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# ABB Ltd Board Governance Rules

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These Rules were adopted by the Board of Directors of ABB Ltd effective March 1, 2024.

# ABB Ltd Board Governance Rules

## 1 Purpose

Based on the Swiss Code of Obligations (the **Swiss Code**) and the Articles of Incorporation (the **Articles**) of ABB Ltd (the **Company**), the Board of Directors (the **Board**) of the Company promulgates these rules (the **Rules**) to define the duties and authorities of the Board, the Board's Finance, Audit and Compliance Committee (the **FACC**), the Board's Governance and Nomination Committee (the **GNC**) and the Board's Compensation Committee (the **CC**) and to delegate the management of the Company's business and affairs to the Chief Executive Officer (the **CEO**) and the other members of the Executive Committee (collectively with the CEO, the **EC**) of the Company. References to the Company shall include the Company's subsidiaries as appropriate.

These Rules are supplemented by the Company's Code of Conduct, the Company's Governance Framework, and such further policies as the Board or the EC may issue, which collectively shall constitute the Company's organizational regulations (the **Organizational Regulations**) in the sense of Article 716b of the Swiss Code.

## 2 The Board's Duties and Authorities

### 2.1 General

The Board shall have the duties and authorities referred to in the Swiss Code, particularly Articles 716 and 716a, as well as those referred to in the Articles and in these Rules.

Each member of the Board shall perform his/her duties and otherwise act on behalf of the Company in accordance with the Company's Articles and its Organizational Regulations.

### 2.2 Ultimate Responsibility for the Company's Business and Affairs

The Board shall have the ultimate responsibility for the business and affairs of the Company and its subsidiaries.

For purposes of these Rules, such responsibility shall include the duties to select carefully, to instruct properly and to supervise diligently the CEO and the other members of the EC.

### 2.3 Other Duties and Authorities

The Board furthermore shall have the duty and authority:

- (a) to review and approve the purpose statement, strategy, and basic organization of the Company;
- (b) to review and approve the Company's overall accounting principles and its financial control and planning procedures;
- (c) to review and approve the Company's financial plans including its strategy and related targets, forecasts and annual budgets;

- (d) to review and approve the Company's sustainability agenda and related targets;
- (e) to review and approve the Company's integrity program including (1) preventative measures undertaken by the Company, (2) oversight of significant integrity matters and ongoing investigations, (3) benchmarking against other companies' integrity programs as appropriate and (4) monitoring relevant legal developments;
- (f) to review and approve the Company's consolidated and stand-alone annual financial statements;
- (g) to review and approve the Company's annual reporting suite;
- (h) to review and approve the Company's overall guidelines on lending and borrowing limits, and on new investments;
- (i) to review and approve acquisitions, divestitures, joint ventures, liquidations and other transactions which are financially or strategically important to the business activities of the Company;
- (j) to review and approve the Company's risk management program, including important processes and procedures for monitoring of significant risks or exposures that the Company may face. At least once per year the Board shall review a report submitted by the management and the FACC relating thereto and require any additional actions as may be necessary;
- (k) to nominate and to relieve the officers representing the Company and to determine their signatory power for purposes of registration in the commercial registry;
- (l) to take appropriate actions and pass resolutions on all matters to be submitted to, or required for the preparation of the shareholders' meeting pursuant to the Swiss Code or the Articles;
- (m) to approve share capital changes to the extent such powers have been vested in the Board as well as to adopt resolutions concerning the confirmation of such share capital changes and the respective amendments to the Articles; and
- (n) to review and decide upon such other matters as the Board may decide are appropriate or as may be proposed by the CEO.

### **3 Board Organization**

#### **3.1 Chairperson of the Board**

In accordance with the Articles, the Board shall propose for election by the shareholders a chairperson (the **Chair** or **Board Chair**). In addition to applicable legal and statutory duties, the Chair shall carry out those tasks delegated by the Board. These tasks shall include:

- (a) taking provisional decisions on behalf of the Board on such urgent business matters within the competence of the Board where a regular Board decision cannot reasonably be passed within the required time frame. In such cases the Chair shall promptly inform the other Board members of the decision and such provisional decision shall be submitted to the Board for ratification at the next Board meeting;
- (b) calling for Board meetings and setting the agenda and procedural issues related to these meetings;

- (c) interacting with the CEO, other EC members and senior management on a more frequent basis outside of Board meetings; and
- (d) representing the Board and the Company in the public sphere.

### 3.2 Vice-Chairperson of the Board

In accordance with the Articles, the Board may elect a vice-chairperson (the **Vice-Chair**). If a Vice-Chair is elected, the Vice-Chair's tasks shall include:

- (a) handling the responsibilities of the Chair to the extent the Chair is unable to do so or would have a conflict of interest in doing so;
- (b) acting as counselor/advisor to the Chair as appropriate or as the Chair may request; and
- (c) taking such other actions as may be decided by the Board or as may be requested by the Chair. Without limitation, these may include:
  - i. interacting with the CEO, other EC members and senior management on a more frequent basis outside of Board meetings; and
  - ii. representing the Board and the Company in the public sphere.

### 3.3 Board Membership

In connection with each election of members to the Board, the GNC shall recommend to the Board a list of proposed Board members after considering the appropriate size and composition of the Board. The GNC shall make its recommendation based on the needs of the Company taking into account each proposed director's experience, independence, compatibility with other directors, culture, other commitments, and other factors as the GNC may deem relevant, including:

- Skills
  - The skills of each potential Board member and their relevance to the Company's strategic needs
- Diversity
  - Gender diversity
  - Diversity of nationalities
  - Diversity of ethnicity
  - Diversity of geographic/regional experience
  - Diversity of business experience
- Other mandates
  - The GNC shall consider the number of other mandates that the potential Board member has to ensure that he/she will have sufficient time to dedicate to his/her role as an ABB Board member

The Board has decided that an individual shall not be proposed for election to the Board after the year of such individual's 72<sup>nd</sup> birthday. The GNC may consider exceptions to the age limit and present them to the Board for approval. From among the individuals

recommended by the GNC to become members of the Board, the Board shall determine which individuals to propose to the shareholders for election to the Board.

When a new member joins the Board, the GNC and the EC will work together to provide an appropriate orientation to enable that member to gain a reasonable level of understanding about the Company. The GNC and the EC will work together to provide suitable continuing education to enable the Board members to perform their duties.

### 3.4 Potential Conflicts of Interest

Board members shall avoid entering into any situation in which their personal or financial interest may conflict with the interests of the Company. Where any such potential conflict may arise, the Board member shall declare that interest to the Chair (or in the case of the Chair to the Vice-Chair) and seek that individual's approval as to how to avoid the conflict. Board members shall refrain from voting on any transaction in which they have a personal or financial interest and should consider leaving the meeting while such a matter is being discussed, and any such recusal shall be properly minuted.

If a Board member intends to assume a new board position outside of the Company, the Board member shall inform the Chair. A Board member may become an employee of another company after consultation with the Chair. In each case the Board member must continue to be in a position to devote sufficient time to such member's duties to the Company, and the Board member's mandates outside of the Company must not exceed the limits set forth in the Articles.

In accordance with ABB Ltd's Related Party Transaction Policy that the Board has adopted and is appended to these Rules in Appendix IV, the Board shall decide at least once per annual Board term on each Board member's independence. A majority of the Board members must be independent. All members of the FACC and the GNC must be independent.

A Board member, any proposed Board member, and any person who shall have ceased to be a member of the Board in the preceding two years may not join the Board of, or act in any other capacity for or on behalf of, a third party whose business activities are in competition with any material activities of the Company.

The Board may waive any of the limitations described in this section to the extent such limitations are not required by applicable law or the Articles.

### 3.5 Committees

In accordance with the Articles, the Board shall propose at least three Board members for election by the shareholders to the CC. In addition, the Board shall appoint at least three independent Board members (see Section 3.4 above) to each of the GNC and the FACC. The Board shall appoint each committee's chairperson (the **FACC/GNC/CC Chair**).

The Board has described the objectives and duties of these committees in separate committee governance rules that are appended to these Rules. The committees shall report regularly to the Board.

The Board may appoint additional committees for specific areas on an interim basis.

### 3.6 Compensation

Based on the recommendations of the CC and subject to any limits approved by the shareholders, the Board shall determine the compensation of each of its members at the beginning of each annual Board term. In setting compensation levels, the Board should give appropriate reference to the levels of director compensation at similar companies. To align the interests of Board members with those of the Company's shareholders, at least 50 % of each Board member's annual compensation is to be paid in Company shares. Such shares shall be blocked from sale for three years except if an individual shall cease to be a Board member during that three-year period in which case that individual's shares shall no longer be blocked.

The Company shall provide shareholders with an advisory vote at the annual general meeting with respect to the Company's compensation report discussing Board and EC compensation for the calendar year preceding that meeting.

## 4 Board Procedures

Each Board member shall make all reasonable efforts to attend (in person, by video conference or phone) each meeting of the Board and any committee of which such individual is a member.

The procedures of the Board shall be those set forth in the Swiss Code and the Articles, supplemented by the following:

- (a) In accordance with the Articles, the Chair shall convene Board meetings whenever the need arises or upon written request of any Board member or the CEO. The Board shall meet as frequently as needed but at least four times per annual Board term.
- (b) The notice for each Board meeting shall contain an agenda of matters to be dealt with at that meeting and shall be sent to each Board member, when practicable, at least five days prior to the date of the meeting.
- (c) Urgent items brought up after distribution of the notice for a Board meeting may be discussed at the meeting if the Chair or at least two-thirds of the Board members attending the meeting shall have agreed. Resolutions on such matters, however, can only be taken if at least two-thirds of the Board members attending the meeting shall agree.
- (d) The Board shall hold at least four sessions per annual Board term without the presence of any members of the EC or other employees of the Company (**Executive Sessions**).
- (e) The Chair, or in the Chair's absence the Vice-Chair, or if both are unavailable the chairperson of one of the Board committees, shall preside over the Board meetings and the Executive Sessions. If none of those Board members is available, the most senior Board member shall chair the meeting.

- (f) In accordance with the Articles, the Board shall appoint a secretary (the **Secretary**) who shall keep written minutes of the Board meetings (the **Minutes**). The Chair together with the secretary for each meeting shall sign the Minutes for that meeting. The Secretary shall ensure that the Minutes become part of the books and records of the Company. The Secretary will make available to the Board members and the CEO a copy of the signed Minutes.
- (g) The Board may take decisions in the form of circular resolutions (in writing or electronically) if no Board member requests an oral debate. The Secretary shall ensure that any such resolutions become part of the books and records of the Company.
- (h) The Board shall grant at least two of the Board members joint signature powers to ensure that the Company is properly represented in corporate matters.
- (i) The Board, with the assistance of the GNC, shall evaluate its performance at least once per annual Board term.
- (j) The Board shall have the right to retain outside legal counsel and other advisors at its reasonable discretion and at the Company's expense.

The Board may waive any of the procedures described in this section to the extent such procedures are not required by applicable law or the Articles.

## 5 Board Information

Board members are entitled to information concerning the Company's business and affairs. Information shall be given to them in a timely manner so as to allow them to review it with the required degree of diligence and care.

At each Board meeting, the Board members shall be briefed by the Chair and the appropriate members of the EC on the Company's business performance and on material developments affecting the Company.

The Chair, the Vice-Chair and the FACC/GNC/CC Chair (for matters falling under the responsibility of their respective committee) may request information concerning the Company from members of the EC or senior management at any time. Other Board members shall address such requests for information to the Chair, the Vice-Chair or the FACC/GNC/CC Chair for further handling.

Each Board member shall treat all non-public information relating to the Company's business, technology, intellectual property, financial position, key personnel and other similar matters as confidential and not disclose such information to any third party or to the Company's employees unless the Board shall have decided that such information may be disclosed.

Upon termination of Board membership, Board members shall return to the Secretary or destroy, as appropriate, all confidential documents and records relating to the Company and such members shall continue to be bound by the confidentiality principles set forth in the preceding paragraph.

## **6 CEO and EC**

### **6.1 Function, Duties and Authorities**

Subject to the provisions of Section 2 of these Rules, and further subject to the relevant mandatory provisions of the Swiss Code, the Board delegates the executive management of the Company to the CEO, subject to certain authorization limits requiring Board approval. Accordingly, the CEO shall be responsible for the Company's overall business and affairs and have the final authority in all matters of management that are not within the duties and authorities of the Board or the shareholders' meeting pursuant the provisions of law, the Articles or Section 2 of these Rules.

The CEO shall be responsible for the implementation of all Board resolutions and the supervision of all management levels in the Company. Where the CEO is prevented from taking a decision due to regulatory or other reasons, that decision shall be taken by a majority of the members of the EC who are not prevented from taking that decision due to regulatory or other reasons.

Other members of the EC shall be individually responsible for the business areas/functions assigned to them.

### **6.2 Composition, Duties and Performance**

Taking into consideration the recommendations of the GNC, the Board shall appoint and dismiss (1) the CEO, who shall have overall and sole responsibility for the management of the Company and shall report directly to the Board, and (2) the other members of the EC, who shall have such primary duties as determined by the Board. In making recommendations to the Board concerning members of the EC other than the CEO, the GNC shall take into consideration the recommendations of the CEO.

The Board shall exercise the ultimate control over the CEO and the other members of the EC particularly with regard to their compliance with applicable laws, the Company's Articles and its Organizational Regulations.

The CC reviews and proposes to the Board the compensation and other employment conditions of the CEO, and the CC shall determine such matters for the other members of the EC. Consistent with the compensation policy approved by the Board, the CC reviews and approves the short- and long-term incentive plans for the EC, including determining the performance metrics and target levels of the short- and long-term variable compensation elements, as well as their achievement, and determining grant, vesting, exercise and forfeiture conditions.

In making those determinations, the Board and the CC will take into account, amongst any other factors that they may consider appropriate, the Company's compensation policy, each EC member's position, performance and total annual compensation, and the level of remuneration for comparable positions in similar companies as determined by external benchmarking.

The Board has determined that to further align the interests of the EC with the shareholders, each EC member is required to hold shares in the Company. The CC shall determine the shareholding requirements for each EC member.



Each year the Board shall conduct an evaluation of the CEO's performance during the prior year.

### **6.3 Meetings**

The EC shall meet regularly, as often as business requires, under the leadership of the CEO.

### **6.4 Reporting**

The CEO shall regularly, and whenever extraordinary circumstances so require, report to the Board about the Company's overall business and affairs and of any important extraordinary events that may arise. In particular, this shall cover information on matters falling within the duties and authorities of the Board. The manner of such reporting shall be mutually determined between the Chair and the CEO.

The reporting shall include:

- (a) monthly reports on financial results, profit and loss, balance sheet, cash flows, important operational matters and other pertinent data;
- (b) changes in key members of management and the Company's organization;
- (c) information on issues which may affect the supervisory or monitoring function of the Board, particularly corporate strategy issues and other issues such as compliance and developments outside the ordinary course of the Company's business as well as extraordinary risks, profits and losses;
- (d) regular updates of significant developments in material legal matters as well as an overview of all material legal matters at least on an annual basis; and
- (e) such other information as Board members may request to receive.

### **6.5 Succession Planning**

The GNC and the CEO shall report to the Board at least once per annual Board term on succession planning and management development. The report shall cover the positions of the members of the EC and such other key members of management as the Board or the GNC shall determine. The report shall include proposals for dealing with emergency situations affecting senior management.

## Appendix I

# **Governance Rules of the Finance, Audit and Compliance Committee of the Board of Directors of ABB Ltd**

These rules were adopted by the Board of Directors of ABB Ltd effective March 1, 2024.

# Governance Rules of the Finance, Audit and Compliance Committee of the Board of Directors of ABB Ltd

## 1 Purpose and Definitions

The Finance, Audit and Compliance Committee (the **FACC**) is established by the Board of Directors (the **Board**) of ABB Ltd (the **Company**). Its purpose is to facilitate the Board's ability to discharge its duties to the Company, including the Company's subsidiaries as appropriate. The FACC's responsibilities include assisting the Board in overseeing (1) the integrity of the Company's financial and sustainability-related reporting, (2) the Company's compliance with legal, tax and regulatory requirements, (3) the external auditors' qualifications and independence, (4) the performance and role of the Company's internal audit function and the performance of the external auditors, (5) the Company's capital structure, funding requirements and financial and risk policies, and (6) the Company's implementation and maintenance of an integrity program and internal controls designed to mitigate integrity risks. For purposes of these rules, the term "management" shall include the members of the Executive Committee (the **EC**), the Chief Integrity Officer, the Head of Internal Audit and/or such other key personnel of the Company as the FACC may from time to time determine.

## 2 Authority

The FACC shall have the authority and the resources to take any and all acts that it deems necessary to carry out its purpose and discharge its duties and responsibilities pursuant to these rules.

The FACC is empowered to:

- (a) conduct or authorize investigations into any matters within the scope of its duties and responsibilities pursuant to these rules;
- (b) retain and terminate, under its sole authority, outside counsel, financial or other experts to advise or assist the FACC in the performance of its duties, as well as approve the related advisory fees and other retention terms. The FACC Chair shall notify the Board Chair in a timely manner of each such retention and termination;
- (c) engage and communicate with the external auditors.

With respect to matters of relevance to the FACC, the FACC Chair shall have:

- (a) full access to, and the ability to communicate with, management; and
- (b) full access to any information or document it requires from management as well as the external auditors and advisors of the Company.

Management, through the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), is responsible for providing the FACC in a timely manner with all relevant information and assistance contemplated by these rules, as well as other resources the FACC may request or need to fulfill its responsibilities and duties.

### **3 Composition**

The FACC shall consist of at least three independent, non-executive directors appointed by the Board. One member of the FACC shall be the chairperson, who shall be appointed by the Board.

Unless otherwise determined by the Board, the members of the FACC shall be appointed by the Board for a one-year term, i.e. the period between two ordinary shareholders' meetings. Board members may be re-appointed to the FACC immediately after the lapse of their term.

All members of the FACC shall have a thorough understanding of finance, accounting and auditing, including the ability to read and understand corporate accounts and financial statements. The chairperson of the FACC shall have been determined by the Board to be an audit committee financial expert, in accordance with the rules of the New York Stock Exchange.

### **4 Meetings**

The FACC shall meet at least four times each year or more frequently if deemed necessary or appropriate. The FACC shall meet separately, at least four times each year, with the CFO, the General Counsel, the Chief Integrity Officer, the Head of Internal Audit, as well as with the external auditors, to discuss any matters as deemed necessary or appropriate. The FACC Chair shall also convene an FACC meeting upon the written request of the Board Chair, the CEO, the CFO, the General Counsel or a member of the FACC. In advance of each meeting, the FACC Chair shall approve an agenda, which may consist of one or more separate agendas for the finance part, the audit part and the compliance/integrity part of that meeting and which shall be distributed sufficiently in advance of such meeting.

The FACC shall regularly invite the CEO and may invite other members of the EC, the Chief Integrity Officer, the Head of Internal Audit or other members of the Company's management to its meetings as it may deem desirable or appropriate. The Board Chair shall have the right to attend all or any of the FACC meetings. Any potential conflict of interest must be avoided and confidentiality of the discussions must be maintained.

A majority of the members of the FACC shall constitute a quorum. The FACC shall act only on the affirmative vote of at least two (2) of its members. In the event of a tie vote, the FACC Chair shall have the casting vote.

The FACC shall appoint a secretary, who shall keep written minutes of its meetings. The minutes shall be approved by the FACC, usually at the next FACC meeting. Once approved, the minutes shall be signed by the FACC Chair and the secretary of the relevant meeting. The secretary shall ensure that the minutes become part of the books and records of the Company. Upon request, the secretary of the FACC will provide the Board Chair, the FACC members, the CEO and the CFO with a copy of the signed minutes.

## 5 Duties and Responsibilities

The FACC has the following duties and responsibilities:

### Finance

To review, make recommendations and report to the Board on:

- (a) The Company's financial performance (quarterly and annual);
- (b) Finance policies and related accounting and reporting processes;
- (c) The management of the Company's financial structure, its liquidity and funding strategy, its invested assets and its financial liabilities and obligations, on and off balance-sheet;
- (d) Financial plans including strategy and related targets, forecasts and annual budgets;
- (e) Hedging strategies and related risks;
- (f) Cash and liquidity management processes;
- (g) The process for safeguarding of Company assets;
- (h) Stock exchange listings;
- (i) Bank relations;
- (j) Pension plan financial performance, funding status and any other relevant matter for the overall financial governance of the plan;
- (k) Taxation directives and strategy including significant tax risk reviews;
- (l) Allocation/appropriation of the current annual profit, including shareholder dividend;
- (m) Allocation and appropriation to/from reserves and funds; and
- (n) Changes of share capital (including the Company's contingent capital and its capital band) and share buybacks.

### Financial and Sustainability Reporting

- (a) Oversee the integrity of the Company's financial reporting processes and systems of internal controls, including its internal and external assurance processes regarding finance and accounting, operational, as well as manual and automated data processing.
- (b) As regards sustainability-related reporting required by applicable regulatory agencies, oversee the integrity of the Company's reporting processes and systems of internal controls, including its internal and external assurance processes, as well as manual and automated data processing.
- (c) Review and approve the Company's quarterly financial statements and related press releases. Review and propose to the Board for approval the Company's consolidated and stand-alone annual financial statements.

- (d) Review and propose to the Board for approval the Company's annual reporting suite. The review shall include discussions with management represented by the CFO (and, if appropriate, other staff) and the external auditors of any significant issues regarding the Company's financial and sustainability-related affairs including its accounting and reporting principles, practices and judgments.
- (e) In consultation with management, the external auditors and the internal auditors, discuss the integrity of the Company's financial and sustainability-related reporting processes and internal controls. Review significant risk exposures and the steps management has taken to monitor, control and report such exposures.
- (f) Review significant issues including audit problems or difficulties identified by the external auditors and the internal audit organization together with management's responses.
- (g) Resolve any disagreement between management and the external auditors regarding the financial and sustainability-related reporting that might arise in the context of issuing an audit report or related work.
- (h) Discuss any significant changes in the Company's accounting and reporting principles and any items that are required to be communicated by the external auditors.
- (i) Discuss the Company's earnings press releases as well as material financial information and earnings guidance provided to analysts or rating agencies.
- (j) On at least an annual basis, review with the General Counsel any legal matters that could have a significant impact on the Company's financial and sustainability-related reporting.

### **Risk Management**

- (a) Review the processes and procedures for management's oversight of any significant risks. To this end, at least once per year, the FACC will review reports submitted by management on how risk assessment and risk management is to be conducted.
- (b) Review the processes and procedures for management's oversight of information and cyber security risks. To this end, at least once per year the FACC will review reports submitted by management on technical and organizational security measures and how the Company would respond to an incident, including applicable notification obligations and ad hoc reporting requirements.
- (c) Review with management, internal auditors and external auditors any significant risks or exposures the Company may face and assess the steps management has taken to minimize such risks including any related insurance.
- (d) Review the risk review process relating to financial aspects including commitments and inform the Board if at any time the total liabilities of the Company exceed the total assets of the Company under Swiss law.

**External Auditors**

- (a) Taking into account the opinions of management, evaluate the qualifications, independence and performance of the external auditors and, on an annual basis, recommend to the Board the external auditors to be proposed to the shareholders for election or re-election.
- (b) On at least an annual basis, review and discuss with the external auditors all significant relationships the external auditors have with the Company that could impair the external auditors' independence.
- (c) Review the external auditors' engagement letter and audit plan, including discussion on scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- (d) Approve in advance any permitted non-audit services, as well as audit services falling outside the scope for which the external auditors were appointed by the shareholders, to be performed by the external auditors and, where deemed appropriate, delegate such pre-approval authority to a member of the FACC. The FACC shall not approve the retention of the external auditors for prohibited non-audit services as described in applicable laws, regulations and listing requirements.
- (e) Approve the compensation payable to the external auditors, which shall not be in the form of a contingency fee.
- (f) Evaluate the external auditors' judgments on the quality and appropriateness of the Company's accounting principles as applied in the financial reporting.
- (g) Set clear policies for the hiring of employees and former employees (less than 12 months) of the external auditors.
- (h) At least annually, obtain and review a report by the external auditors on
  - the external auditors' internal quality control procedures
  - any material issues raised by the most recent external quality control review or peer review of the external auditors
  - any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more audits carried out by the external auditors and the steps taken to deal with such issues
  - all critical accounting policies and practices of the Company
  - all alternative accounting treatments of financial information that have been discussed by the external auditors with management including the ramifications
  - any material communications between management and the external auditors such as any management letter or schedule of unadjusted differences

**Internal Audit**

- (a) Approve the purpose, authority and responsibility of the internal audit function.
- (b) Review and approve the internal audit plan, changes in the plan, activities, budget, organizational structure, and the qualifications of the internal audit organization as deemed necessary or appropriate.
- (c) On at least an annual basis, review the internal audit risk-assessment process, including any identified key risk-evaluation criteria and issues.
- (d) Taking into consideration the recommendation of the CEO and the CFO, review and approve the appointment, termination and replacement of the Head of Internal Audit as well as the performance of that officer.
- (e) Review the results of any external assessments of the internal audit function. Such assessments should be made at least once every fifth year.

**Integrity**

- (a) Provide oversight of the integrity program and obtain regular and timely updates from management, the General Counsel and the Chief Integrity Officer regarding the implementation and effectiveness of the program so as to allow the FACC to be adequately informed.
- (b) Review the programs and annual plan of the Company designed to ensure compliance with applicable laws and regulations and the Company's Code of Conduct and monitor the results of the compliance efforts, including implementation and effectiveness of the integrity program.
- (c) Taking into consideration the recommendation of the General Counsel, review and approve the appointment, termination, and replacement of the Chief Integrity Officer as well as the performance of that officer.
- (d) Oversee the establishment of procedures for the receipt, retention and treatment of complaints received by the Company regarding integrity, accounting, internal accounting controls or auditing matters.
- (e) Oversee the establishment of procedures for the confidential and anonymous submission by employees of the Company of concerns regarding questionable integrity, accounting or auditing matters.
- (f) Review major issues regarding the status of the Company's compliance with applicable laws and regulations, as well as major legislative and regulatory developments that may have a significant impact on the Company.
- (g) Review compliance by management and other employees with the Company's Code of Conduct and the Company's integrity program and annual plan.
- (h) Review the processes and procedures for management's monitoring of compliance with applicable laws and regulations and the Company's integrity program and annual plan.
- (i) Review any reported violations of applicable laws and regulations and the Company's integrity program as well as inquiries received from regulators or governmental agencies.
- (j) Assess changes in the regulatory environment which may affect the Company's processes taking into consideration the recommendation of the General Counsel.



**Other Responsibilities**

- (a) Perform any other activities consistent with these rules as the FACC deems necessary or appropriate.
- (b) Review any reports the Company issues that relate to responsibilities of the FACC.
- (c) Discharge such other duties and responsibilities as the Board may from time to time expressly delegate to the FACC relating to finance, audit and/or compliance matters.

**6 Reporting and Evaluation****Reporting to the Board**

The FACC shall report to the Board at each Board meeting on its activities and on matters that are within its responsibilities. The report shall include recommendations to the Board concerning such activities and matters as the FACC may deem appropriate. The report to the Board may take the form of an oral report by the FACC Chair or by any other member designated by the FACC to make such report. The FACC shall review with the Board any material issues with respect to the quality or integrity of the Company's financial and sustainability-related reporting, the Company's compliance with legal or regulatory requirements, the performance or independence of the Company's external auditors or the performance of the Company's internal audit function, and the Company's capital structure, funding requirements and risk policies.

**Annual Evaluation**

The FACC, with the assistance of the GNC, shall perform an annual review and self-evaluation of its performance, including a review of its compliance with these rules. The FACC shall conduct such evaluation and review in such manner as it deems appropriate and report the results to the Board.

**Review of these Rules**

The FACC shall review these rules on a regular basis to re-assess their adequacy and, if appropriate, recommend changes to the Board for approval.

## Appendix II

# **Governance Rules of the Governance and Nomination Committee of the Board of Directors of ABB Ltd**

These rules were adopted by the Board of Directors of ABB Ltd effective March 1, 2024.

# Governance Rules of the Governance and Nomination Committee of the Board of Directors of ABB Ltd

## 1 Purpose

The Governance and Nomination Committee (the **GNC**) is established by the Board of Directors (the **Board**) of ABB Ltd (the **Company**). It is responsible for (1) overseeing corporate governance practices within the Company, (2) overseeing the Company's sustainability agenda (including corporate social responsibility, health, safety and environment), (3) nominating candidates for the Board, the role of the Chief Executive Officer (**CEO**) and other positions on the Executive Committee (collectively with the CEO, the **EC**) of the Company, and (4) succession planning and employment matters relating to the Board and the EC. For purposes of these rules, the term "management" shall include the members of the EC and/or such other key personnel of the Company as the GNC may from time to time determine.

## 2 Authority

The GNC shall have the authority and resources to take any and all acts that it deems necessary to carry out its purpose and to discharge its duties and responsibilities pursuant to these rules.

The GNC is empowered to retain and terminate, under its sole authority, outside counsel, search firms, governance or other experts to advise or assist the GNC in the performance of its duties, as well as to approve the related advisory fees and other retention terms. The GNC Chair shall notify the Board Chair in a timely manner of each such retention and termination.

With respect to matters of relevance to the GNC, the GNC Chair shall have:

- (a) full access to, and the ability to communicate with management; and
- (b) full access to any information or document it requires from management as well as the external advisors of the Company.

Management, through the CEO, the Chief Human Resources Officer and the General Counsel, is responsible for providing the GNC in a timely manner with all accurate and relevant information and assistance contemplated by these rules, as well as other resources the GNC may request or need to fulfill its responsibilities and duties.

## 3 Composition

The GNC shall consist of at least three independent, non-executive directors appointed by the Board. One member of the GNC shall be the chairperson, who shall be appointed by the Board.

Unless otherwise determined by the Board, the members of the GNC shall be appointed by the Board for a one-year term, i.e., the period between two ordinary shareholders' meetings. Members of the GNC may be re-appointed immediately after the lapse of their term.

## 4 Meetings

The GNC shall meet at least four times each year, or more frequently if deemed necessary or appropriate. The GNC Chair shall also convene a GNC meeting upon the written request of the Board Chair, a member of the GNC, the CEO, the Chief Human Resources Officer or the General Counsel. The GNC Chair shall approve an agenda for each meeting, which shall be distributed sufficiently in advance of such meeting.

The GNC shall regularly invite the CEO and may invite other members of the EC or members of the Company's management to its meetings as it may deem desirable or appropriate. The Board Chair has the right to attend all or any of the GNC meetings. Any potential conflict of interest must be avoided and confidentiality of the discussions must be maintained.

A majority of the members of the GNC shall constitute a quorum. The GNC shall act only on the affirmative vote of at least two (2) of its members. In the event of a tie vote, the GNC Chair shall have the casting vote.

The GNC shall appoint a secretary, who shall keep written minutes of its meetings. The minutes shall be approved by the GNC, usually at the next GNC meeting. Once approved, the minutes shall be signed by the GNC Chair and the secretary of the relevant meeting. The secretary shall ensure that the minutes become part of the books and records of the Company. Upon request, the secretary of the GNC will provide the Board Chair, the GNC members and the General Counsel with a copy of the signed minutes.

## 5 Duties and Responsibilities

The GNC has the following duties and responsibilities:

### Corporate Governance

- (a) To review on a regular basis the Company's corporate governance principles and its corporate governance documents including the Articles of Incorporation and the ABB Ltd Board Governance Rules and to recommend changes to such principles or documents to the Board for its approval.
- (b) To review and propose to the Board the Company's sustainability agenda and its targets, to monitor target progress and achievements, and to report to the Board at least once per year.
- (c) To submit annually to the Board a proposal concerning the determination of the Board members' independence status in accordance with ABB Ltd's Related Party Transaction Policy, taking into account each Board member's responses to the Company's Board member questionnaire, and to review the corresponding public disclosure.
- (d) To maintain an orientation program for new Board members and an ongoing education program for existing Board members.
- (e) To facilitate annual performance reviews of the Board and its committees.

## Nomination

- (a) To make recommendations to the Board as to changes to the size of the Board that the GNC believes to be desirable.
- (b) To identify individuals believed to be qualified to become directors and to recommend candidates that the Board can propose to shareholders for election or re-election to the Board. The GNC shall make its recommendation based on the needs of the Company taking into account each proposed director's experience, independence, compatibility with other directors, culture, other commitments, and other factors as the GNC may deem relevant, including:
  - Skills
    - The skills of each potential Board member and their relevance to the Company's strategic needs
  - Diversity
    - Gender diversity
    - Diversity of nationalities
    - Diversity of ethnicity
    - Diversity of geographic/regional experience
    - Diversity of business experience
  - Other mandates
    - The GNC shall consider the number of other mandates that the potential Board member has to ensure that he/she will have sufficient time to dedicate to his/her role as an ABB Board member
- (c) To identify and recommend to the Board individuals to be members of each of the Board committees.
- (d) To identify and recommend to the Board the appointment of individuals believed to be qualified to become CEO and, taking into account the recommendation of the CEO, other members of the EC.
- (e) To report to the Board at least once per annual Board term on succession planning, including for emergency situations, and management development for members of the EC and such other key members of management as the GNC shall determine.

## Other Responsibilities

- (a) Perform any other activities consistent with these rules as the GNC deems necessary or appropriate.
- (b) Review any reports the Company issues that relate to responsibilities of the GNC.
- (c) Discharge such other duties and responsibilities as the Board may from time to time expressly delegate to the GNC relating to the Company's corporate governance and nomination program.

## **6 Reporting and Evaluation**

### **Reporting to the Board**

The GNC shall report to the Board at each Board meeting on its activities and on matters that are within its responsibilities. The report shall include recommendations to the Board concerning such activities and matters as the GNC may deem appropriate. The report to the Board may take the form of an oral report by the GNC Chair or by any other member designated by the GNC to make such report. The GNC shall review with the Board any material issues with respect to (1) corporate governance and the report on corporate governance included in the annual report and (2) nomination of members to the Board, the Board committees and the EC as well as succession planning for such members.

### **Annual Evaluation**

The GNC shall perform an annual review and self-evaluation of its performance, including a review of its compliance with these rules. The GNC shall conduct such evaluation and review in such manner as it deems appropriate and report the results to the Board.

### **Review of these Rules**

The GNC shall review these rules on a regular basis to re-assess their adequacy and, if appropriate, recommend changes to the Board for approval.

**Appendix III**

**Governance Rules of the Compensation Committee of  
the Board of Directors of ABB Ltd**

These rules were adopted by the Board of Directors of ABB Ltd effective March 1, 2024.

# Governance Rules of the Compensation Committee of the Board of Directors of ABB Ltd

## 1 Purpose

The Compensation Committee (the **CC**) is established by the Board of Directors (the **Board**) of ABB Ltd (the **Company**). It is responsible for assisting the Board in overseeing compensation matters relating to the Board and the EC. For purposes of these rules, the term “management” shall include the members of the EC and/or such other key personnel of the Company as the CC may from time to time determine.

## 2 Authority

The CC shall have the authority and resources to take any and all acts that it deems necessary to carry out its purpose and to discharge its duties and responsibilities pursuant to these rules.

The CC is empowered to appoint, retain and terminate, under its sole authority, outside counsel, compensation or other advisors to advise or assist the CC in the performance of its duties, as well as to approve the related fees and other terms. The CC Chair shall notify the Board Chair in a timely manner of each such appointment and termination.

With respect to matters of relevance to the CC, the CC Chair shall have:

- (a) full access to, and the ability to communicate with management; and
- (b) full access to any information or document it requires from management as well as the external advisors of the Company.

Management, through the CEO, the General Counsel, the Chief Human Resources Officer (CHRO) and the Head of Performance and Reward (HPR), are responsible for providing the CC in a timely manner with all accurate and relevant information and assistance contemplated by these rules, as well as other resources the CC may request or need to fulfill its responsibilities and duties.

## 3 Composition

The CC shall consist of at least three non-executive directors elected by the shareholders. One member of the CC shall be the chairperson, who shall be appointed by the Board.

## 4 Meetings

The CC shall meet at least four times each year, or more frequently if deemed necessary or appropriate. The CC Chair shall also convene a CC meeting upon the written request of the Board Chair, a member of the CC, the CEO, the CHRO or the General Counsel. The CC Chair shall approve an agenda for each meeting, which shall be distributed sufficiently in advance of such meeting.



The CC shall regularly invite the CEO and may invite other members of the EC or members of the Company's management to its meetings as it may deem desirable or appropriate. The Board Chair has the right to attend all or any of the CC meetings. Any potential conflict of interest must be avoided, and confidentiality of the discussions must be maintained.

A majority of the members of the CC shall constitute a quorum. The CC shall act only on the affirmative vote of at least two (2) of its members. In the event of a tie vote, the CC Chair shall have the casting vote.

The CC shall appoint a secretary who shall keep written minutes of its meetings. The minutes shall be approved by the CC, usually at the next CC meeting. Once approved, the minutes shall be signed by the CC Chair and the secretary of the relevant meeting. The secretary shall ensure that the minutes become part of the books and records of the Company. Upon request, the secretary of the CC will provide the Board Chair, the CC members, the CEO, the General Counsel, the CHRO and the HPR with a copy of the signed minutes.

## **5 Duties and Responsibilities**

The CC has the following duties and responsibilities:

### **Board and EC Compensation**

- (a) In consultation with the CEO, CHRO and HPR, to review and propose to the Board the Company's compensation policy for the Board and EC members and monitor the implementation of the policy. To set out the policy and its implementation in the compensation report, for approval by shareholders.
- (b) To review and propose to the Board the compensation of Board members based on their responsibilities. In proposing such compensation, the CC shall give appropriate consideration to the levels of compensation at similar companies.
- (c) To review and propose to the Board the compensation and other employment conditions of the CEO. In proposing the remuneration package of the CEO, the CC shall take into account the CEO's performance; the CEO's total annual compensation including salary, short- and long-term incentives; pension contributions; other benefits, external benchmarking and any other factors that it may consider appropriate.
- (d) To review and approve proposals from the CEO regarding the compensation and other employment conditions for the other EC members, taking into account the factors referenced in (c) above.
- (e) Consistent with the compensation policy approved by the Board, to review and approve the short- and long-term incentive plans for the EC, including determining the performance metrics and target levels of the short- and long-term variable compensation elements, as well as their achievement, and determining grant, vesting, exercise and forfeiture conditions, taking into account any dilution effects caused to the shareholders, and monitor compliance therewith, and approve the outcomes of such schemes. Performance metrics will take due regard to supporting the Company's sustainability agenda and its link to compensation.
- (f) To review and propose to the Board any severance or termination conditions, including payments, proposed to be made to any current member of the Board.

- (g) To review and approve, or in the case of the CEO, to review and propose to the Board, any severance or termination conditions, including payments, proposed to be made to any current member of the EC.
- (h) To review and approve the shareholding policy for members of the EC and to determine the shareholding requirements for each member of the EC.
- (i) To review and approve the pension plan strategy for members of the EC.

#### **Other Responsibilities**

- (a) Perform any other activities consistent with these rules as the CC deems necessary or appropriate.
- (b) Review any reports the Company issues that relate to responsibilities of the CC.
- (c) Monitor use of shares and related costs in share-based long-term incentive plans outside the EC.
- (d) Discharge such other duties and responsibilities as the Board may from time to time expressly delegate to the CC relating to the Company's compensation programs.

## **6 Reporting and Evaluation**

### **Reporting to the Board**

The CC shall report to the Board at each Board meeting on its activities and on matters that are within its responsibilities. The report shall include recommendations to the Board concerning such activities and matters as the CC may deem appropriate. The report to the Board may take the form of an oral report by the CC Chair or by any other member designated by the CC to make such report. The CC shall review with the Board any material issues with respect to compensation for members of the Board and EC and the report on Board and EC compensation included in the annual report.

### **Annual Evaluation**

The CC shall perform an annual review and self-evaluation of its performance, including a review of its compliance with these rules. The CC shall conduct such evaluation and review in such manner as it deems appropriate and report the results to the Board.

### **Review of these Rules**

The CC shall review these rules on a regular basis to re-assess their adequacy and, if appropriate, recommend changes to the Board for approval.

**Appendix IV**

**ABB Ltd's Related Party Transaction Policy**

This policy was adopted by the Board of Directors of ABB Ltd effective March 1, 2024.

## ABB Ltd's Related Party Transaction Policy

### 1 Important Business Relationships

At least once per year, the Board of Directors (the **Board**) shall determine Important Business Relationships between members of the Board and ABB Ltd (together with its subsidiaries, as appropriate, the **Company**), in accordance with the SIX Swiss Exchange's Directive on Information Relating to Corporate Governance. "Important Business Relationships" are any business relationships that exist between ABB and a director on a personal level, and any business relationships ABB has with any company or organization that is represented by a director, provided, however, that the connection between the director and such a company or organization is sufficiently close, so that the latter can directly influence such director. In particular, any Material Relationship as described below shall be an Important Business Relationship. With respect to any business relationship with an ABB customer, such relationship is not an Important Business Relationship per se if it does not result in annual revenues for ABB in excess of USD 50 million.

### 2 Director Independence

At least once per year, the Board must determine the independence of each director taking into account each Important Business Relationship of that director. The Board shall determine that a director is not independent if it concludes that such director has one or more Material Relationships with ABB.

A "Material Relationship" shall mean:

- (i) The director is, or has been within the last three years, an employee of ABB, or an immediate family member is, or has been within the last three years, an executive officer of ABB;
- (ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than USD 120,000 in direct compensation from ABB, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided that such compensation is not contingent in any way on continued service);
- (iii) (A) The director is a current partner or employee of a firm that is ABB's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on ABB's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on ABB's audit within that time;
- (iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of ABB's present executive officers at the same time serves or served on that company's compensation committee; and

- (v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, ABB for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of USD 1 million, or 2% of such other company's consolidated gross revenues.

In addition, each member of the Finance, Audit and Compliance Committee (FACC) must satisfy the following additional independence criteria:

- (i) such member is not the beneficial owner, directly or indirectly, of more than 10% of the shares of ABB; and
- (ii) such member, other than in his/her capacity as a member of the Board or any Board committee of ABB, does not accept directly or indirectly any consulting, advisory, or other compensatory fee from ABB, provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with ABB (provided that such compensation is not contingent in any way on any continued service).