of shares repurchased under the share buyback programs 2021/22 and 2022/23 (see "Share repurchases and cancellation" above).

## Shareholders

### Shareholder structure

At December 31, 2022, the total number of shareholders directly registered with ABB Ltd was approximately 90,000 and another 549,000 shareholders held shares indirectly through nominees. In total, as of that date, ABB had approximately 639,000 shareholders.

### Significant shareholders

Under the Swiss Financial Market Infrastructure Act, shareholders and groups of shareholders acting in concert who directly or indirectly acquire or sell shares of a listed Swiss corporation or rights based thereon and thereby reach, exceed or fall below the thresholds of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 33<sup>1</sup>/<sub>3</sub> percent, 50 percent or 66<sup>2</sup>/<sub>3</sub> percent of the voting rights of the corporation must notify the corporation and the SIX Swiss Exchange of such holdings. Based on the disclosure notifications made to ABB and the SIX Swiss Exchange, the following shareholders hold or control voting

rights of 3 percent or more of ABB Ltd's issued shares. Except where indicated otherwise, the shareholdings described below are based on the notices provided to ABB and the SIX Swiss Exchange and do not reflect any subsequent changes in shareholdings and share capital and votes.

Investor AB, Sweden, disclosed to ABB and the SIX Swiss Exchange that as per November 9, 2015, it owned 232,165,142 ABB Ltd shares and controlled 10.03 percent of the voting rights in ABB Ltd (refer to <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TBFBH00013>). In its latest quarterly financial report, Investor AB, Sweden, disclosed that as per December 31, 2022, it owned 265,385,142 ABB Ltd shares and controlled 13.5 percent of the voting rights in ABB Ltd. The number of shares held by Investor AB does not include shares held by Mr. Jacob Wallenberg, the chairman of Investor AB and a director of ABB, in his individual capacity.

BlackRock, Inc., U.S.A., disclosed to ABB and the SIX Swiss Exchange that as per November 16, 2022, it owned 80,226,133 ABB Ltd shares and controlled 4.97 percent of the voting rights in ABB Ltd (refer to <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAMBH00029>).

Cevian Capital II GP Limited, Jersey, disclosed to ABB and the SIX Swiss Exchange that as per July 30, 2020, it owned 107,344,554 ABB Ltd shares and controlled 4.95 percent of the voting rights in ABB Ltd (refer to <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TBK8400016>).

The Capital Group Companies, Inc., USA, disclosed to ABB and the SIX Swiss Exchange that as per July 1, 2022, it owned 69,725,960 ABB Ltd shares and controlled 4.02 percent of the voting rights in ABB Ltd (refer to <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/shareholder-details/TAM75000B6>).

At December 31, 2022, to the best of ABB's knowledge, no other shareholder held 3 percent or more of ABB's total share capital and voting rights as registered in the commercial register on that date.

ABB Ltd has no cross shareholdings in excess of 5 percent of capital, or voting rights with any other company.

Announcements related to disclosure notifications made by shareholders during 2022 can be found via the search facility on the platform of the Disclosure Office of the SIX Swiss Exchange: [https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.](https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/)

Under ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>), each registered share represents one vote. Significant shareholders do not have different voting rights. To our knowledge, we are not directly or indirectly owned or controlled by any government or by any other corporation or person.

## Shareholders' rights

Shareholders have the right to receive dividends, to vote and to execute such other rights as granted under Swiss law and the Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>).

## Right to vote

ABB has one class of shares and each registered share carries one vote at the general meeting. Voting rights may be exercised only after a shareholder has been registered in the share register of ABB as a shareholder with the right to vote, or with Euroclear Sweden AB (Euroclear), which maintains a subregister of the share register of ABB.

A shareholder may be represented at the Annual General Meeting by its legal representative, by another shareholder with the right to vote or by the independent proxy elected by the shareholders (unabhängiger Stimmrechtsvertreter). If the Company does not have an independent proxy, the Board of Directors shall appoint the independent proxy for the next General Meeting of Shareholders. All shares held by one shareholder may be represented by one representative only.

For practical reasons shareholders must be registered in the share register no later than 6 business days before the general meeting in order to be entitled to vote. Except for the cases described under "Limitations on transferability of shares and nominee registration" below, there are no voting rights restrictions limiting ABB's shareholders' rights.

## Annual General Meeting/Extraordinary General Meeting/COVID-19

ABB's top priority is protecting the health of its shareholders and employees. Therefore, due to the extraordinary circumstances and in accordance with applicable Swiss COVID-19 legislation, shareholders were not able to attend ABB's Annual General Meeting 2022 in person, but could exercise their shareholder rights via the independent proxy only. In addition, ABB offered shareholders the opportunity to address questions on agenda items to the Board of Directors in writing ahead of the meeting. Thanks to the improved COVID-19 situation, ABB was able to hold an Extraordinary General Meeting in September 2022 with shareholders present in person.

## Powers of General Meeting

The Ordinary General Meeting of Shareholders must be held each year within 6 months after the close of the fiscal year of the Company; the business report, the compensation report and the auditors' reports must be made available for inspection by the shareholders at the place of incorporation of the Company by no later than 20 days prior to the meeting. Each shareholder is entitled to request immediate delivery of a copy of these documents.

The following powers shall be vested exclusively in the General Meeting of Shareholders:

- Adoption and amendment of the Articles of Incorporation;
- Election of the members of the Board of Directors, the Chairman of the Board of Directors, the members of the Compensation Committee, the auditors and the independent proxy;
- Approval of the annual management report and consolidated financial statements;
- Approval of the annual financial statements and decision on the allocation of profits shown on the balance sheet, in particular with regard to dividends;
- Approval of the maximum compensation of the Board of Directors and of the Executive Committee pursuant to Article 34 of the Articles of Incorporation;
- Granting discharge to the members of the Board of Directors and the persons entrusted with management;
- Passing resolutions as to all matters reserved to the authority of the General Meeting by law or under the Articles of Incorporation or that are submitted to the General Meeting by the Board of Directors, subject to Article 716a of the Swiss Code of Obligations.

### Resolutions and elections at General Meetings

Shareholders' resolutions at general meetings are approved with an absolute majority of the votes represented at the meeting, except for those matters described in Article 704 of the Swiss Code of Obligations and for resolutions with respect to restrictions on the exercise of the right to vote and the removal of such restrictions, which all require the approval of two-thirds of the votes represented at the meeting.

At December 31, 2022, shareholders representing shares of a par value totaling at least CHF 48,000 may require items to be included in the agenda of a general meeting. Any such request must be made in writing at least 40 days prior to the date of the general meeting and specify the items and the motions of such shareholder(s).

ABB's Articles of Incorporation do not contain provisions on the convocation of the general meeting of shareholders that differ from the applicable legal provisions.

### Shareholders' dividend rights

The unconsolidated statutory financial statements of ABB Ltd are prepared in accordance with Swiss law. Based on these financial statements, dividends may be paid only if ABB Ltd has sufficient distributable profits from previous years or

sufficient free reserves to allow the distribution of a dividend. Swiss law requires that ABB Ltd retain at least 5 percent of its annual net profits as legal reserves until these reserves amount to at least 20 percent of ABB Ltd's share capital. Any net profits remaining in excess of those reserves are at the disposal of the shareholders' meeting.

Under Swiss law, ABB Ltd may only pay out a dividend if it has been proposed by a shareholder or the Board of Directors and approved at a general meeting of shareholders, and the auditors confirm that the dividend conforms to statutory law and ABB's Articles of Incorporation. In practice, the shareholders' meeting usually approves dividends as proposed by the Board of Directors.

Dividends are usually due and payable no earlier than 2 trading days after the shareholders' resolution and the ex-date for dividends is normally 2 trading days after the shareholders' resolution approving the dividend. Dividends are paid out to the holders that are registered on the record date. Euroclear administers the payment of those shares registered with it. Under Swiss law, dividends not collected within 5 years after the due date accrue to ABB Ltd and are allocated to its other reserves. As ABB Ltd pays cash dividends, if any, in Swiss francs (subject to the exception for certain shareholders in Sweden described below), exchange rate fluctuations will affect the U.S. dollar amounts received by holders of ADSs upon conversion of those cash dividends by Citibank, N.A., the depositary, in accordance with the Amended and Restated Deposit Agreement dated May 7, 2001.

For shareholders who are residents of Sweden, ABB has established a dividend access facility (for up to 600,004,716 shares). With respect to any annual dividend payment for which this facility is made available, shareholders who register with Euroclear may elect to receive the dividend from ABB Norden Holding AB in Swedish krona (in an amount equivalent to the dividend paid in Swiss francs) without deduction of Swiss withholding tax. For further information on the dividend access facility, see ABB's Articles of Incorporation.

### Limitations on transferability of shares and nominee registration

ABB may decline a registration with voting rights if a shareholder does not declare that it has acquired the shares in its own name and for its own account. If the shareholder refuses to make such declaration, it will be registered as a shareholder without voting rights. A person failing to expressly declare in its registration/application that it holds the shares for its own account (a nominee), will be entered in the share register

with voting rights, provided that such nominee has entered into an agreement with ABB concerning its status, and further provided that the nominee is subject to recognized bank or financial market supervision. In special cases, the Board may grant exemptions. There were no exemptions granted in 2022. The limitation on the transferability of shares may be removed by an amendment of ABB's Articles of Incorporation by a shareholders' resolution requiring two-thirds of the votes represented at the meeting.

**No restriction on trading of shares**

No restrictions are imposed on the transferability of ABB shares. The registration of shareholders in the ABB share register, Euroclear and the ADS register kept by Citibank does not affect transferability of ABB shares or ADSs. Registered ABB shareholders or ADR holders may therefore purchase or sell their ABB shares or ADRs at any time, including before a General Meeting regardless of the record date. The record date serves only to determine the right to vote at a General Meeting.

**Duty to make a public tender offer**

ABB's Articles of Incorporation do not contain any provisions raising the threshold (opting up) or waiving the duty (opting out) to make a public tender offer pursuant to Article 135 of the Swiss Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading.

# Independent external auditors

## Duration of the mandate and term of office of the auditors

On March 24, 2022, shareholders at the Annual General Meeting of ABB Ltd approved the appointment of KPMG AG (KPMG) to be the auditors of the Company for the 2022 financial year.

KPMG are the auditors of ABB's statutory and consolidated financial statements. KPMG, Switzerland, assumed the sole auditing mandate of the consolidated financial statements of the ABB Group beginning in the year ended December 31, 2018. The auditor in charge and responsible for the mandate, Hans-Dieter Krauss, began serving in this capacity in respect of the financial year ended December 31, 2018. Pursuant to ABB's Articles of Incorporation (available at <https://new.abb.com/about/corporate-governance>), the term of office of ABB's auditors is one year.

## Information to the Board and the Finance, Audit and Compliance Committee

### Supervisory and control instruments vis-à-vis the auditors

Our auditors, KPMG, attend each meeting of the FACC and each meeting includes a private session between the auditors and the FACC without management being present. In 2022, the FACC had 7 meetings (either in person or via telephone call). On at least an annual basis, the FACC reviews and discusses with the external auditors all significant relationships that the auditors have with the Company that could impair their independence. The FACC reviews the auditor engagement letter and the audit plan including discussion of scope, staffing, locations and general audit approach. The FACC also reviews and evaluates the auditors' judgment on the quality and appropriateness of the Company's accounting principles as applied in the financial reporting. In addition, the FACC approves in advance any non-audit services to be performed by the auditors.

At least annually, the FACC obtains and reviews a report by the auditors that includes discussion on:

- The Company's internal control procedures;
- Material issues, if any, raised by the most recent internal quality control review;
- Critical accounting policies and practices of the Company;
- All alternative accounting treatments of financial information that were discussed between the auditors and management as well as the related ramifications; and
- Material communications between the auditors and management such as any management letter or schedule of audit differences.

Taking into account the opinions of management, the FACC evaluates the qualifications, independence and performance of the auditors. The FACC reports the material elements of its supervision of the auditors to the Board and on an annual basis recommends to the Board the auditors to be proposed for election at the shareholders meeting.

## Audit and additional fees paid to the auditors

The audit fees charged by KPMG for the legally prescribed audit amounted to \$36.6 million in 2022. Audit services are defined as the standard audit work performed each fiscal year necessary to allow the auditors to issue an opinion on the consolidated financial statements of ABB and to issue an opinion on the local statutory financial statements.

This classification may also include services that can be provided only by the auditors, such as pre-issuance reviews of quarterly financial results and comfort letters delivered to underwriters in connection with debt and equity offerings. Included in the 2022 audit fees were approximately \$2.8 million related to audits from 2021 and earlier, which were not agreed until after the Company had filed its annual report on Form 20-F with the SEC on February 25, 2022.

In addition, KPMG charged \$9.1 million for non-audit services during 2022. Non-audit services include primarily carve-out financial statement audits in relation to transactional activities, service organization attestation procedures, agreed-upon procedure reports, accounting consultations, audits of pension and benefit plans, accounting advisory services and other attest services related to financial reporting that

are not required by statute or regulation, income tax and indirect tax compliance services as well as tax advisory services. In accordance with the requirements of the U.S. Sarbanes Oxley Act of

2002 and rules issued by the SEC, we utilize a procedure for the review and pre-approval of any services performed by KPMG.

## Other governance information

### ABB Group organizational structure

ABB Ltd, Switzerland, is the ultimate parent company of the ABB Group. It is the sole shareholder of ABB Asea Brown Boveri Ltd which directly or indirectly owns the other companies in the ABB Group. The table in the appendix to this Corporate Governance Report sets forth, as of December 31, 2022, the name, place of incorporation, ownership interest and share capital of the significant direct and indirect subsidiaries of ABB Ltd. In addition, ABB Ltd also owned 19.9 percent of Hitachi Energy Ltd until December 28, 2022. ABB's operational group structure is described in ABB's Financial Report 2022.

### Management contracts

There are no management contracts between ABB and companies or natural persons not belonging to the ABB Group.

### Change of control clauses

Board members, Executive Committee members, and other members of senior management do not receive any special benefits in the event of a change of control. However, the conditional grants under the Long-Term Incentive Plan (LTIP) and the Management Incentive Plan (MIP) may be subject to accelerated vesting in the event of a change of control. From 2021, the rules for the LTIP have been amended to no longer provide for accelerated vesting upon a change in control. No further grants are made under the MIP.

### Employee participation programs

In order to align its employees' interests with the business goals and financial results of the

Company, ABB operates a number of incentive plans, linked to ABB's shares, such as the Employee Share Acquisition Plan, the MIP and the LTIP. For a more detailed description of these incentive plans, please refer to "Note 18 – Share-based payment arrangements" to ABB's Consolidated Financial Statements.

### General blackout periods for trading ABB securities

During the 30 days prior to the day of publication of the ABB Group's quarterly financial results, as well as on such day, the members of the Board of Directors and the Executive Committee as well as certain employees of ABB, as specified in ABB's internal policies, are prohibited from trading in ABB Ltd securities and any related financial instruments.

### Governance differences from NYSE Standards

According to the New York Stock Exchange's corporate governance standards (the Standards), ABB is required to disclose significant ways in which its corporate governance practices differ from the Standards. ABB has reviewed the Standards and concluded that its corporate governance practices are generally consistent with the Standards, with the following significant exceptions:

- Swiss law requires that the external auditors be elected by the shareholders at the Annual General Meeting rather than by the audit committee or the board of directors.
- The Standards require that all equity compensation plans and material revisions thereto be approved by the shareholders. Consistent with Swiss law such matters are decided by our Board. However, the shareholders decide about the creation of new share capital that can be used in connection with equity compensation plans.

- Swiss law requires that the members of the compensation committee are elected by the shareholders rather than appointed by our Board.
- Swiss law requires shareholders to approve the maximum aggregate Board compensation and the maximum aggregate Executive Committee compensation.

## Information policy

ABB, as a publicly traded company, is committed to communicating in a timely and consistent way to shareholders, potential investors, financial analysts, customers, suppliers, the media and other interested parties. ABB is required to disseminate material information pertaining to its businesses in a manner that complies with its obligations under the rules of the stock exchanges where its shares are listed and traded.

ABB publishes an annual reporting suite that provides audited financial statements and information about ABB including our business results, strategy, products and services, corporate governance and executive compensation. ABB also submits an annual report on Form 20-F to the Securities and Exchange Commission (SEC). In addition, ABB publishes its results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the stock exchanges on which its shares are listed and traded. Press releases relating to financial results and material events are also filed with the SEC on Form 6-K. An archive containing annual reports, Form 20-F reports, quarterly results releases and related presentations can be found in the “Financial results and presentations” section at <https://www.abb.com/investorrelations>. The quarterly results press releases contain unaudited financial information prepared in accordance with or reconciled to U.S. GAAP. To subscribe to important press releases, please click on the “Contacts and Services” and choose “Subscribe to updates” at <https://www.abb.com/investorrelations>. Ad-hoc notices can also be found in the press releases section at <https://www.abb.com/news>.

ABB’s official means of communication is the Swiss Official Gazette of Commerce (<https://www.shab.ch>). The invitation to the Company’s Annual General Meeting is sent to registered shareholders by mail.

Inquiries may also be made to ABB Investor Relations:

Affolternstrasse 44  
CH-8050 Zurich, Switzerland  
Telephone: +41 43 317 7111  
E-Mail: [investor.relations@ch.abb.com](mailto:investor.relations@ch.abb.com)  
[www.abb.com](http://www.abb.com)

### Further information on corporate governance

The list below contains references to additional information concerning the corporate governance of ABB (available at <https://new.abb.com/about/corporate-governance>).

- Articles of Incorporation
- ABB Ltd Board Governance Rules, which include:
  - Governance Rules of the Finance, Audit and Compliance Committee
  - Governance Rules of the Governance and Nomination Committee
  - Governance Rules of the Compensation Committee
  - Related Party Transaction Policy
- ABB Code of Conduct
- Comparison of ABB’s corporate governance practices to the New York Stock Exchange rules
- Summary of differences of shareholder rights under Swedish and Swiss law applicable to ABB
- CVs of the Board members
- CVs of the Executive Committee members

ABB’s corporate calendar can be found at <https://new.abb.com/investorrelations/calendar-events-and-publications/financial-calendar>.

## Appendix – ABB Ltd’s significant subsidiaries

Company name/location	Country	ABB interest %	Share capital in thousands	Currency
ABB Australia Pty Limited, Moorebank	Australia	100.00	131,218	AUD
ABB Group Holdings Pty. Ltd., Moorebank	Australia	100.00	552,982	AUD
ABB Group Investment Management Pty. Ltd., Moorebank	Australia	100.00	505,312	AUD
ABB AG, Wiener Neudorf	Austria	100.00	15,000	EUR
B&R Holding GmbH, Eggelsberg	Austria	100.00	35	EUR
B&R Industrial Automation GmbH, Eggelsberg	Austria	100.00	1,240	EUR
ABB N.V., Zaventem	Belgium	100.00	4,000	EUR
ABB Automacao LTDA, Soracaba	Brazil	100.00	191,039	BRL
ABB Eletrificacao LTDA, Soracaba	Brazil	100.00	268,759	BRL
ABB Bulgaria EOOD, Sofia	Bulgaria	100.00	65,110	BGN
ABB Electrification Canada ULC, Edmonton	Canada	100.00	— <sup>(2)</sup>	CAD
ABB Inc., Saint-Laurent	Canada	100.00	— <sup>(2)</sup>	CAD
ABB S.A., Santiago	Chile	100.00	5,484,348	CLP
ABB (China) Investment Limited, Beijing	China	100.00	95,000	USD
ABB (China) Ltd., Beijing	China	100.00	140,000	USD
ABB Beijing Drive Systems Co. Ltd., Beijing	China	90.00	5,000	USD
ABB Beijing Switchgear Limited, Beijing	China	60.00	16,500	USD
ABB Electrical Machines Ltd., Shanghai	China	100.00	14,400	USD
ABB Engineering (Shanghai) Ltd., Shanghai	China	100.00	40,000	USD
ABB LV Installation Materials Co. Ltd. Beijing, Beijing	China	85.70	17,100	USD
ABB Shanghai Free Trade Zone Industrial Co., Ltd., Shanghai	China	100.00	6,500	CNY
ABB Shanghai Motors Co. Ltd., Shanghai	China	75.00	11,217	USD
ABB Xiamen Low Voltage Equipment Co. Ltd., Xiamen	China	100.00	15,800	USD
ABB Xiamen Switchgear Co. Ltd., Xiamen	China	66.52	29,500	USD
ABB Xinhui Low Voltage Switchgear Co. Ltd., Xinhui	China	90.00	6,200	USD
ABB s.r.o., Prague	Czech Republic	100.00	400,000	CZK
ABB A/S, Skovlunde	Denmark	100.00	100,000	DKK
ABB for Electrical Industries (ABB ARAB) S.A.E., Cairo	Egypt	100.00	353,479	EGP
Asea Brown Boveri S.A.E., Cairo	Egypt	100.00	166,000	USD
ABB AS, Jüri	Estonia	100.00	1,663	EUR
ABB Oy, Helsinki	Finland	100.00	10,003	EUR
ABB France, Cergy Pontoise	France	99.84	25,778	EUR
ABB SAS, Cergy Pontoise	France	100.00	45,921	EUR
ABB AG, Mannheim	Germany	100.00	167,500	EUR
ABB Beteiligungs- und Verwaltungsges. mbH, Mannheim	Germany	100.00	61,355	EUR
ABB Stotz-Kontakt GmbH, Heidelberg	Germany	100.00	7,500	EUR
ABB Striebel & John GmbH, Sasbach	Germany	100.00	1,050	EUR
B + R Industrie-Elektronik GmbH, Bad Homburg	Germany	100.00	358	EUR
Busch-Jaeger Elektro GmbH, Lüdenscheid	Germany	100.00	1,535	EUR
ABB Engineering Trading and Service Ltd., Budapest	Hungary	100.00	436,281	HUF
ABB Global Business Services and Contracting India Private Limited, Bangalore	India	100.00	5,200,100	INR
ABB Global Industries and Services Private Limited, Bangalore	India	100.00	366,923	INR
ABB India Limited, Bangalore	India	75.00	423,817	INR
ABB E-mobility S.p.A., Milan	Italy	91.56	20,000	EUR
ABB S.p.A., Milan	Italy	100.00	110,000	EUR
ABB K.K., Tokyo	Japan	100.00	1,000,000	JPY
ABB Ltd., Seoul	Korea, Republic of	100.00	23,670,000	KRW
ABB Electrical Control Systems S. de R.L. de C.V., Monterrey	Mexico	100.00	712,463	MXN
ABB Mexico S.A. de C.V., San Luis Potosi	Mexico	100.00	1,135,752	MXN
Asea Brown Boveri S.A. de C.V., San Luis Potosi	Mexico	100.00	667,686	MXN
ABB B.V., Rotterdam	Netherlands	100.00	9,200	EUR
ABB E-mobility B.V., Delft	Netherlands	91.56	1	EUR
ABB Finance B.V., Rotterdam	Netherlands	100.00	20	EUR
ABB Holdings B.V., Rotterdam	Netherlands	100.00	363	EUR
ABB AS, Fornebu	Norway	100.00	134,550	NOK

Company name/location	Country	ABB interest %	Share capital in thousands	Currency
ABB Electrification Norway AS, Skien	Norway	100.00	60,450	NOK
ABB Holding AS, Fornebu	Norway	100.00	240,000	NOK
ABB Business Services Sp. z o.o., Warsaw	Poland	99.94	24	PLN
ABB Industrial Solutions (Klodzko) Sp. z o.o., Klodzko	Poland	99.94	50	PLN
ABB Sp. z o.o., Warsaw	Poland	99.94	245,461	PLN
Industrial C&S of P.R. LLC, San Juan	Puerto Rico	100.00	— <sup>(2)</sup>	USD
ABB Electrical Industries Co. Ltd., Riyadh	Saudi Arabia	65.00	181,000	SAR
ABB Pte. Ltd., Singapore	Singapore	100.00	32,797	SGD
ABB Holdings (Pty) Ltd., Modderfontein	South Africa	100.00	217,758	ZAR
ABB Investments (Pty) Ltd, Modderfontein	South Africa	51.00	185,978	ZAR
ABB South Africa (Pty) Ltd., Modderfontein	South Africa	74.91	261,000	ZAR
Asea Brown Boveri S.A., Madrid	Spain	100.00	33,318	EUR
ABB AB, Västerås	Sweden	100.00	200,000	SEK
ABB Electrification Sweden AB, Västerås	Sweden	100.00	10,000	SEK
ABB Norden Holding AB, Västerås	Sweden	100.00	2,344,783	SEK
ABB Asea Brown Boveri Ltd, Zurich	Switzerland	100.00	2,767,880	CHF
ABB Canada EL Holding GmbH, Zurich	Switzerland	100.00	1,000	CHF
ABB Capital AG, Zurich	Switzerland	100.00	100	CHF
ABB E-mobility Holding Ltd, Baden	Switzerland	91.56	1,003	CHF
ABB Information Systems Ltd., Zurich	Switzerland	100.00	500	CHF
ABB Management Services Ltd., Zurich	Switzerland	100.00	571	CHF
ABB Schweiz AG, Baden	Switzerland	100.00	55,000	CHF
ABB Ltd., Taipei	Taiwan (Chinese Taipei)	100.00	195,000	TWD
ABB Elektrik Sanayi A.S., Istanbul	Turkey	99.99	240,076	TRY
ABB Industries (L.L.C.), Dubai	United Arab Emirates	49.00 <sup>(1)</sup>	5,000	AED
ABB Holdings Limited, Warrington	United Kingdom	100.00	226,014	GBP
ABB Limited, Warrington	United Kingdom	100.00	120,000	GBP
ABB E-mobility Inc., Wilmington, DE	United States	91.56	—	USD
ABB Finance (USA) Inc., Wilmington, DE	United States	100.00	1	USD
ABB Holdings Inc., Cary, NC	United States	100.00	2	USD
ABB Inc., Cary, NC	United States	100.00	1	USD
ABB Installation Products Inc., Memphis, TN	United States	100.00	1	USD
ABB Motors and Mechanical Inc., Fort Smith, AR	United States	100.00	— <sup>(2)</sup>	USD
ABB Treasury Center (USA), Inc., Wilmington, DE	United States	100.00	1	USD
Edison Holding Corporation, Wilmington, DE	United States	100.00	— <sup>(2)</sup>	USD
Industrial Connections & Solutions LLC, Cary, NC	United States	100.00	— <sup>(2)</sup>	USD

(1) Company consolidated as ABB exercises full management control.

(2) Shares without par value.

**Caution concerning forward-looking statements**

The Corporate Governance Report 2022 includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We have based these forward-looking statements largely on current expectations, estimates and projections about the factors that may affect our future performance, including global economic conditions as well as the economic conditions of the regions and the industries that are major markets for ABB. The words “believe,” “may,” “will,” “estimate,” “continue,” “target,” “anticipate,” “intend,” “expect”, “plan” and similar words and the express or implied discussion of strategy, plans or intentions are intended to identify forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions, including among other things, the following: (i) business risks related to the global volatile economic environment; (ii) costs associated with compliance activities; (iii) difficulties encountered in operating in emerging markets; (iv) risks inherent in large, long term projects served by parts of our business; (v) the timely development of new products, technologies, and services that are useful for our customers; (vi) our ability to anticipate and react to technological change and evolving industry standards in the markets in which we operate; (vii) changes in interest rates and fluctuations in currency exchange rates; (viii) changes in raw materials prices or limitations of supplies of raw materials; (ix) the weakening or unavailability of our intellectual property rights; (x) industry consolidation resulting in more powerful competitors and fewer customers; (xi) effects of competition and changes in economic and market conditions in the product markets and geographic areas in which we operate; (xii) effects of, and changes in, laws, regulations, governmental policies, taxation, or accounting standards and practices and (xiii) other factors described in documents that we may furnish from time to time with the US Securities and Exchange Commission, including our Annual Reports on Form 20-F. Although we believe that the expectations reflected in any such forward-looking statements are based on reasonable assumptions, we can give no assurance that they will be achieved. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking information, events and circumstances might not occur. Our actual results and performance could differ substantially from those anticipated in our forward-looking statements.

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