

# INTEGRATED REPORT 2025



ENGINEERED  
TO OUTFIT



# INTEGRATED REPORT 2025

ABB is a global technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. By connecting its engineering and digitalization expertise, ABB helps industries run at high performance, while becoming more efficient, productive and sustainable so they outperform. At ABB, we call this “Engineered to Outrun”.

# ABOUT THIS REPORT



Our entire Annual Reporting Suite 2025, including our Financial Report, Sustainability Statement, Corporate Governance Report and Compensation Report are available on our [online reporting hub](#).

The **ABB Integrated Report 2025** provides the most important information about the company's strategy, performance, governance, and value creation of ABB's worldwide operations for the financial year ended December 31, 2025.

This report aims to go beyond traditional reporting to convey who ABB is, what we stand for and where we are going. In this report, we show how ABB creates long-term value through our people, technology and strategy, as well as our robust governance. In addition, the report shows how we drive growth and provide superior value, helping industries become leaner and cleaner for a more sustainable and resource-efficient future.

By focusing on material issues and integrating financial and sustainability data, this report provides a holistic view of how ABB delivers value not just for our business and shareholders, but also for our customers, employees, partners, communities, and planet.

The ABB Way, our decentralized operating model, underpins this approach, enabling us to grow our business and strengthen our resilience while generating positive social, environmental, and economic impact.

This Integrated Report is part of ABB's Annual Reporting Suite, which consists of our Financial Report, Sustainability Statement, Corporate Governance Report, as well as our Compensation Report. This Integrated Report is prepared using the International Integrated Reporting Framework, which is now overseen by the International Financial Reporting Standards (IFRS) Foundation.

ABB's senior management and Board of Directors take responsibility for the accuracy and integrity of information in this report. Data is drawn both from our Financial Report and our Sustainability Statement. Our consolidated financial statements, presented within our Financial Report, are prepared in

accordance with U.S. GAAP and subject to external audit requirements. Our sustainability reporting follows the European Sustainability Reporting Standards (ESRS) and our Sustainability Statement is subject to limited assurance requirements.

Since ABB Ltd is listed on stock exchanges in both Switzerland and Sweden, our Annual Reporting Suite is filed with the SIX Swiss Exchange in Zurich, Switzerland, and NASDAQ OMX Stockholm Exchange, Sweden.

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**TAKE THE SURVEY**

We at ABB would appreciate your feedback on this Integrated Report. This survey takes less than two minutes to complete. Your input helps us continuously improve our reporting.

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# 01

## INTRODUCTION

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# ABB IN 2025

ORDERS in mn	Comparable <sup>1</sup> growth vs. 2024	REVENUES in mn	Comparable <sup>1</sup> growth vs. 2024	Order backlog (end December \$mn)	<b>25,282</b> +27%
<b>\$36,765</b>	<b>+15%</b>	<b>\$33,220</b>	<b>+7%</b>	Income from operations (\$mn)	<b>6,047</b> +28%
OPERATIONAL EBITA <sup>1</sup> in mn	Change vs. 2024	OPERATIONAL EBITA MARGIN <sup>1</sup>	Change vs. 2024	Net Income Attributable to ABB (\$mn)	<b>4,734</b> +20%
<b>\$6,314</b>	<b>+13%</b>	<b>19.0%</b>	<b>+80 bps</b>	Basic Earnings Per Share (\$)	<b>2.59</b>
FREE CASHFLOW <sup>1</sup> in mn	Change vs. 2024	ROCE <sup>1</sup>	Change vs. 2024	Dividend Per Share (in CHF)	<b>0.94<sup>4</sup></b>
<b>\$4,566</b>	<b>+16%</b>	<b>25.3%</b>	<b>+150 bps</b>	Acquisitions completed	<b>6</b>
GHG EMISSIONS (SCOPE 1 AND 2) <sup>3</sup> in ktCO <sub>2e</sub>	Change vs. 2024	WOMEN IN SENIOR MANAGEMENT <sup>2</sup>	Change vs. 2024	Venture Capital investments (\$mn)	<b>28</b>
<b>134</b>	<b>-2.6%</b>	<b>22.6%</b>	<b>+130 bps</b>	Manufacturing sites	<b>&gt;160</b>
				Capital Expenditures (\$mn)	<b>1,001</b>
				R&D investment (\$mn)	<b>1,318</b>
				Employees in R&D	<b>7,800<sup>5</sup></b>
				Employees	<b>111,900</b>
				Women in workforce (%)	<b>27.8</b>
				Energy consumption (GWh)	<b>1,473</b> (-3.7%)
				Renewable electricity (%)	<b>98</b>

1. For reconciliation of alternative performance measures, see "supplemental reconciliations and definitions" in the [Q4 2025 Financial Information](#) booklet available on the Investor Relations website.

2. Percentages calculated using headcount data. The above disclosure relates to countries where policies legally permit and to the extent that it does not conflict with any applicable local laws, where ABB operates, and therefore 13 percent of total senior management is not included in the disclosure.

3. Scope 2 refers to market-based values.

4. Proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting on March 19, 2026, in Zurich, Switzerland.

5. Excludes R&D employees pertaining to the Robotics business.

# CHAIRMAN'S LETTER

In 2025, ABB was able to deliver record results thanks to strong customer demand for our solutions, but also due to our ABB Way operating model, which has made our company more agile and efficient. We remain committed to creating value for all stakeholders by helping our customers improve their performance and become more productive, efficient, and sustainable.

Dear shareholders,

The year 2025 was characterized by heightened geopolitical tensions, increased economic uncertainty, and the rapid advance of disruptive technologies, particularly artificial intelligence (AI). In such a dynamic environment, it was more important than ever for companies to remain true to their purpose and values. At ABB, we have done just that by making the necessary tactical adjustments, while remaining firmly committed to our strategic course to create value for our stakeholders.

Throughout the year, the trading environment proved robust. We saw strong demand for our solutions, especially in sectors such as data centers, marine, ports, utilities and infrastructure such as tunnels and airports. This shows that

we are well-positioned at the center of key megatrends, such as the expansion of the energy system due to the growing demand for electricity as well as energy security and the energy transition.

## **Record year for orders and profits**

Strong market demand for our solutions helped us achieve a record year for orders and revenues. We also increased profits despite challenges like tariffs and higher materials prices. This shows we are continuing to improve efficiency under our decentralized ABB Way operating model with its focus on accountability, transparency, and speed. In recognition of this excellent performance, and in line with our policy of delivering a rising and sustainable dividend over time, the Board of Directors will propose a dividend of CHF 0.94 per share at the upcoming Annual General Meeting.



We continued to make strong progress towards our sustainability targets, and have already almost reached our 2030 target of an 80 percent reduction in our scope 1 and 2 emissions. I want to stress that ABB remains fully committed to our Sustainability Agenda. We will continue to support our customers in improving their performance while making their operations more productive, efficient, and sustainable. We will also fulfill our own sustainability targets and strategy in line with our purpose of enabling a more sustainable and resource-efficient future.

## **A broad-based Board of Directors**

In 2025, our Board of Directors continued to evolve. We have a wide diversity of industry knowledge, skills and experience as well as a more equal gender balance on the Board. 40 percent of our Board members are women – above the 30 percent stipulated by the Swiss Code of Obligations. Our Board has a very good mix of broad general experience as well as in-depth expertise. Certain members serve in executive positions outside of ABB while others sit on further boards of directors, all contributing diverse perspectives and valuable experience.

# “We are well-positioned at the center of key megatrends... Our ‘local-for-local’ strategy of producing close to our customers makes us resilient and self-sufficient in our main markets.”

This diversity of perspectives is important because the Board not only supervises the company, but is also responsible for ensuring that ABB is strategically positioned to achieve our long-term targets. This requires greater consideration of geopolitical aspects and overall risk management than ever given the fast-changing and uncertain environment in which we are operating. We cannot and should not manage ABB in terms of “legislative periods” or “election cycles,” but must be oriented toward the long term.

In 2025, we welcomed Claudia Nemat to our Board of Directors. As a former member of the management board of Deutsche Telekom, responsible for technology and innovation, and with previous board experience at Lanxess and Airbus, Claudia perfectly complements the competencies of our Board.

### **Confidence in ABB’s prospects**

Our confidence in ABB’s prospects is reflected in the updated margin and return ambitions announced at our Capital Markets Day in November 2025. Our “local-for-local” strategy of

designing and producing close to our customers makes us resilient and self-sufficient in our main markets.

We continue to actively manage our portfolio to ensure that our divisions are aligned with our purpose, that they serve markets which are growing and profitable, and that they create more value by being part of ABB than they would under different ownership.

In 2025, we decided to accept an offer from SoftBank Group to acquire our Robotics division rather than pursuing our original intention to spin off the division. Our decision took into account the long-term strengths of the division, the advantages of Robotics being part of a leading AI and software company, and the fact that the divestment will create immediate value for ABB shareholders. We will use the proceeds from the transaction in line with ABB’s established capital allocation principles.

With the planned divestment of Robotics, we now have three business areas – Electrification, Motion and Automation (formerly

Process Automation) – with strong shared sales and technology synergies that position ABB for higher growth and stronger earnings.

On behalf of the Board of Directors, I would like to thank our employees for delivering such an excellent performance in 2025. I would also like to express gratitude to our customers, partners, and our valued shareholders for your continued trust and support. We are excited about the future and look forward to continuing this journey together with you.

Best regards,



**PETER VOSER**  
Chairman of the Board of Directors

# TARGETS & AMBITIONS

1. EPS growth rates are computed using unrounded amounts.
2. Avoided emissions status is cumulative for 2022–2025.
3. Waste from demolition and construction are excluded from the target; waste sent to incineration without energy recovery is included. In 2025, the calculation of the KPI was refined to include hazardous waste sent to landfill or incineration, which was previously excluded.
4. Product-based revenues are, by default, non-service-related third-party revenues from ABB-owned products, excluding systems, internal sales, and non-promoted brands. Exclusions follow documented company guidelines.
5. At ABB, senior managers are defined as employees in Hay grade 1–7, including Division Presidents.
6. This target relates to countries where policies legally permit and to the extent that it does not conflict with any applicable laws, where ABB operates, therefore 13 percent of total senior management is not included in the disclosure.
7. We define “top-tier” as performance within the Viva Glint Global top 25 percent benchmark and assume consistent participation across business areas, regions, and roles.
8. Current focus countries are Brazil, Bulgaria, China, Egypt, India, Malaysia, Mexico, Peru, Saudi Arabia, South Africa, Thailand, Tunisia, and Türkiye.
9. High-risk suppliers are suppliers who supply ABB with goods or services for which there is a high occupational health and safety, environmental, or social risk.

TARGETS AND AMBITIONS	2025 PERFORMANCE	OUTLOOK
<b>We deliver leading financial performance</b>		
Comparable revenue growth: 5–7%	7% comparable revenue growth	2026 comparable revenue growth in the range of 6–9%.
Operational EBITA margin: Prior target: 16–19% Updated target: 18–22%	19.0% Operational EBITA margin	2026 Operational EBITA margin should slightly improve year-on-year, even when excluding the announced real estate gain in the first quarter of 2026.
Return on capital employed (ROCE): Prior target: >18% Updated target: >20%	25.3% ROCE	
FCF conversion to net income: Prior target: ~100% Updated target: >95%	96% FCF conversion to net income	
EPS: At least high single-digit growth	+21% <sup>1</sup> year-on-year	
<b>We enable a low-carbon society</b>		
Reduce own scope 1 and 2 CO <sub>2</sub> e emissions by at least 80% by 2030 vs 2019	79% reduction of scope 1+2 CO <sub>2</sub> e emissions since 2019	
Reduce scope 3 CO <sub>2</sub> e emissions by 25% by 2030 vs 2022	1.1% reduction of scope 3 CO <sub>2</sub> e emissions since 2022	To meet our near- and long-term Science Based Targets, ABB will: <ul style="list-style-type: none"> <li>• Expand supplier engagement beyond Tier 1 to achieve deeper value chain emissions reductions;</li> <li>• Increase sourcing of low-carbon materials and product circularity;</li> <li>• Accelerate grid decarbonization using ABB technologies.</li> </ul>
Ambition to avoid 600 megatons CO <sub>2</sub> e emissions throughout lifetime of products sold from 2022 to 2030 <sup>2</sup>	285 mt total avoided CO <sub>2</sub> e emissions since 2022	
<b>We preserve resources</b>		
Send zero waste to landfill while reducing waste generation by 2030 <sup>3</sup>	5.3% of total waste sent to landfill	Further reduce our total waste sent to landfill.
Achieve 80% alignment score for product-based revenues with the ABB Circularity Framework by 2030 <sup>4</sup>	27% alignment score for product-based revenues	Continue to align our product portfolio to ABB's Circularity Framework.
<b>We promote social progress</b>		
Zero life-changing events for our employees and contractors, measured in absolute number of serious incidents and fatalities	0 fatalities and 5 serious incidents	Continue to strengthen our health and safety performance, reducing events with potential for serious harm to employees and contractors.
Increase proportion of women in senior management <sup>5</sup> roles to 25% by 2030 <sup>6</sup>	22.6% women in senior management roles	Continue to increase the proportion of women in ABB's senior management.
Achieve a top-tier <sup>7</sup> employee engagement score	80/100 employee engagement score	Maintain and improve our top-tier engagement score.
At least 80% of supply spending in focus countries <sup>8</sup> covered by Sustainable Supply Base Management (SSBM) by 2030		Continue enhancing human rights due diligence across our value chain.
At least 80% of spending on high-risk suppliers <sup>9</sup> in focus countries covered by SSBM by 2025	80%	Continue enhancing human rights due diligence across our value chain.
Ambition to expand programs for community engagement	\$9.4 mn donated and 6,000 person-days volunteered	Continue strengthening governance around the community engagement program and expand its impact.

1. The 2025 Supplier Engagement score will be available in March 2026.
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Find out more about our sustainability ratings on our website [ABB ESG ratings](#).

## ABB sustainability ratings 2025

CDP CLIMATE	<b>A</b>
CDP WATER	<b>A</b>
CDP SUPPLIER ENGAGEMENT <sup>1</sup>	<b>A</b>
ECOVADIS	<b>Platinum 84/100</b>
ISS ESG CORPORATE	<b>Prime status B</b>
MSCI ESG <sup>2</sup>	<b>AAA</b>
S&P GLOBAL CSA SCORE	<b>58/100</b>
SUSTAINALYTICS ESG RISK <sup>3</sup>	<b>17.4</b>



# IMPORTANT MILESTONES IN 2025

## From four to three business areas

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With the announced sale of our Robotics division, ABB now operates with three business areas: Electrification, Motion, and Automation (formerly Process Automation). The business areas benefit from shared sales and technology opportunities. The Machine Automation division, previously a part of the former Robotics & Discrete Automation business area has been integrated into the Automation business area.

## Planned divestment of ABB's Robotics division

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ABB has signed an agreement to divest its Robotics division to SoftBank Group Corp. for an enterprise value of \$5.375 billion. The transaction is subject to regulatory approvals and further customary closing conditions and is expected to close in mid-to-late 2026.

## 79% reduction in emissions

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ABB is well on track to reach the mid-term target of 80% reduction in own scope 1+2 GHG emissions by 2030, so that we are now forecasting a reduction of 86 percent for 2030 versus a 2019 baseline.

## Share buybacks

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ABB launched a new share buyback program of up to \$1.5 billion for capital reduction purposes. It was run from February 10, 2025 until January 28, 2026, with a total of 20,744,831 shares repurchased for a total value of approximately \$1.3 billion.

## New Board Director

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At the Annual General Meeting in Zurich, Switzerland, shareholders approved the election of Claudia Nemat as a new Board Director, replacing Lars Förberg who did not stand for re-election.



## Appointment of new CFO

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ABB appointed Christian Nilsson as CFO and member of the Executive Committee effective February 1, 2026. He succeeded Timo Ihamuotila, who decided to step down from the Executive Committee at the same time and leave ABB at the end of 2026 ensuring a smooth transition.

## Acquisition of Siemens' Wiring Accessories business in China

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ABB completed the acquisition of Siemens' Wiring Accessories business in China, which generated over \$150 million in revenue in 2024. The acquisition enhances ABB's portfolio to address the growing demand for safe, reliable, and energy-efficient building solutions as it provides access to an expansive distributor network, extending ABB's reach across China and Southeast Asia, and further into the retail market.

## Acquisition of the power electronics business of Gamesa Electric

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ABB announced the completion of the acquisition of the power electronics business of Gamesa Electric in Spain. With annual revenues of approximately €145 million for the fiscal year that ended September 30, 2025, the acquisition expands ABB's market reach and strengthens its position in the growing high-power renewable power conversion sector.

# CEO Q&A

CEO Morten Wierod reflects on a record year for ABB and explains why he believes the best is still to come.

## Morten, what were the highlights of 2025?

In addition to building on our strong customer relationships, I was pleased to see our all time high results. We had a record year for orders, revenues, profits and cash flow. We also reached our record-high Operational EBITA margin and best-in-class ROCE (return on capital employed) and raised our targets for both metrics. We also made strong progress toward our sustainability targets. We achieved “A” scores for climate and water in the 2025 rankings of non-profit organization CDP, and were recognized by TIME magazine as one of the world’s most sustainable companies.

On the innovation side, we launched our next-generation SACE Emax 3 air circuit breaker to improve power stability in critical infrastructure, like data centers, factories, hospitals, and airports. We also announced a long-term collaboration with NVIDIA to accelerate critical, high-efficiency and scalable power technologies for the next generation of 800V DC data centers. We are working with several industry partners to develop

new distribution technologies that can deliver enough power to data centers running AI applications.

On the M&A side, we completed the acquisitions of Gamesa Electric’s power electronics business in Spain and of Siemens’ Wiring Accessories business in China. These broaden our market reach and expand our offerings in key segments, such as renewable power conversion and smart buildings. We also acquired innovative technology companies Sensorfact, which helps SMEs use AI to lower cost and increase energy efficiency, and Brightloop, a specialist in advanced power converters for off-road industrial vehicles and marine vessels.

Our strong results show we have the right people, the right operating model, and are strongly positioned in the “right” markets.

## In 2025, you announced plans to sell ABB’s Robotics business to SoftBank Group. How is that progressing?

Very well. ABB Robotics will benefit from the combination of its leading technology and deep industry expertise with



SoftBank’s state-of-the-art capabilities in AI, robotics and next-generation computing. Together, the two companies will be in a strong position to shape the new era in AI-based robotics and expand as a technology leader in this field.

We expect the transaction to close in mid-to-late 2026, once the regulatory approvals and further customary closing conditions have been completed.

Since the fourth quarter of 2025, Robotics has been reported as discontinued operations and has been operating as a standalone division within ABB. Our Machine Automation division, which was previously within the Robotics & Discrete Automation business area, has been integrated into our Automation (formerly Process Automation) business area.

With the planned separation of Robotics, we have three business areas – Electrification, Motion, and Automation – with strong sales and technology synergies. Our Automation business serves as a brand and technology bridge between end-user segments and ABB, which benefits our Electrification and Motion businesses. Automation enjoys a competitive advantage because it is the only supplier with direct access to both electrification and motion products and solutions. With these shared opportunities, we are well-positioned to drive higher growth and margins.

## Have US tariffs and higher materials prices had an impact on ABB’s business?

The impact of US tariffs has been manageable, thanks to our “local-for-local” strategy of sourcing and producing close to our customers. Where we were

affected by tariffs and higher materials prices, we were able to balance our market position while defending our profitability. Despite the economic uncertainty, demand for our solutions remained strong, especially in sectors like data centers, marine, ports, utilities and infrastructure such as tunnels and airports. We are continuing to invest to increase localization. In the US, close to 80 percent of our revenues are generated from locally made products, solutions, and services, with around 15 percent sourced from Europe; in China, it is around 85 percent and in Europe, 95 percent.

**In November, you announced an update to your financial targets. What makes you optimistic about ABB's prospects?**

We continue to challenge ourselves to improve and have raised our Operational EBITA margin and ROCE targets. We drive performance through a sharp focus on our decentralized ABB Way operating model, active portfolio management, and strong exposure to robust markets for electrification, energy efficiency, and automation.

With our reshaped business portfolio, following the announced divestment of our Robotics division, I am very confident we can do even better as we build on the ABB Way and our leadership positions in electrification and automation. We are well-positioned at the center of key megatrends, such as

rising energy demand and the energy transition, which are driving demand for our solutions across the power, industry, transport, data center, and building segments.

**You mentioned strong demand from data centers and in power generation. Do you expect this to continue in the years ahead?**

Yes, we are seeing rising demand for energy, and especially electricity, driven by the massive power demands of AI. This is driving major investment in grid expansion and modernization. At the same time, AI is rapidly being integrated into digital tools and activities, which is driving demand for more data center capacity. We already see this in search engines, which increasingly show AI-generated responses rather than just lists of links.

**How big an impact is AI having on your business?**

AI is having a significant, albeit indirect, impact due to strong demand for data center and power infrastructure. It is also becoming an increasingly important driver of value creation and productivity. Around half of our global R&D workforce is now focused on software, AI, and digital, and we have a large and growing portfolio of AI-enabled solutions.

Our decentralized approach empowers our businesses to innovate close to our customers. For example, our Genix™

Industrial IoT and AI Suite, developed with Microsoft, uses analytical and generative AI to interpret real-time data from multiple sources to help industrial customers optimize their operations.

Internally, AI tools are also helping our people work better and faster. Our GenAI specification reading tool, for example, uses AI to read lengthy specifications for motor applications and propose a motor design that fulfills the requirements. Another example is our GenAI-powered coding assistant Github Copilot, which halves the time it takes to code and delivers better results.

**You've been investing in startups and smaller acquisitions. Are you open to larger deals?**

Our M&A strategy focuses on emerging high-growth industries and addressing market and technology gaps. Our target is to add an annual average of 1–2 percent of revenues through acquired growth. We still have work to do to fully embed M&A into our performance culture, but we are open to larger acquisitions provided they align with our company's purpose and create shareholder value.

**Are you still planning an IPO for your E-mobility business?**

The turnaround of the business is progressing. Our solutions portfolio is now focused and modular, and we're seeing encouraging order growth. The

IPO will take place only once the business is ready and market conditions are favorable.

**Looking ahead, what can we expect from ABB in 2026?**

We expect demand for our solutions to remain strong; the key megatrends driving our business – in particular, the growing demand for electricity and the accelerating energy transition – are not going away. We also expect to see greater levels of automation and industrial operations becoming increasingly autonomous. So, a continued robust market environment coupled with our strong order backlog will support our revenues. Combined with our internal finetuning, such as driving the ABB Way deeper into the organization, we expect another record year for ABB.

We welcomed Christian Nilsson as our new Chief Financial Officer and member of the Executive Committee as of February 1, 2026, succeeding Timo Ihamuotila. I want to thank Timo for his outstanding contribution to the success of our company as CFO for the past nine years.

On behalf of the Executive Committee, I want to thank the entire ABB team for their commitment and strong performance and to thank our customers, partners, suppliers, and shareholders for their continued trust and support. We look forward to continuing to help our customers outrun – leaner and cleaner.

# ABOUT ABB

## Our purpose

We enable a more sustainable and resource-efficient future with our technology leadership in electrification and automation.

## Our business areas and divisions

Our purpose is the reason why we are in business. It sits at the heart of our decentralized operating model, the ABB Way. Each of our three business areas – Electrification, Motion, and Automation – governs their respective divisions, ensuring that we collectively deliver on this purpose through our technology leadership in electrification and automation.

At the same time, it is our 16 operating divisions in the three business areas that are closest to our customers. As a result, they have full ownership and accountability for their strategies, performance, and resources in order to provide the best possible service to our customers. Additionally, we report our E-mobility in “Corporate and Other” and our Robotics division in discontinued operations due to its announced sale.



## ELECTRIFICATION

A global technology leader enabling the efficient and reliable distribution of electricity from source to socket.

- Digital and connected innovations for low- and medium-voltage electrical infrastructure, including modular substations, distribution automation, power protection, wiring accessories, switchgear, electric vehicle (EV) infrastructure, enclosures, cabling, sensing, and control
- Services to improve reliability, availability, predictability, and sustainability of electrical systems

### Divisions

- Distribution Solutions
- Smart Power
- Smart Buildings
- Installation Products
- Service

### Revenues

**\$17.4 bn**

### Employees

**~53,400**

### Global market position

**No. 2**



## MOTION

The largest supplier of drives and electrical motors globally, is at the core of accelerating a more productive and sustainable future.

- A complete range of electrical motors, drives, generators, and services, as well as integrated digital power-train solutions
- Energy-efficient, decarbonizing and industrial circular solutions to empower a low-carbon future
- Services of a wide range of automation applications in transportation, infrastructure, and the discrete and process industries

- Drive Products
- Motion High Power
- Motion Services
- NEMA Motors
- IEC LV Motors
- Traction

**\$8.2 bn**

**~22,900**

**No. 1**



## AUTOMATION

Enables the operation of large and complex industrial infrastructures that deliver essential resources, from energy and materials to water and manufactured goods.

- A wide array of automation, electrification, and digital solutions for process, hybrid, and maritime industries, including industry-specific integrated control and software, machine and factory automation technologies, as well as measurement and analytics solutions and services

- Energy Industries
- Process Industries
- Marine & Ports
- Measurement & Analytics
- Machine Automation

**\$8.1 bn**

**~26,300**

**No. 2**

## E-MOBILITY

ABB's E-mobility division, formerly part of the Electrification business area, has been an independent business and separate operating segment since January 2023. It is reported in "Corporate and Other". ABB E-mobility enables a more sustainable and efficient mobility future as a global leader in electric vehicle (EV) charging solutions. ABB E-mobility is a partner of choice for the world's leading EV OEMs, EV charging network operators, and fleet companies. It offers the widest portfolio of EV charging solutions from high-power chargers for destination charging to the highway stations of the future, solutions for the electrification of fleets, and charging for electric buses and trucks. The E-mobility team has a workforce of approximately 1,300, revenues of approximately \$460 million and reported an Operational EBITA of -\$148 million, which was negatively affected by low volumes.

## ROBOTICS

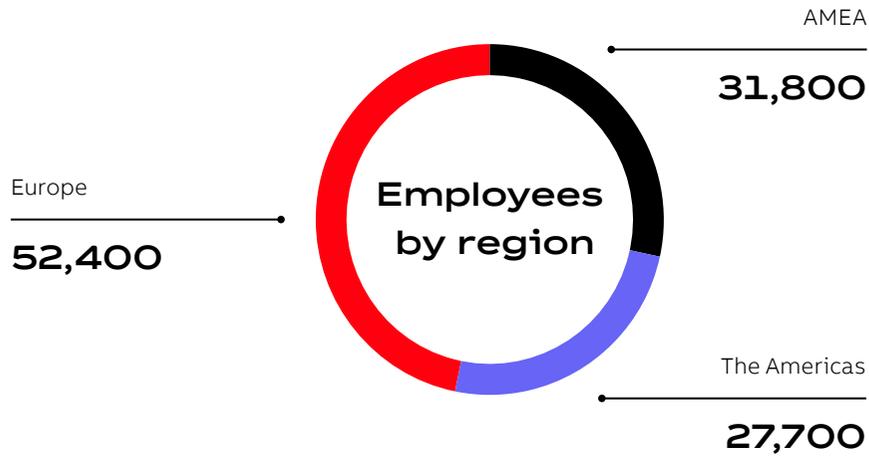
With the announcement of the signed agreement to divest our Robotics division, its results of operations are presented as discontinued operations in our Financial Report. Robotics provides industrial and collaborative robots, autonomous mobile robotics, mapping, and navigation solutions, robotic solutions, field services, spare parts, and digital services. In 2025, revenues of the ABB Robotics division were \$2.3 billion. For more information on Robotics performance in 2025, please refer to the Discontinued Operations section in our [Financial Report 2025](#) and the Appendix "Effects from discontinued operations on selected datapoints" in the [Sustainability Statement 2025](#).



## Our people

At ABB, we have around 110,000 employees located in more than 100 countries. Our people run what runs the world. Our expertise is why customers come to us with their biggest challenges. Together, we push the boundaries of technology to drive performance and find new ways of working that benefit our customers, partners, and society.

Looking at the world around us and the challenges we face, we focus on our values and being true to them. We have four core values at ABB: Courage, Care, Curiosity and Collaboration. These values guide our actions, as well as our interactions with each other, our customers, partners, and society as a whole.



## Our geographical presence

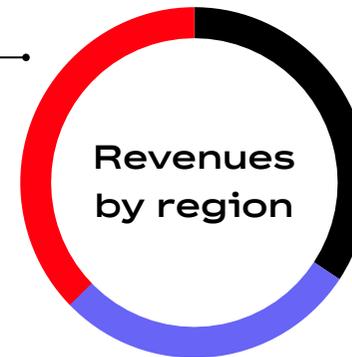
We serve customers in more than 100 countries across three regions: Europe, the Americas, and Asia, Middle East, and Africa (AMEA). Our global reach is supported by manufacturing in around

40 countries, service operations in over 100 countries, and a network of more than 6,000 channel partners.

### The Americas

~\$12.4 bn revenues

~37% of Group revenues



**Europe**  
~\$11.4 bn revenues

~34% of Group revenues

### AMEA

~\$9.4 bn revenues

~28% of Group revenues

**>160**  
manufacturing sites globally

# Our values and behaviors



## Courage

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### At ABB we:

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#### Speak openly

We engage in constructive discussions and share our thoughts and concerns, even when the topics are uncomfortable.

#### Challenge ourselves

We push ourselves to aim higher, dare to try new things, and take smart risks.

#### Act with integrity

We do what is right for our stakeholders, customers, society, and environment. We are not afraid of making difficult decisions.



## Care

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#### Care for ourselves

We foster our mental, physical, and emotional wellbeing, and prioritize safety, even under pressure.

#### Care for each other

We regularly check in on each other, show empathy, compassion, and offer support.

#### Care for customers

We seek to understand our customers' needs, build strong relationships, and create value together.



## Curiosity

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#### Stay open-minded

We are receptive to new ideas, invite creative perspectives, and ask for feedback.

#### Go beyond

We ask 'what if?', step back to look at the big picture from several angles, and think one level up.

#### Innovate

We experiment to find innovative solutions that help our customers thrive, and we learn throughout the process.



## Collaboration

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#### Co-create

We listen to understand, share knowledge, adopt and adapt ideas from others, and celebrate joint successes.

#### Build trust

We demonstrate authenticity, inclusivity, and vulnerability to build trust, knowing that we work better together.

#### Connect the dots

We identify and resolve critical collaboration points between teams to maximize value for our customers.

# ABB WAY



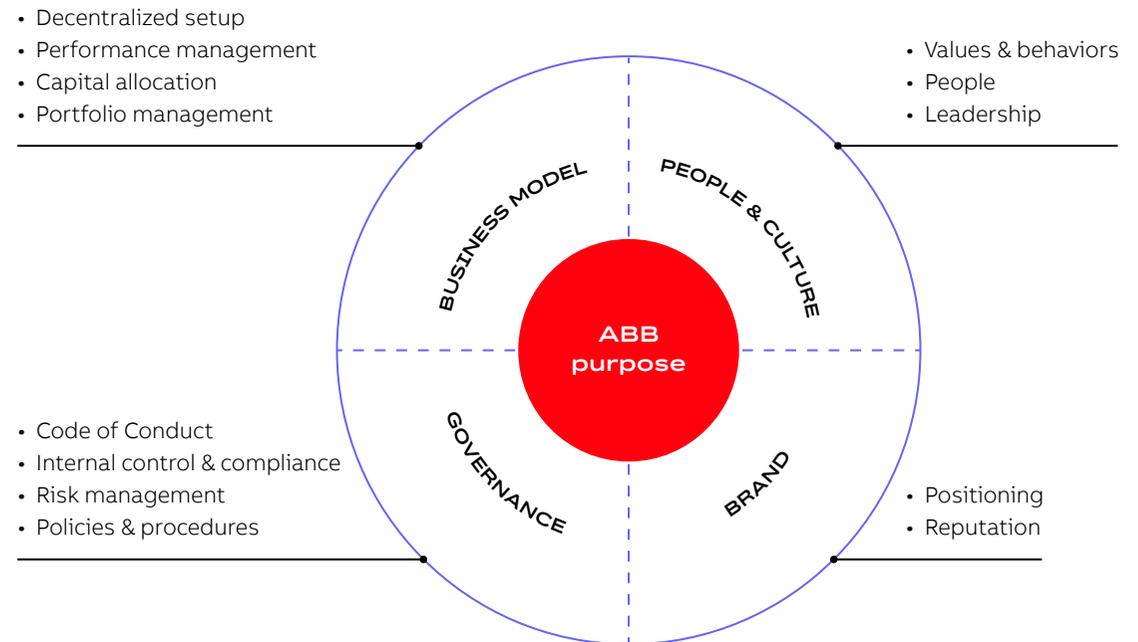
For further information, please see the [Value Creation chapter](#).

The ABB Way is our operating model, ensuring that the business is stronger as a group than as separate entities. With our purpose at its core, the ABB Way establishes a decentralized business model, lays the foundations for our people and culture, supports a robust governance and strong culture of integrity, and enables us to build and protect our brand and reputation.

## BUSINESS MODEL

ABB's business model shapes how we operate in a decentralized structure, drive best-in-class performance, allocate capital, and manage our portfolio. Accountability, transparency, and speed in decision-making and execution are enabled by this model, which is built on the principle that operating decisions are best made within the divisions and close to customers. Establishing select common processes and a strong performance management system enable alignment with the Group's strategic priorities, as well as financial and sustainability targets, while also enabling collaboration across divisions to better serve our customers. For more on how our decentralized model creates stakeholder value, see the Value Creation chapter.

## ABB Way: Our operating model



## PEOPLE AND CULTURE

We aim to attract and retain the best people, while cultivating a “high performance – high integrity” culture. Through our values of Courage, Care, Curiosity, and Collaboration, we aim to create a safe, fair, and inclusive working environment in which our people can succeed and develop, while always ensuring compliance with safety standards, internal controls and our Code of Conduct. As we push the boundaries of technology and deliver on our purpose, we also create opportunities for our people to focus on their own development, integrating learning into their work and fulfilling their career potential at ABB.

## GOVERNANCE

ABB’s robust governance framework fosters accountability, transparency, speed in execution, and responsible risk management. Our framework protects our license to operate through comprehensive internal controls and our Code of Conduct. This framework also supports the responsible adoption of technological advancements, such as artificial intelligence (AI), and helps us integrate integrity throughout our value chain.

## BRAND

The ABB brand is an expression of our company’s purpose, our values, and long history of innovation. Today, the iconic red ABB logo has become a sign of trust, quality, and premium value. We foster our reputation as a reliable business partner, technology leader, and preferred choice for our stakeholders.

How industries run is critical. From energy, power, and mining to building, transport, manufacturing, and more – businesses need to operate at high performance, while becoming more productive, efficient, and sustainable to outperform. Or as we say at ABB, they need to “outrun”, leaner and cleaner.



# ABB SHARE PERFORMANCE

At ABB, our commitment to creating sustainable long-term shareholder value remains a top priority. We aim to deliver long-term value to shareholders through disciplined capital allocation, leading financial performance, and a clear commitment to sustainable growth.

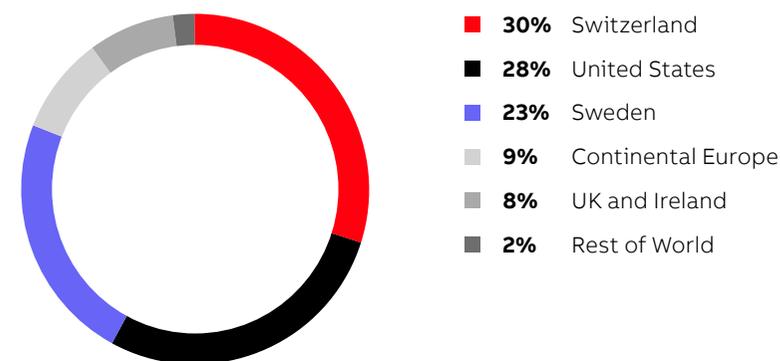
## SHARE PERFORMANCE

In 2025, the price of ABB Ltd shares listed on the SIX Swiss Exchange (SIX) increased 21 percent, while the Swiss Market Index (SMI) rose 14 percent. The price of ABB Ltd shares on the Nasdaq Stockholm increased 16 percent, compared to the OMX Stockholm 30 Index, which also rose 16 percent. The price of ABB Ltd American Depositary Shares traded on the US over-the-counter market increased 38 percent. Total shareholder return (TSR, including dividends) of ABB Ltd shares listed at SIX was 23 percent during 2025. Going forward, our financial target framework and our shareholder-friendly capital allocation principles point towards double-digit TSR through the cycle.

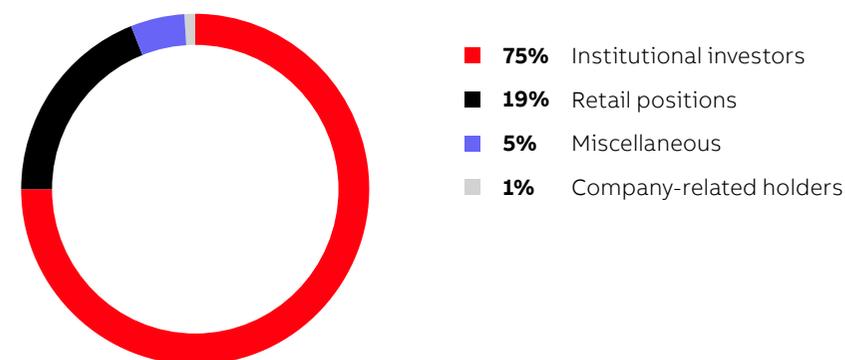
As of December 31, 2025, approximately 30 percent of shares issued were held in Switzerland, 28 percent in the United

States, and 23 percent in Sweden. The ten largest individual shareholders accounted for approximately 41 percent of the share capital on the same date. On December 31, 2025, 75 percent of the shareholder base was made up of institutional investors, with retail investors reaching 19 percent. On December 31, 2025, members of the Group Executive Committee owned a total of 658,165 shares in ABB. Members of the Board of Directors owned a total of 516,398 shares in ABB. Total ownership of ABB shares held by the Group Executive Committee and the Board of Directors corresponds to less than one percent of capital and voting rights.

## Distribution of shareholdings by country



## Breakdown of shareholders by type



### KEY DATA ON SHARE PERFORMANCE

1. Proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting on March 19, 2026.
2. Calculation based on weighted-average number of shares outstanding.
3. Calculation based on the number of shares outstanding at December 31, 2025.
4. Dividend per share (converted to US dollars at year-end exchange rates) divided by basic earnings per share.

	FY 2025	FY 2024	FY 2023
Dividend per share (CHF)	0.94 <sup>1</sup>	0.90	0.87
Votes per share	1	1	1
Basic earnings per share (USD) <sup>2</sup>	2.59	2.13	2.02
Total ABB stockholders' equity per share (USD) <sup>3</sup>	8.85	7.84	7.24
Dividend payout ratio (%) <sup>4</sup>	46%	47%	51%
Weighted-average number of shares outstanding (in millions)	1,827	1,844	1,855

### Zurich share performance 2025

Average daily traded number of shares: 2.67 million



### Stockholm share performance 2025

Average daily traded number of shares: 0.60 million



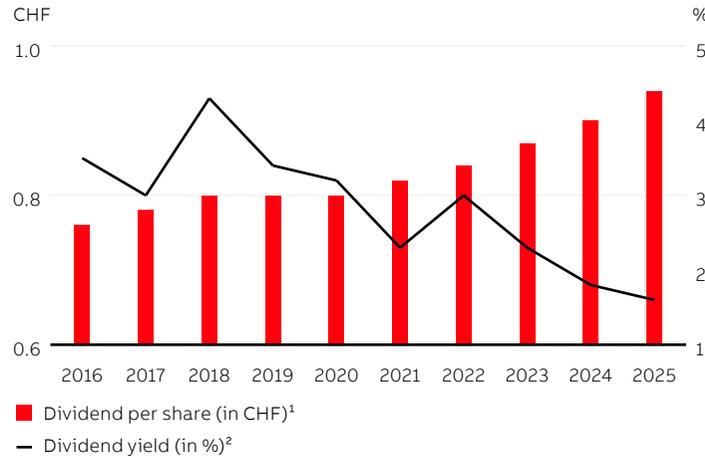
Source: FactSet.

## DIVIDEND AND SHARE BUYBACK

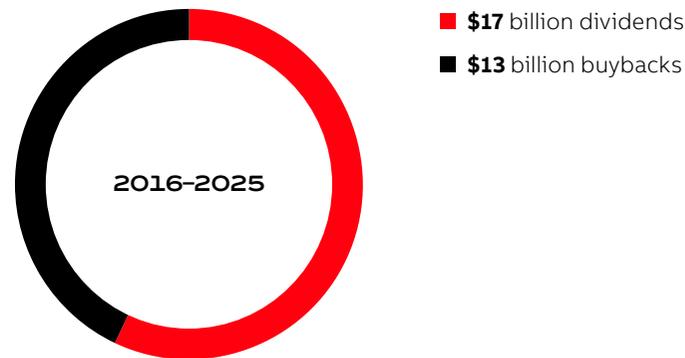
The 2024 declared dividend amounted to \$1,867 million. For the year ended December 31, 2025, ABB's Board of Directors has proposed to distribute a dividend to shareholders of CHF 0.94 per share. This is subject to approval by shareholders at the Annual General Meeting on March 19, 2026. The proposal is in line with our dividend policy to pay a rising, sustainable dividend per share over time.

In February 2025, we launched a share buyback program of up to \$1.5 billion that ran until the end of January 2026. Together with the prior share buyback program, which ran from April 2024 to January 2025, we repurchased a combined value of \$1.3 billion during the year 2025. ABB announced a new share buyback of up to \$2.0 billion on January 29, 2026, as we plan to continue our share buybacks for the full-year 2026 in line with our capital allocation priorities.

### Dividend per share and dividend yield



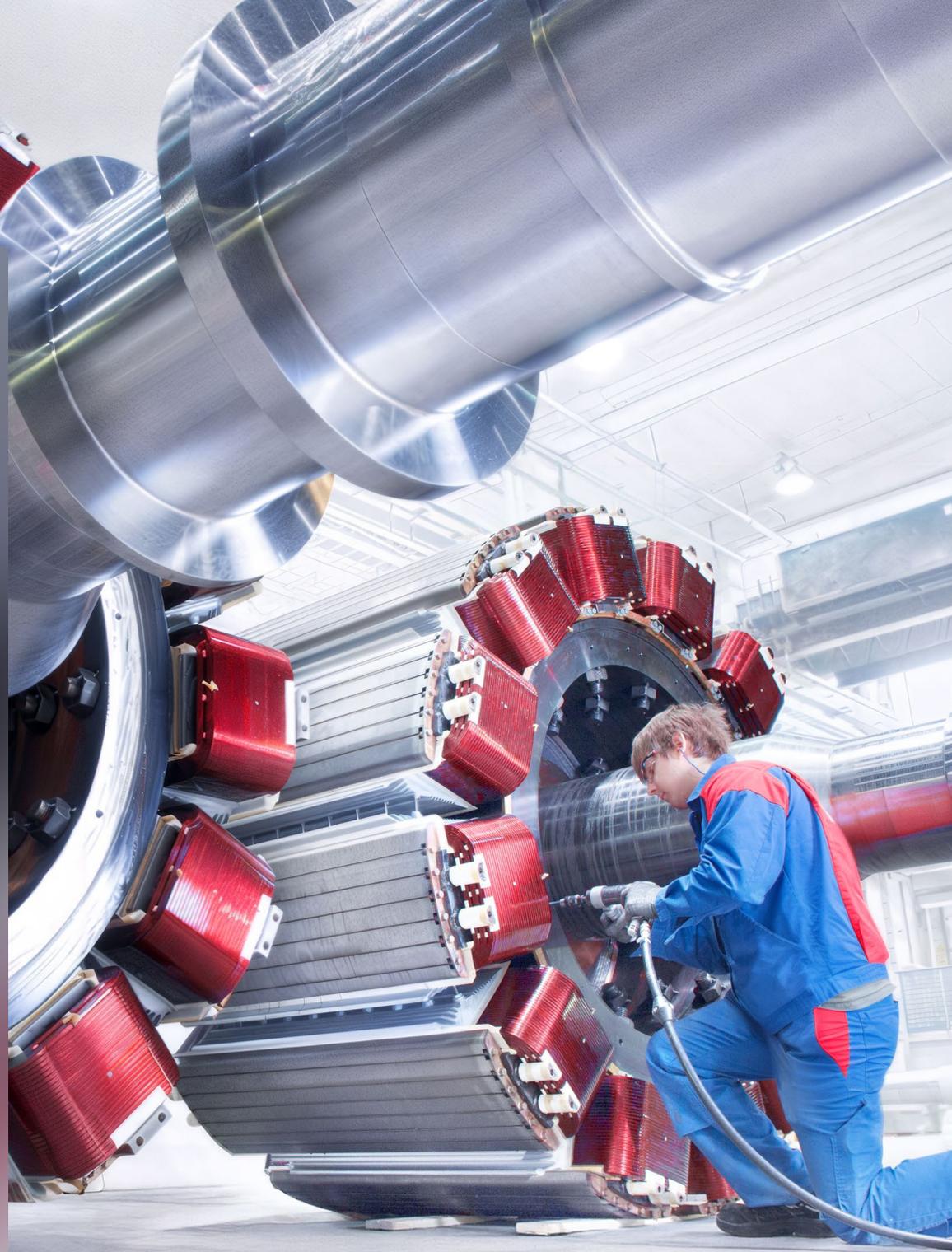
### >\$30 billion returned to shareholders over last 10 years



# 02

## VALUE CREATION

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# OUR BUSINESS ENVIRONMENT

ABB is well positioned to capitalize on key global megatrends that support our long-term growth ambitions. The expansion of the energy system, due to the growing demand for electricity and the energy transition, is driving substantial investment in power generation, including the integration of renewables, grid modernization, energy efficiency, and industrial decarbonization.

At the same time, rapid advances in digitalization, AI and evolving supply chains are increasing demand for ABB's electrification and automation solutions. These trends are directly aligned with our purpose: to enable sustainability and resource efficiency through our customer offerings.



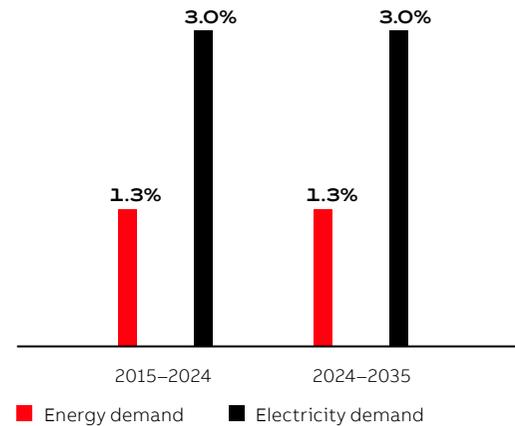
### ENERGY EXPANSION AND TRANSITION

- 1. IEA World Energy Outlook 2025, Current Policies Scenario (CPS)
- 2. International Energy Agency (IEA)
- 3. Management estimate

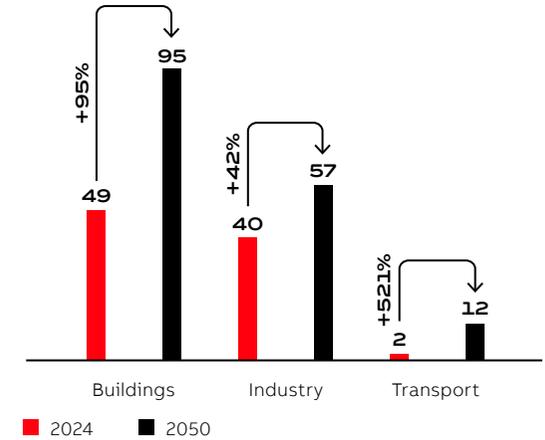
The demand for electricity is expected to more than double by 2050<sup>1</sup>, driven by the electrification of transport, industry, and buildings, including the rapid expansion of data centers and AI which is significantly increasing electricity use. Customers are increasingly investing in electrification as it often reduces both operating costs and capital expenditures. In addition, electrification will be essential for achieving net-zero emissions. Decarbonization has started, and electrification can accelerate a shift from fossil fuels to renewable energy sources. Our technologies play a key role in both supporting the energy transition and meeting rising energy demand, helping us contribute to progress and innovation in these essential sectors.

### Electricity – the power of the future

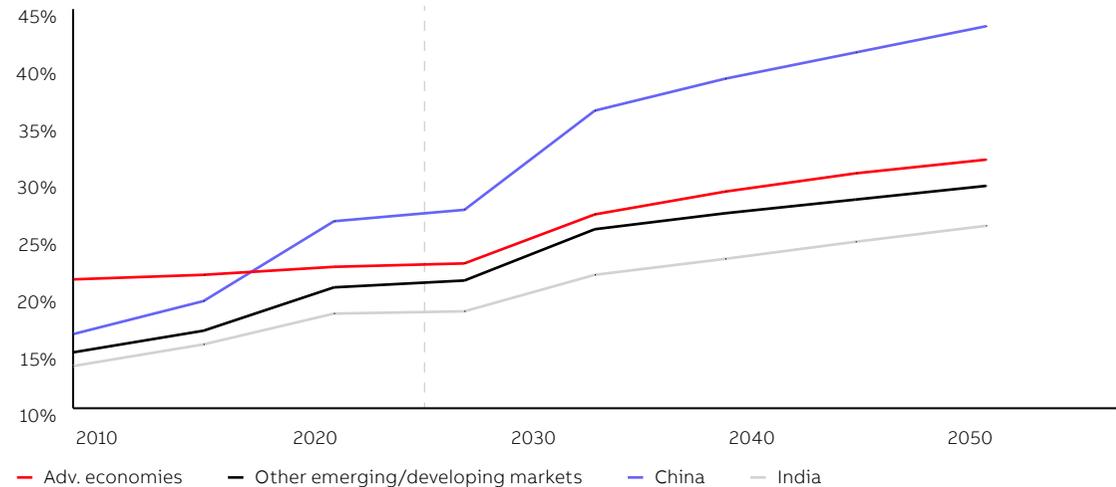
Global electricity demand outpacing energy demand (CAGR in %, IEA CPS)



Global electricity demand in selected industries (EJ, IEA CPS)



Share of electricity in final energy consumption across regions (% , IEA CPS)



## Electricity as a power source



### We need more energy expansion

Regardless of the energy source, the demand for electricity is expected to double by 2050.



### We need optimization energy efficiency

Optimize consumption of electricity already available.



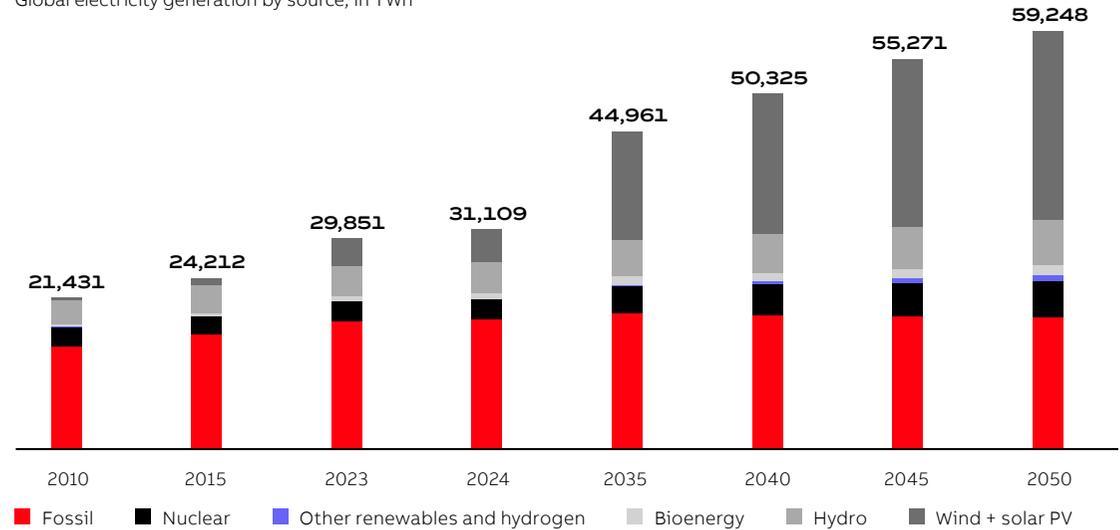
### We need clean energy transition

The world has not yet started to decarbonize. Similar amount of electricity generated through fossil sources as in 2018/19.

## ENERGY EXPANSION AND INVESTMENTS IN ELECTRICAL INFRASTRUCTURE

Demand for power is rising steeply. In 2024, global energy demand grew by 2.2 percent, while electricity consumption increased by 4.3 percent, adding 1,080 TWh<sup>2</sup>, driven by the electrification of transport, expansion of data centers and AI infrastructure, as well as increased cooling needs in buildings.

Global electricity generation by source, in TWh



Source: IEA World Energy Outlook 2025, Current Policies Scenario.

Today's electricity grid faces challenges, both in meeting growing energy demand as well as enabling a transition to cleaner sources. The grid, originally designed for steady fossil power generation, requires upgrades in technology, as well as additions to energy storage and smarter management, to handle the decentralized and intermittent nature of renewable power generation. According to the IEA, while clean energy adoption is accelerating, global energy supply is only in the beginning of being decarbonized. As renewables become a core part of the energy mix, substantial

investment in grid infrastructure will be essential to ensure reliability, flexibility, and long-term sustainability.

ABB's electrification, automation, and digitalization technologies enable a smarter, more flexible energy network. With approximately 16 percent of offerings directly tied to renewable and conventional power generation and distribution, we are well positioned to support these investments and upgrades to current infrastructure, delivering on our purpose to enable a more sustainable future.

## DECARBONIZATION OF INDUSTRIES

Industry currently accounts for approximately 25 percent<sup>2</sup> of global greenhouse gas (GHG) emissions, making it a critical focus for decarbonization. Electrification is a key pathway for decarbonization, as it often results in a lower total cost of ownership compared to fossil-based systems. For example, electric motors and variable speed drives offer higher energy efficiency, reduced maintenance, and fewer mechanical components, resulting in lower operating costs over time. This cost advantage, especially when paired with renewable electricity, strengthens the business case for electrification.

While electrification leads the way, complementary solutions such as hydrogen and carbon capture remain essential for decarbonizing harder-to-abate industrial segments. With more than half of our revenues linked to the electrification and automation of industry, ABB's offering supports industries in their transition toward electrification and cleaner energy sources. Our technologies support production optimization processes, electrify industrial machinery, and increase the energy efficiency of motor-driven applications, helping industries decarbonize.

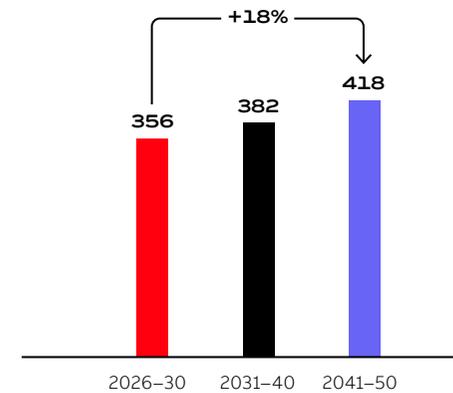
## ENERGY EFFICIENCY

Investments in energy efficiency are expected to rise due to growing energy demand, energy security concerns, and the need to reduce operational costs.

Our energy-efficient solutions – such as variable speed drives, high-efficiency motors, and energy management systems – are designed to optimize energy use, reduce waste, and improve operational performance across industries. As a result, we enable customers to reduce operating costs by reducing energy consumption and shrinking their carbon footprint.

## Energy efficiency

Increase in average annual investment, \$ in billions



Source: IEA 2025

# 45%\*

of the world's electricity is **converted** by industrial **electric motors** into motion.

The **combination of high-efficiency motors and drives** can help reduce total global electricity consumption by **up to 10%.\***

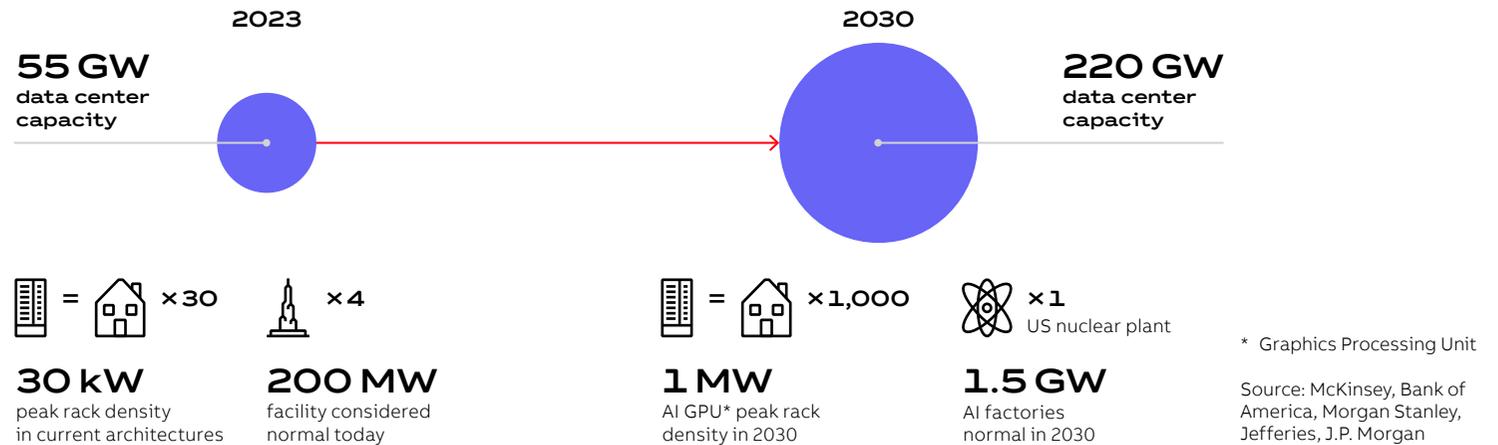
\* Management estimate

## DIGITALIZATION AND AI

The accelerating adoption of AI and digitalization is reshaping industrial operations and infrastructure. The global data center market is projected to grow at a double-digit rate in the mid-term<sup>3</sup>, with power capacity potentially reaching over 200 GW, almost four times the 2023 capacity. This surge in demand is speeding up the move to more energy-efficient and scalable data centers to support the growing data needs for agile, data-driven operations and demand for electrical infrastructure in adjacent segments, such as metals & mining, utilities, and semiconductors. AI-driven data centers require significantly more power, leading to higher demand for medium-voltage solutions. As a leader in this area, ABB offers a robust portfolio for data centers, addressing customer challenges regarding growing power and direct grid access needs, and mission-critical power access.

AI is integral to our evolution, as we continuously seek opportunities to create customer value and drive improvements in our operations. In our decentralized operating model, we share best practices through our AI council. The council also monitors progress of initial ideas, turning into one of the approximately 250 ongoing AI projects, and ultimately into an implemented solution. Our solutions use analytical and generative AI to improve internal efficiency and enhance

## Future data centers at 4x power demand



our offering to customers. For example, we use AI to generate insights from large sets of unstructured data, optimize processes and the utilization of assets, allow automation of new skills, and simplify the interaction between humans and machines. A prime example is Genix™ Copilot, which integrates generative AI to contextualize industrial data to deliver real-time insights for improved efficiency, predictive maintenance, and sustainability optimization. Genix™ Copilot translates the potential of generative AI into practical, actionable insights for field engineers, functional specialists, and industry executives – supporting collaborative decision-making and boosting productivity. In addition, the Genix™ Agentic Automation framework enables real-time monitoring, contextual

interpretation, and autonomous actions, while ABB’s human-in-the-loop, semi-autonomous approach ensures users remain in control throughout the process. These capabilities, alongside digital twins and AI-driven process control, enable customers to boost efficiency, lower operating costs, and accelerate their digital transition.

## EVOLVING SUPPLY CHAINS

Recent policy shifts by governments are accelerating the move toward regionalization and localization. Rising tariffs, protectionist trade measures, and national industrial policies are prompting companies to reconfigure global supply chains for greater resilience and control.

Businesses are increasingly investing in localized production, supplier diversification, and advanced technologies to mitigate risk and maintain competitiveness in a fragmented global landscape. For ABB, our decentralized business model enables us to support customers with our localized electrification and automation products and solutions offering. At ABB, we have a strong tradition of local-for-local manufacturing, enabling us to stay close to customers. Although we are a global company, we take a local approach to our offering, localizing R&D and tailoring our product portfolio to the local market, where conditions allow. Approximately 95 percent<sup>3</sup> of our revenues in Europe are covered with local production. In China, it is 85 percent<sup>3</sup> and in the United States close to 80 percent<sup>3</sup>.

# DECENTRALIZED BUSINESS MODEL

ABB continues to evolve into a more agile and efficient company. Our decentralized business model fosters accountability, transparency, and speed in decision making and execution. This is founded on the belief that decisions are best made in the divisions, close to customers, implementing select common processes, and a strong performance management system.

## DECENTRALIZED SETUP

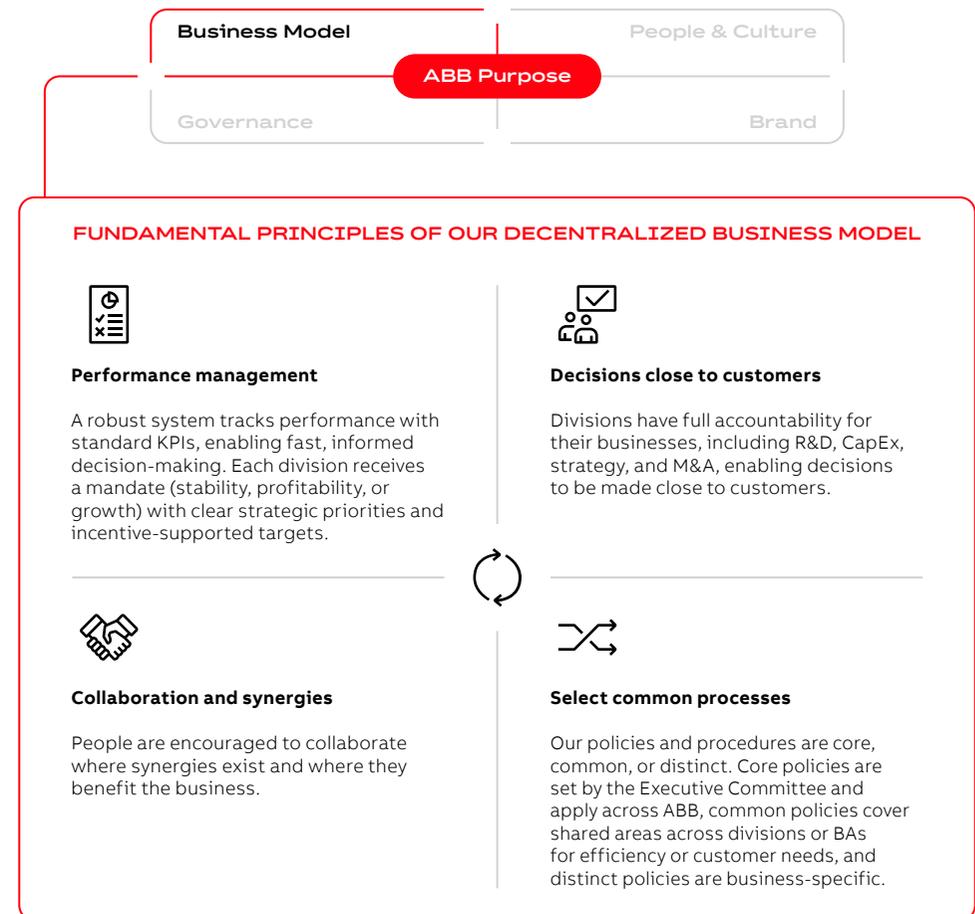
We operate in a decentralized setup where our divisions represent the highest operational level, empowered with full ownership and accountability for their strategies, performance, and resources. This fosters greater speed and accountability, driving improved operational performance.

Our divisions are organized into business areas that govern and set strategic mandates. These mandates guide operating decisions, prioritizing stability and profitability before growth. Meanwhile, our corporate functions are designed to be lean and effective, providing essential frameworks for the business model,

performance, portfolio management, and capital allocation. This decentralized model allows us to combine the speed and agility of a small company with the brand strength, capital resources, and global reach of a large business.

## Our ABB Way decentralized business model

Accountability, transparency and speed



## PERFORMANCE MANAGEMENT

At ABB, we strive for continuous improvement, building on a systematic and transparent performance management framework. The increased accountability and speed of our decentralized setup is balanced by the transparency of our robust performance management system.

We translate our financial and sustainability priorities into ambitious targets. ABB's financial and sustainability targets are developed bottom up and are underpinned by detailed plans from each division, ensuring they are realistic, accountable, and aligned with our strategic priorities. Furthermore, our remuneration system encourages the mantra of "smart leaders collaborate", as our leaders are expected to generate synergies where it makes sense for the business.

## Transparency through performance management system

### Financial data easily available to support business analysis

- Monthly scorecard system by division with standardized KPIs
- Investing in systems to enhance data quality and speed in analysis

### Clear targets for continuous improvement

- 5% annual gross profit productivity target
- High-performance, high-integrity culture

### Robust governance

- Monthly business reviews
  - Financial results
  - Sustainability
  - Internal controls
  - M&A

### Strategic mandates

- Transparent and systematic framework for evaluation of performance vs. strategic mandates
- Sharper link between remuneration and delivery on mandate
- Mandates continuously reviewed



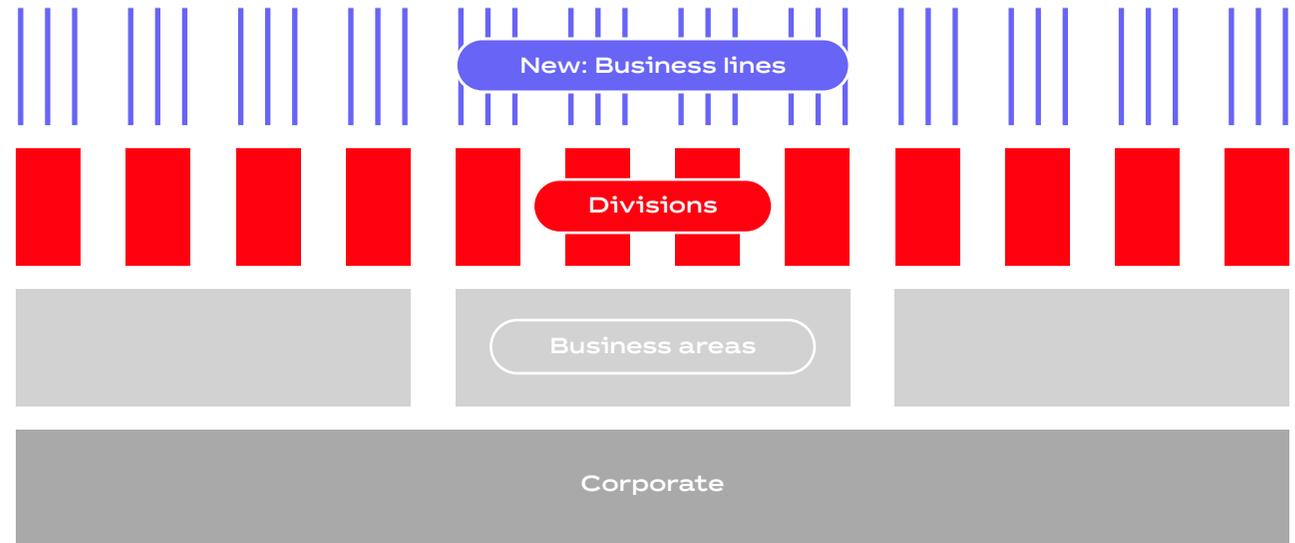
## DRIVING OPERATIONAL PERFORMANCE WITH STRATEGIC MANDATES

Each division operates under a clear strategic mandate that shapes its decision making. These mandates prioritize stability first, then profitability, and only then growth; they are directly tied to variable remuneration KPIs. While mandates are reviewed regularly, they are held for a minimum of one year to ensure strategic consistency. This clear and disciplined approach has enabled a successful shift; today, approximately 70 percent of revenues are under a growth mandate.

We continue to implement a strict focus on delivery by strategic mandate, which will support growth and continued profitability improvements. As divisions transition through ABB's strategic mandates, we emphasize that growth and profitability are equally important but, based on a division's mandate, different rates of improvement are expected. Divisions with best-in-class profitability are incentivized to grow faster while stronger profitability improvement is expected from divisions with a profitability mandate.

We are enhancing accountability even further by empowering business line leaders with strategic mandates and corresponding incentives to improve operational performance. This approach will further improve accountability, transparency, and speed in the organization.

## ABB's decentralized business model



- Reached full implementation of ABB Way performance accountability and strategic mandate for business lines after summer 2025
- ~70 business lines
- Majority of divisions have a mix of business line mandates; majority in growth, some in profitability
- Business line performance management owned by business areas and divisions

## Strategic mandates

### 01

Stability

- Restructure
- Transform offering/business model

### 02

Profitability

- Improve margin/return
- Moderate investment in growth
- Select technology add-on acquisitions

### 03

Growth

- Growth above market while maintaining profitability levels
- Invest strongly in organic growth (e.g., digital, R&D, sales/service, capacity)
- Actively pursue acquisitions, including technology additions, growth in existing markets and penetration of new market segments

## CAPITAL ALLOCATION

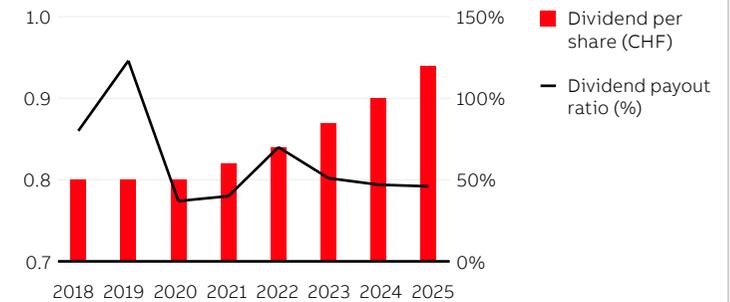
ABB's capital allocation principles are determined by the corporate finance function and have enabled us to maintain a strong investment grade rating with a focus on profitable growth. We focus on funding organic growth through R&D and production capacity, followed by paying a rising and sustainable dividend per share over time. Beyond that, we seek value-creating acquisitions to complement or expand our offering in high-growth segments, fill technology gaps, gain access to new geographies, and boost economies of scale. Our ambition is to deliver an average of 1–2 percent annual growth through M&A. Lastly, our capital allocation priorities also state that we distribute any excess cash to our shareholders via share buybacks.

### 01 Fund organic growth, R&D, CapEx at attractive returns

Division-led R&D and CapEx:

- No. 1–2 market position – be customers' preferred problem solver
- High returns on capital

### 02 Rising, sustainable dividend per share over time

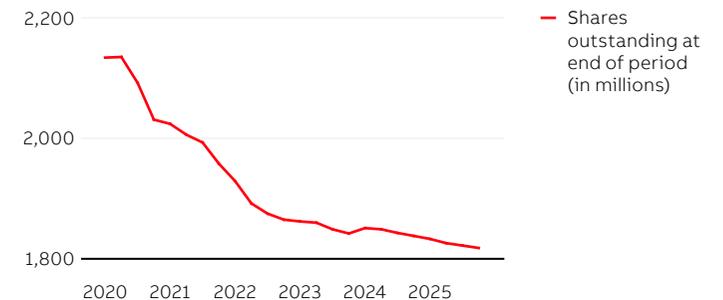


### 03 Value-creating acquisitions

Our ambition is to deliver an average 1–2 percent annual growth through M&A:

- Make M&A part of our ABB Way performance culture
- Pace has picked up but deal size remains small
- Maintain strong investment grade rating

### 04 Returning additional cash to shareholders through share buybacks



# OUR STRATEGIC PRIORITIES

Our strategic priorities guide decision making and resource allocation across our decentralized organization, ensuring alignment, consistency, and focus on long-term value creation. These priorities include striving for market and technology leadership, embedding sustainability in our processes and our value chain, as well as active portfolio management.

To achieve these priorities in a structured way, we leverage ABB's six forms of capital according to the Integrated Reporting Framework – financial, manufactured, human, social and relationship, intellectual and natural capital – and describe how we do so in this report.

## MARKET LEADERSHIP

Each of our divisions aims to hold a number one or two position in their market segment. We believe market leadership is critical, as it allows us to be cost effective in our markets and benefit from economies of scale. This, in turn, delivers strong profitability, which allows us to invest more in R&D to sustain our technological leadership. These investments in technology and manufacturing assets, as

well as our deep application know-how, create customer value, allowing us to maintain our market-leading positions in electrification and automation. We are well invested, with our annual long-term CapEx of approximately \$800 million, and we expect investments to remain fairly stable going forward.

## ABB's strategic priorities

- 01** Market leadership
- 02** Technology leadership
- 03** Embedding sustainability throughout our operations and value chain
- 04** Active portfolio management

**The power of ABB – Three business areas with sales and technology synergies**

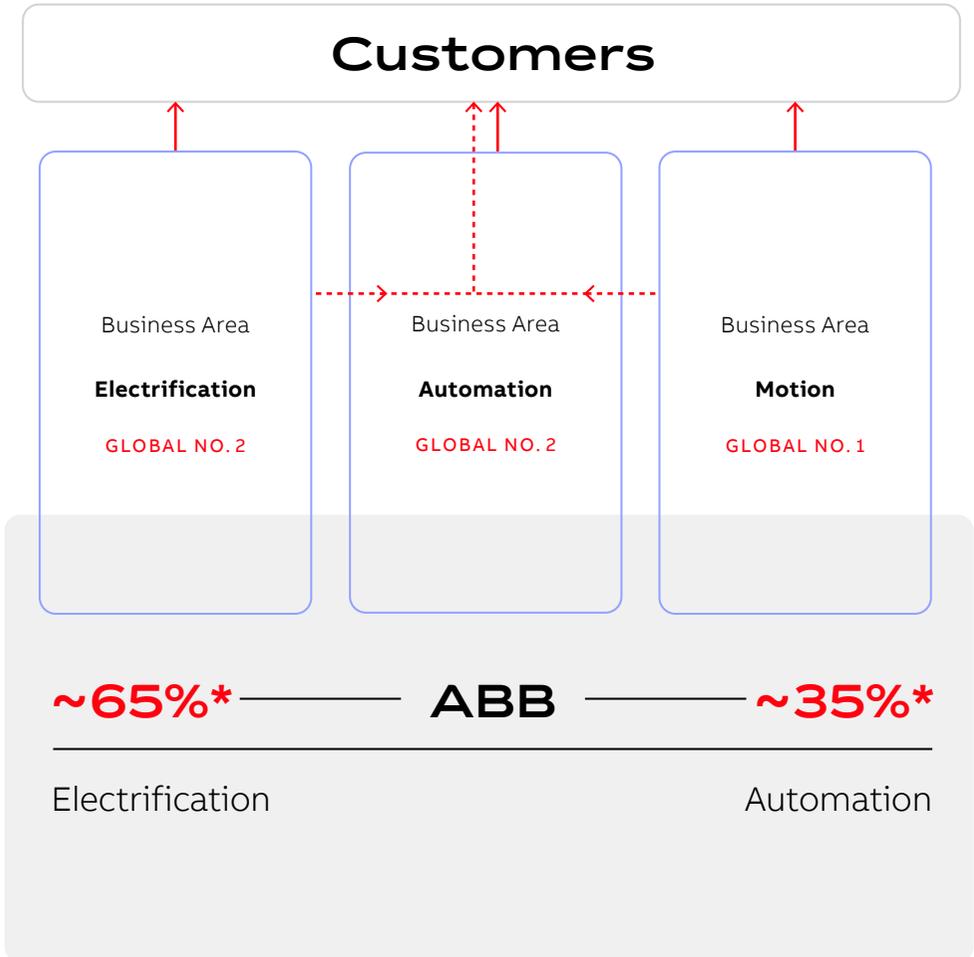
Business in **100+** countries

Factory footprint in **40+** countries

Service presence in **100+** countries

**6,000+** channel partners globally

Annual long-term CapEx of **~\$800mn**



**Even Better Together**

- Access ABB’s full offering directly through each business area and/or one point of contact through project management
- ~\$900 million of pull-through revenues
- Technology sharing between business areas, e.g.
  - Electrification’s SACE Air Circuit Breaker in Motion’s market leading drives.
  - Motion’s electrical motors and drives in Azipod® propulsion from Automation. Vessels equipped with Azipod® propulsion use Motion’s generators and Electrification’s switchgear.

**Smart People Collaborate**

- Utilize full ABB scope to solve customers’ problems
- Account management with one lead point of contact, as needed by customer
- Revenue split by business area contribution to the specific contract
- Scale benefits for parts of sourcing
- Selected R&D projects
- Internal collaboration by improved access to “communities of practice”

\* Management estimate and % based on 2024 third-party revenues

**TECHNOLOGY LEADERSHIP**

**Our approach to R&D**

Technology and innovation are essential to our long-term success, and we follow a customer-centric approach by placing R&D responsibility within our divisions as they are closest to our customers. Innovation is fueled by deep application expertise, built through decades of presence in our core end markets and close relationships with customers.

We invest a significant share of our annual revenues in R&D, aiming to maintain spending at 4.5 to 5 percent of revenues at the Group level. Since 2022, we have increased our absolute R&D investment by about 30 percent. Investment needs vary significantly across our divisions, with R&D spending ranging from 1 to 10 percent of revenues depending on the strategic priorities and technological requirements of each business. This tailored approach ensures resources are allocated effectively to support innovation, maintain market leadership, and drive growth across the group.

**Digital solutions and AI**

In line with our decentralized operating model, ABB's digital strategy is customer-driven and business-led. We prioritize digital solutions that complement and/or are integrated into our products and control systems to help customers optimize energy use, asset performance, and workforce productivity.

**R&D highlights 2025**

**\$1.3 bn**  
R&D investment

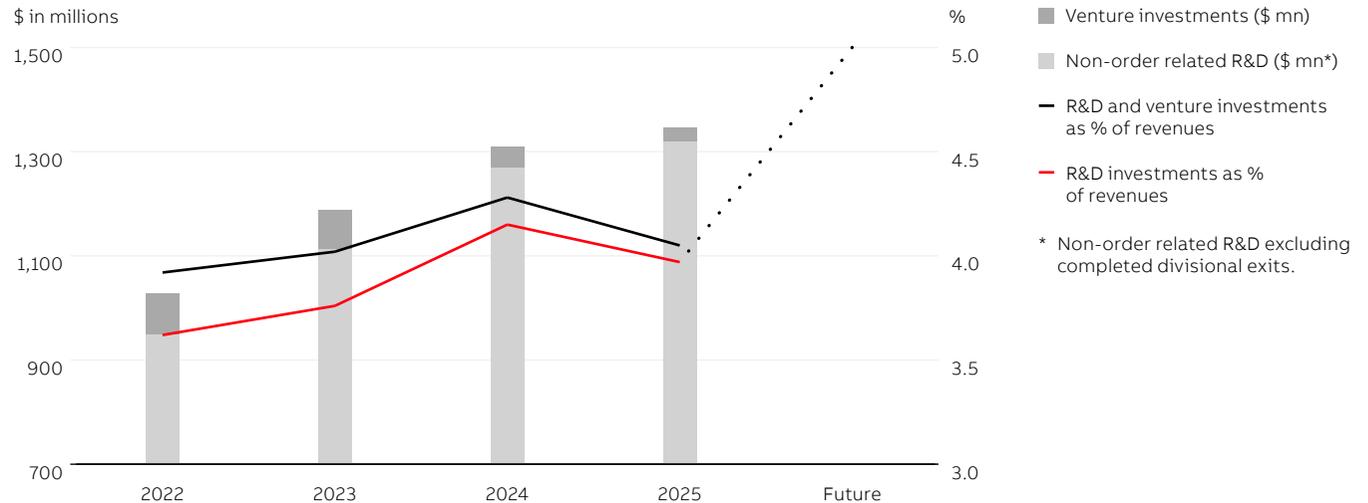
**4.0%**  
R&D as % of revenues  
invested in 2025

**>30**  
countries with  
local R&D facilities

**~7,800**  
R&D employees

**~50%**  
of R&D employees  
focused on digital and  
software development

**Increasing R&D spend towards target range of 4.5–5%**



Our products, services, and solutions increasingly feature embedded software, which is often the main source of differentiation and value. We continue to focus on software and AI development as an important part of our innovation strategy, supported by the fact that approximately half of our R&D employees work on digital and software development.

This digitally enabled offering is complemented by advanced software applications that are designed to unlock greater value from industrial data, enabling predictive maintenance, real-time optimization, and autonomous operations. Solutions like the Genix™ Industrial IoT and AI Suite integrate data across operational, engineering, and IT systems to deliver actionable insights, driving significant improvements in energy optimization across critical processes in energy-intensive industries, improving asset reliability, reducing unplanned downtime, and minimizing troubleshooting by shop floor engineers across critical assets and processes. These offerings have been developed primarily through organic innovation and are complemented by targeted technology venture investments and selective bolt-on acquisitions. We focus on software that creates clear synergies with our core strengths in electrification and automation.

#### **Strategic partnerships, business ventures, and M&A**

Our R&D teams collaborate with universities and research institutions worldwide,

including ETH Zurich (Switzerland), Imperial College London (UK), Indian Institutes of Technology (India), and Karlsruhe Institute of Technology (Germany). These partnerships help to build research networks and foster innovative technologies which we potentially invest in and sometimes acquire. Our collaborations also include long-term strategic relationships that support recruitment and training of new talent.

To enhance innovation and gain speed, our divisions partner with other leading companies which have complementary competencies. We also invest in and collaborate with startups around the world through our venture capital arm, ABB Technology Ventures, and our startup collaboration hub, SynerLeap.

In 2025, we invested in five new ventures and made 12 follow-on investments totaling approximately \$28 million. The investments were driven by ABB's divisions and focused primarily on digital capabilities, including AI that will create synergies with our digitally enabled products and services. For example, ABB acquired a minority stake in Edgecom Energy, a Toronto-based startup which is pioneering generative AI-powered energy management solutions. The aim is to accelerate the development of scalable AI-enabled tools that help industrial customers optimize energy use, reduce costs, and support the energy transition.

M&A is another way we ensure our technology is market leading. Through the acquisition of Sensorfact, we expanded our digital energy management capabilities with AI-powered plug-and-play solutions that help industrial customers monitor and optimize machine-level energy consumption. The acquisition of BrightLoop added advanced, modular DC/DC power conversion technology to ABB's portfolio, supporting electrification in off-highway vehicles, marine propulsion, and hydrogen mobility applications.

#### **EMBEDDING SUSTAINABILITY THROUGHOUT OUR OPERATIONS AND VALUE CHAIN**

Sustainability at ABB is embedded across all levels of the organization through the ABB Way operating model. In our decentralized structure, each division is accountable for integrating sustainability into its strategy, operations, and customer offerings. Governance is supported by a clear framework; strategic direction is set by the Sustainability Council, overseen by the Board of Directors and Executive Committee and implemented by the divisions with full ownership. This ensures that sustainability is a core part of how we create value – aligned with our purpose and linked to performance and reward. Our long-term performance plan requires each division

to provide a five-year forecast for financial and sustainability targets simultaneously, ensuring the financing of the latter is secured. Executive compensation is linked to sustainability targets through our annual and long-term incentive plans. This integration of sustainability throughout our business enables ABB to drive progress on emissions reduction, resource efficiency, and social impact while remaining agile and customer centric.

With our Sustainability Agenda, we actively contribute to a more sustainable world, leading by example in our own operations and partnering with customers and suppliers to enable a low-carbon society, preserve resources, and promote social progress. These three pillars of our sustainability agenda are underpinned by our commitment to a culture of integrity and transparency across our value chain.

Based on our strategic priorities and decentralized operating model – and given our exposure to global megatrends – we are well positioned to capture rising demand for electrification and automation solutions. This strong growth profile is matched by our continued focus on improving operational and financial performance, which together serve as the foundation for our financial and sustainability targets to drive long-term value creation.

## ACTIVE PORTFOLIO MANAGEMENT

Active portfolio management remains a key part of our performance culture and is integrated into the responsibilities of division management teams. We conduct systematic portfolio reviews at the division and business-line level. These reviews guide decisions on where to grow organically – through CapEx and R&D – and where to grow inorganically. Additionally, the reviews help identify businesses from which to divest when they no longer align with our strategic or financial criteria.

Inorganic growth includes acquisitions that enhance scale, expand market access, or fill technology gaps. Only divisions with a growth mandate are active in acquisitions to outgrow the market, while all divisions may pursue smaller, technology-driven acquisitions. Each division is responsible for building its own pipeline of potential acquisitions, ensuring alignment with its strategic and financial goals. In addition to division-led inorganic growth, business areas and corporate strategy regularly evaluate larger M&A opportunities that cut across or beyond ABB's current division structure.

## Making M&A part of our ABB Way performance culture

Strategic fit and future value creation is key

### Scoring system with ~20 KPIs



Aiming for:

- Strong gross margin potential
- Solid track record for comparable growth
- No EPC business
- Filling technology and geographical gaps
- Economies of scale
- Adjacent markets and segments

### Small-to-mid-size

M&A led by divisions

**Large** deals led by

Corporate and business areas



All M&A to be in line with:

- ABB Purpose
- ABB Way operating model
- Embedded software and AI
- Maintaining strong investment grade rating

#### Corporate/Business area

- Lead large deals or adding new division
- Support due diligence

#### Division

- Lead bolt-on deals within divisions
- Build and maintain bolt-on deal pipeline
- Lead due diligence and transactions for bolt-on deals
- Responsible for integration

Bolt-on deals to add revenues of **1-2%**, average through cycle

Make M&A part of the ABB Way performance culture

ABB's customer value proposition is built on

**Technology leadership**

- Leading electrical and automation engineering know-how
- Embedded software
- Applied AI in products and solutions



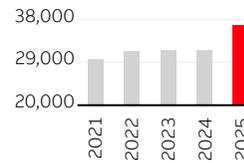
**Domain expertise**

- Know the industry at least as well as customer
- 140 years of legacy
- Strong distribution network
- Local-for-local footprint

ABB is moving in the right direction, achieving new all-time highs

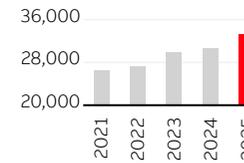
**Orders**

USD, million

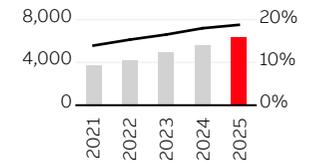


**Revenues**

USD, million

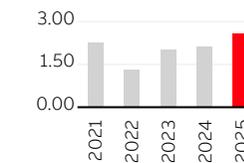


**Operational EBITA & Margin**



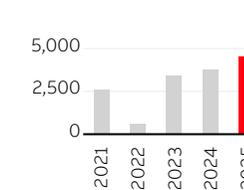
**Basic EPS**

continuing operations USD

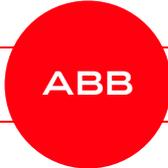
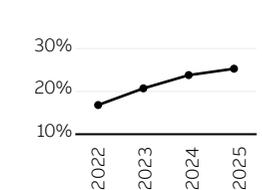


**Free Cash Flow**

USD, million



**ROCE**



We can do even better

- Next wave in the ABB Way** operating model – increasing operational accountability and transparency
- The beauty of mixing** – stricter focus on performance delivery by mandate
- Sustained focus** on continuous improvement and an annual 5% internal gross profit productivity target

- The power of ABB** – three business areas with sales and technology synergies
- Operational leverage** on expected growth in robust external markets
- M&A bolt-ons** part of ABB Way performance culture

Raising our margin and return targets

**Growth** through economic cycle

**Comparable**

5%–7% avg  
Excluding FX impacts, acquisitions and divestments

**Acquired**

1%–2% average

UPDATED

**Operational EBITA margin:**

annual  
18%–22%

**Business area target ranges**

EL 22%–26%  
MO 18%–22%  
AU 14%–18%

UPDATED

**ROCE**

annual  
>20%

UPDATED

**FCF conversion**

to net income  
annual >95%

**EPS growth (basic), average through economic cycle**

At least high single digit %

# RISKS & OPPORTUNITIES



For more information on our ERM process, please refer to the [Governance chapter](#).

For more information on our material impacts, risks, and opportunities based on our Double Materiality Assessment (DMA), including disclosures on climate-related risks and opportunities, see the [ABB Sustainability Statement 2025](#).

Proactive and strategic management of risks is an integral part of how we do business. Our risk management framework enables early identification and assessment of risks and ensures effective mitigation and management of their effects across all levels of ABB. At the same time, we look to turn risks into potential opportunities. This approach supports the creation and protection of value for ABB, our stakeholders, and society.

## ENTERPRISE RISK MANAGEMENT

At ABB, risks and opportunities often intersect, underscoring our commitment to both risk mitigation and value creation. Many of our solutions also directly address global challenges, where the potential opportunities for ABB often outweigh the risks. For example, our strongest potential opportunities lie in strategic product innovation designed to address evolving customer needs and support societal priorities, particularly relating to the global energy transition and the shift to electrification. By monitoring key economic and social megatrends, we remain well positioned to capture emerging opportunities and deliver sustainable value.

Based on the results of our enterprise risk management (ERM) process, the top enterprise risk categories facing ABB in 2025 are depicted on the following page.

## SUSTAINABILITY RISKS AND OPPORTUNITIES

ABB's Double Materiality Assessment (DMA) presents our material sustainability matters. This allows us to better understand our impacts, risks, and opportunities, focusing on both our own operations and our value chain.

ABB faces both risks and opportunities related to its material sustainability matters. For example, climate change poses risks to our infrastructure, operations, and employee safety. Acting on climate change provides opportunities, including securing market leadership, strengthening our reputation, and attracting talent. This helps to increase productivity and reduce carbon emissions, as well as reducing our own carbon footprint and costs through resource-efficient practices and technologies. Having a deep understanding of our

sustainability risks and opportunities enables us to manage them proactively and drive positive outcomes for ABB, our stakeholders, and society as a whole.

## Top five enterprise risk categories 2025

	EXAMPLES OF REPORTED RISKS	EXAMPLES OF RISK RESPONSES
<b>Cyber security incidents</b>	Potential cyber incidents involving ABB or third parties due to a global increase in sophisticated cyber attacks, AI-powered threats, high interconnectivity across the supply chain, and increasing process digitalization.	<ul style="list-style-type: none"> <li>• Continuous cyber vulnerability scanning and cyber defense tools to identify and prevent cyber attacks.</li> <li>• Onboarding of IT assets to global security solutions and cyber security training and awareness campaigns.</li> </ul>
<b>Geopolitical instability</b>	Increased geopolitical tensions globally resulting in trade restrictions, protectionism, global technology decoupling, raw material price increases and regulatory compliance challenges.	<ul style="list-style-type: none"> <li>• Evaluation and monitoring of exposure to and dependency on high-risk geographical markets.</li> <li>• Developing alternative supply chains for raw materials and dual sourcing strategies for key components.</li> </ul>
<b>Market dynamics and competition</b>	Market shifts and disruptive technologies reshaping value chains, new market players entering key segments, aggressive competitive strategies, and concentration in specific segments.	<ul style="list-style-type: none"> <li>• Review of portfolio strategy and price positioning in key markets and reinforcement of sales capability in growing segments.</li> <li>• Continuous monitoring of market developments and further advance region-specific product strategies.</li> </ul>
<b>Talent and capabilities</b>	Attraction and retention of skilled talent in highly competitive labor markets, demographic shifts in the workforce and keeping pace with demand for new competencies, and skills to support evolving business models and technologies.	<ul style="list-style-type: none"> <li>• Defining key competencies required to execute strategy and identifying competency gaps across geographies and segments.</li> <li>• Developing structured capability and competence building programs aligned to future workforce needs.</li> </ul>
<b>Integrity behavior</b>	Potential breach of laws and regulations and ABB's code of conduct resulting in reputational and brand value damage, trade sanctions, regulatory fines and penalties, and economic loss.	<ul style="list-style-type: none"> <li>• Group-wide integrity training and awareness campaign and continuous improvement of internal control framework.</li> <li>• Active monitoring of legal and regulatory landscape with targeted actions to meet compliance.</li> </ul>

—  
VALUE CREATION

# WE DELIVER LEADING FINANCIAL PERFORMANCE

ABB delivered another year of record-level operational performance and improved on virtually all lines of the Income Statement. We have come a long way in

improving our operational performance, but still see continued opportunities to enhance performance and deliver even stronger outcomes.

**2025 HIGHLIGHTS**

Order intake reached

**\$36.8 bn**+15% comparable<sup>1</sup>

Revenues reached

**\$33.2 bn**+7% comparable<sup>1</sup>

Operational EBITA of

**\$6,314 mn**

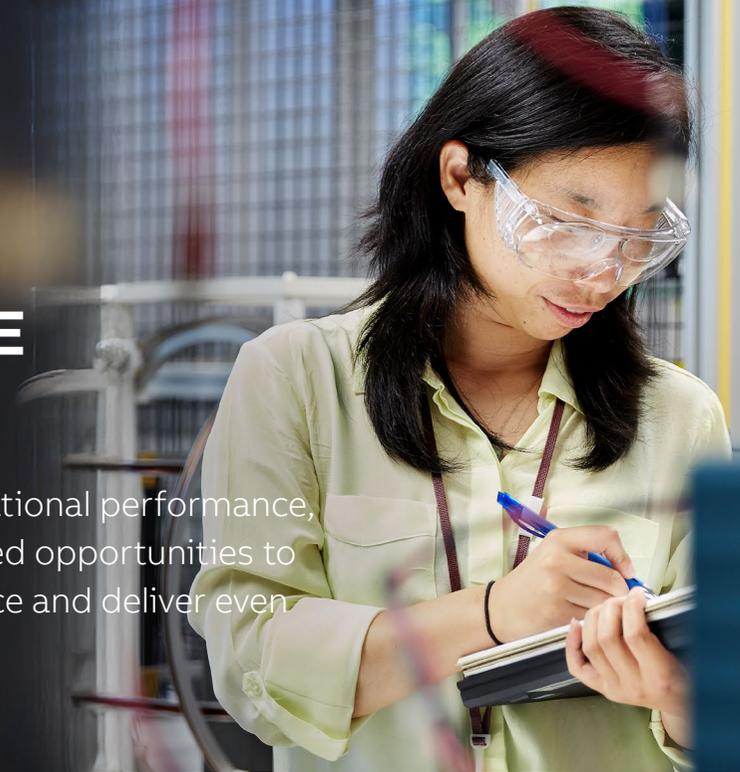
increasing 13% versus the prior year

Operational EBITA Margin<sup>1</sup> of**19.0%**

+80 bps versus prior year

Free Cash Flow<sup>1</sup> of**\$4.6 bn**

improving from last year's high level



# Orders and revenues

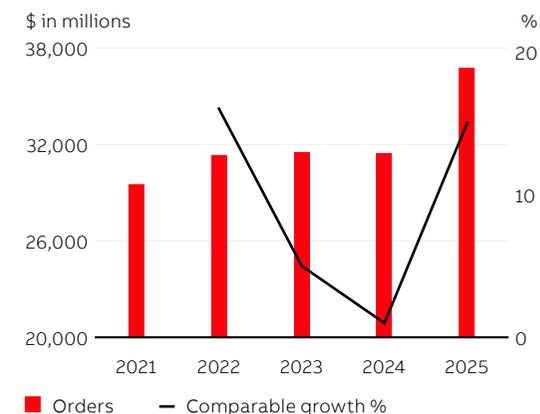
## ORDERS

1. For a reconciliation of alternative performance measures, see “supplemental reconciliations and definitions” in the [Q4 2025 Financial Information](#) booklet available on the Investor Relations website.
2. For additional information and analysis about individual business area revenues and order performance, refer to the relevant sections of the business analysis in our [Financial Report 2025](#).

In 2025, total orders rose sharply by 17 percent (15 percent comparable<sup>1</sup>) to reach a record-high level of \$36.8 billion. Orders improved across all business areas. With electricity increasingly becoming the key power source, the Electrification business area saw strong order growth of 14 percent (13 percent comparable<sup>1</sup>). Growth was seen across most end markets, with high demand from data centers, utilities and land based infrastructure. The buildings segment also improved, driven by commercial buildings, mainly in the United States. Orders in the Motion business area increased 8 percent (6 percent comparable<sup>1</sup>). Customers continue to strive to make their operations more energy efficient by investing in high-standard electrical motors and drives. Growth was supported by the project and systems-related businesses and service. Short-cycle businesses also increased, albeit from a low comparable. Positive developments were seen in commercial building HVAC, food & beverage, as well

as water & wastewater. Strong performance in the power generation segment was partly offset by declines in heavy, process-related industries, such as chemicals, metals and pulp & paper. Orders in the Automation business area increased sharply compared to the prior year by 33 percent (30 percent comparable<sup>1</sup>). The strong order growth was supported by the booking of several exceptionally large orders which contributed approximately \$1.2 billion. Excluding the impact of these large orders, the underlying market activity level remained robust with customers looking for ABB to support them on their journey towards improving the safety, productivity and sustainability of their operations. Customer activity was strongest in marine and ports. Strength was also noted in conventional power generation, while the more traditional process industries of chemicals and metals & mining were more subdued.

## Orders

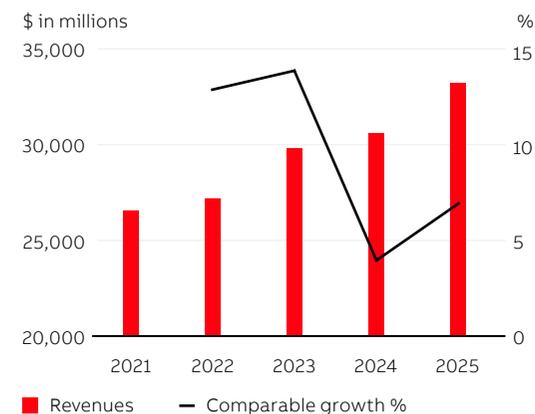


In 2025, orders increased 26 percent (26 percent comparable<sup>1</sup>) in the Americas, which was supported by the booking of several of the exceptionally large orders mentioned above. Excluding this impact, the underlying demand remained strong in the Americas region, with particular strength noted in the United States. Orders also increased in Canada and Brazil, partially offset by a decline in Mexico. In Europe, orders increased 16 percent (11 percent comparable<sup>1</sup>). Orders were higher across the majority of our larger markets including Germany, Sweden, Finland, and the United Kingdom while they declined in the Netherlands and Belgium. In Asia, Middle East and Africa, orders increased 7 percent (7 percent comparable<sup>1</sup>). Orders improved in China from a low comparable, which more than offset declines in other markets such as Saudi Arabia, Australia and Japan.

## REVENUES

In 2025, revenues increased by 9 percent (7 percent comparable<sup>1</sup>), driven by volume growth in short-cycle, service, and strong conversion of the order backlog in the project and systems businesses, with some additional support from positive price. Revenues improved in all business areas led by Electrification, which increased by 12 percent (11 percent comparable<sup>1</sup>), driven by both good momentum in short-cycle, as well as strong execution from the high order backlog related to the medium voltage and power protection offering. Strong conversion of our order backlog into revenue also supported growth of 5 percent (3 percent comparable<sup>1</sup>) in the Automation business area. Revenues in the Motion business area increased by 6 percent (4 percent comparable<sup>1</sup>), driven by higher volumes in short-cycle and long-cycle divisions, as well as additional support from positive impacts from pricing.

## Revenues



## ORDERS BY REGION

(\$ in millions, unless otherwise indicated)	Change			
	FY 2025	FY 2024	US\$	Comparable <sup>1</sup>
Europe	12,169	10,518	16%	11%
The Americas	14,537	11,575	26%	26%
Asia, Middle East and Africa	10,059	9,389	7%	7%
<b>ABB Group</b>	<b>36,765</b>	<b>31,482</b>	<b>17%</b>	<b>15%</b>

## REVENUES BY REGION

(\$ in millions, unless otherwise indicated)			Change	
	FY 2025	FY 2024	US\$	Comparable <sup>1</sup>
Europe	11,407	10,138	13%	7%
The Americas	12,424	11,370	9%	10%
Asia, Middle East and Africa	9,389	9,075	3%	3%
<b>ABB Group</b>	<b>33,220</b>	<b>30,583</b>	<b>9%</b>	<b>7%</b>

## GROWTH

Change year-on-year	FY 2025	FY 2025
	Orders	Revenues
Comparable	15%	7%
FX	2%	2%
Portfolio changes	0%	0%
<b>Total</b>	<b>17%</b>	<b>9%</b>

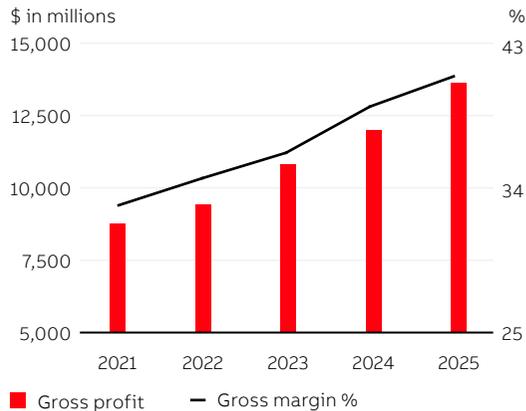
# Earnings

1. Constant currency (not adjusted for portfolio changes).
2. For a reconciliation of alternative performance measures, see "supplemental reconciliations and definitions" in the [Q4 2025 Financial Information](#) booklet available on the Investor Relations website.

## GROSS PROFIT

Gross profit increased by 14 percent (12 percent in constant currency<sup>1</sup>) to \$13,640 million in 2025, resulting in a gross margin improvement of 190 basis points to 41.1 percent. Gross profit improved in all three business areas, driven primarily by higher volumes with support from positive pricing, as well as savings and efficiency measures which combined more than offset labor and tariff-related inflation.

### Gross profit and gross margin



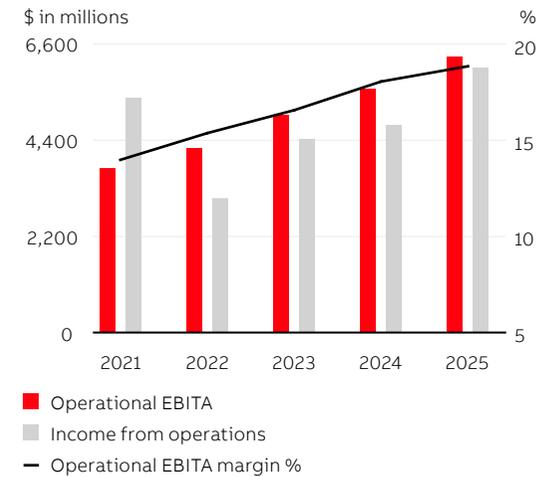
## INCOME FROM OPERATIONS

Income from operations amounted to \$6,047 million, significantly up 28 percent year-on-year, resulting in a margin of 18.2 percent. The increase was mainly driven by the positive impacts from improved operational business performance, with further support from foreign exchange timing differences, while the prior year was also negatively impacted by fair value adjustments of assets and liabilities held for sale and equity investments.

## OPERATIONAL EBITA

Operational EBITA increased by 13 percent to \$6,314 million. The higher result was due to the improved business performance more than offsetting higher expenses linked to Corporate and Other. Moreover, an operational net gain of approximately \$140 million relating to a real estate sale in Corporate and Other had a positive impact. The Operational EBITA margin improved by 80 basis points to 19.0 percent with the main drivers being operating leverage on higher volumes, positive pricing and improved operational efficiency. Corporate and other Operational EBITA amounted to -\$499 million. This includes a loss of \$148 million attributed to the E-mobility business and Stranded costs of \$123 million linked to the ongoing divestment of the Robotics business.

## Income from operations and Operational EBITA



### NET FINANCE AND NON-OPERATIONAL PENSION CREDITS

In 2025, we continued to generate net finance income which declined by \$15 million to \$117 million. The year-on-year decrease was driven by slightly higher interest and finance expenses, primarily due to interest expense related to income taxes, while interest and dividend income remained stable. Non-operational pension credits decreased by \$1 million to \$55 million compared to the prior year.

### INCOME TAX

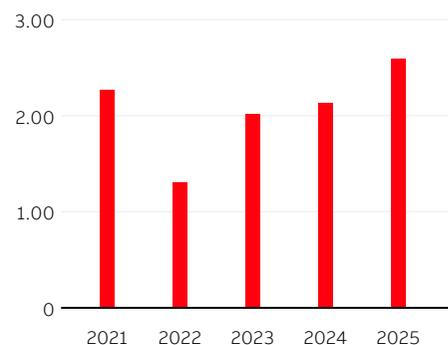
In 2025, the effective tax rate increased to 25.2 percent from 24.3 percent in 2024. The effective tax rate in 2025 was higher, primarily due to a net benefit of \$72 million from a partial reversal of an uncertain tax position related to the reassessment of certain tax risks in 2024.

### NET INCOME AND EARNINGS PER SHARE

Net income attributable to ABB was \$4,734 million and increased by 20 percent. Basic earnings per share were \$2.59 and increased by 21 percent. The improvement was driven by higher operational performance, as well as lower adverse impacts from non-operational items than in 2024, as discussed above.

#### Basic EPS

\$ per share



# Balance Sheet

1. For a reconciliation of alternative performance measures, see "supplemental reconciliations and definitions" in the [Q4 2025 Financial Information](#) booklet available on the Investor Relations website.

## TRADE NET WORKING CAPITAL

Trade net working capital<sup>1</sup> amounted to \$4,059 million, up slightly year-on-year from \$3,967 million. The increase was primarily driven by impacts from changes in foreign exchange rates which more than offset the reduction of inventories and higher trade payables, in local currencies. The average trade net working capital as a percentage of revenues<sup>1</sup> was 13.0 percent, a reduction from 14.3 percent one year ago.

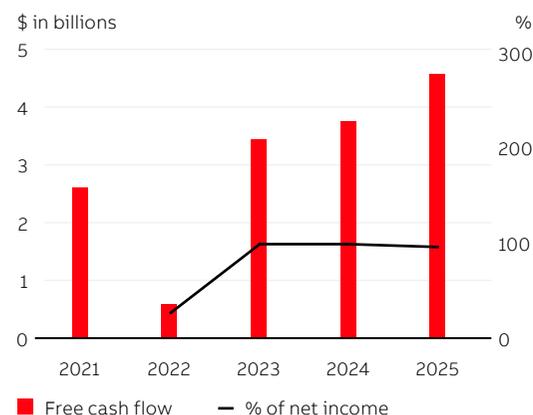
## CAPITAL EXPENDITURES

Purchases of property, plant, equipment, and intangible assets for continuing operations amounted to \$1,001 million in 2025, compared with \$799 million in the same period last year. For ABB Group, the total cash outflow on a combined basis amounted to \$1,099 million, higher than last year's \$845 million.

## CASH FLOWS

In 2025, cash flows from operating activities generated net cash of \$5,469 million, up from \$4,675 million in 2024, driven by stronger earnings and a reduction in net working capital compared to the prior year. Two out of three business areas reported improved cash flows from operations. Free cash flow (FCF)<sup>1</sup> increased by \$629 million to \$4,566 million, with an FCF conversion to net income<sup>1</sup> of 96 percent.

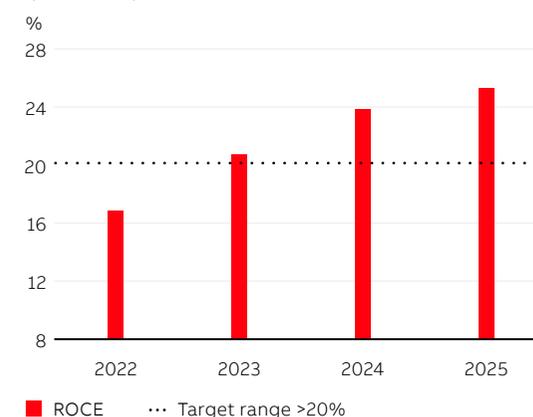
## Free cash flow and conversion rate



## RETURN ON CAPITAL EMPLOYED

Return on Capital Employed (ROCE)<sup>1</sup> increased by 150 basis points from 23.8 percent to 25.3 percent in 2025. The main driver of the improvement was higher Operational EBITA compared with 2024.

## Return on capital employed (ROCE)

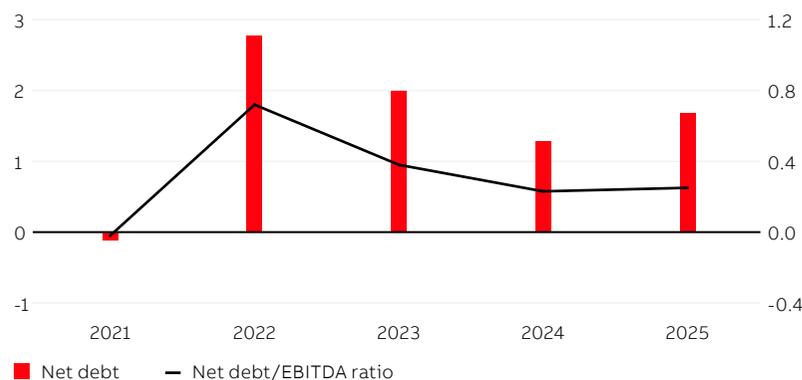


## NET DEBT

During 2025, our net debt increased \$403 million to a net debt position of \$1,683 million. In 2025, we generated free cash flows of \$4,566 million. This was mostly offset by amounts for purchases of treasury shares of \$1,499 million, including \$1,328 million relating to the announced buybacks of our shares, as well as \$1,907 million for the payment of the dividend as we continued to return cash to our shareholders. We made payments related to acquisitions totaling \$752 million. Additionally, the effect of exchange rate movements increased net debt by approximately \$700 million.

## Net debt

\$ in billions



	December 31	
(\$ in millions, unless otherwise indicated)	2025	2024
Short-term debt and current maturities of long-term debt	475	292
Long-term debt	7,829	6,648
<b>Total debt</b>	<b>8,304</b>	<b>6,940</b>
Cash and equivalents	4,640	4,326
Marketable securities and short-term investments	1,981	1,334
<b>Cash and marketable securities</b>	<b>6,621</b>	<b>5,660</b>
<b>Net debt</b>	<b>1,683</b>	<b>1,280</b>

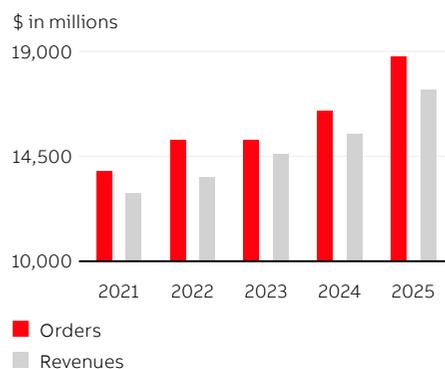
## Performance of business areas

### ELECTRIFICATION

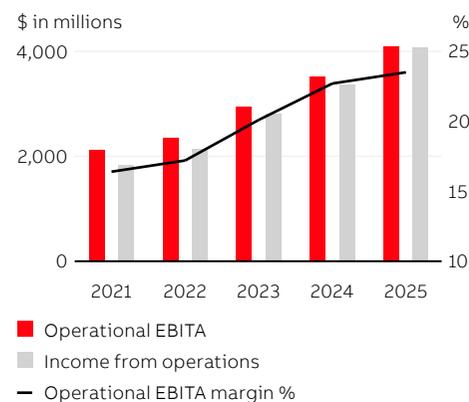
#### KEY FIGURES

(\$ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change	
			US\$	Comparable
Orders	18,757	16,422	14%	13%
Order backlog	9,438	7,506	26%	21%
Revenues	17,357	15,448	12%	11%
Operational EBITA	4,081	3,520	16%	
as % of operational revenues	23.5%	22.7%	+0.8 pts	
Cash flow from operating activities	4,242	3,652	16%	
No. of employees (FTE equiv.)	53,400	51,700	3%	

#### Orders and revenues



#### Income from operations and Operational EBITA

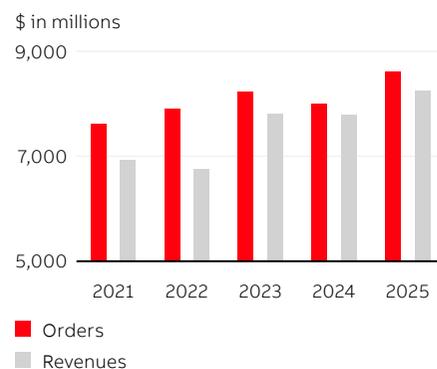


### MOTION

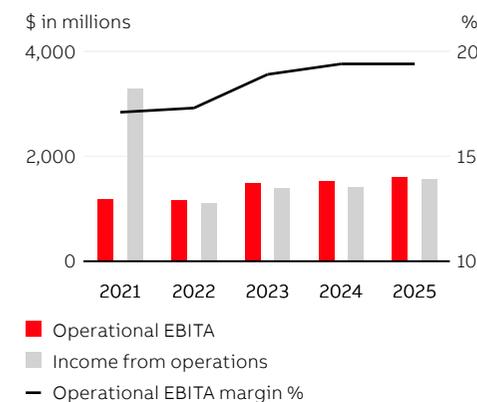
#### KEY FIGURES

(\$ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change	
			US\$	Comparable
Orders	8,619	7,989	8%	6%
Order backlog	6,285	5,239	20%	8%
Revenues	8,247	7,787	6%	4%
Operational EBITA	1,600	1,518	5%	
as % of operational revenues	19.4%	19.4%	+0.0 pts	
Cash flow from operating activities	1,621	1,776	-9%	
No. of employees (FTE equiv.)	22,900	22,400	2%	

#### Orders and revenues



#### Income from operations and Operational EBITA

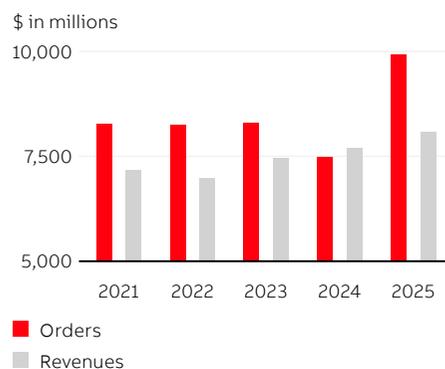


## AUTOMATION

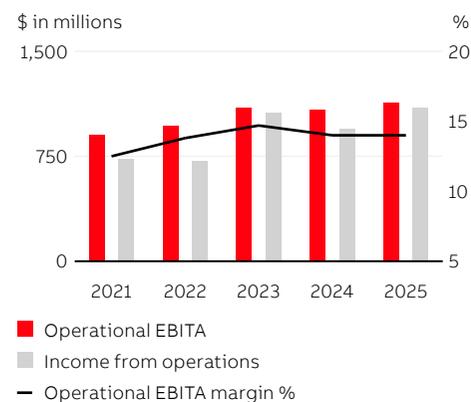
### KEY FIGURES

(\$ in millions, unless otherwise indicated)	FY 2025	FY 2024	Change	
			US\$	Comparable
Orders	9,928	7,485	33%	30%
Order backlog	10,133	7,631	33%	23%
Revenues	8,084	7,692	5%	3%
Operational EBITA	1,132	1,080	5%	
as % of operational revenues	14.0%	14.0%	+0.0 pts	
Cash flow from operating activities	1,528	1,231	24%	
No. of employees (FTE equiv.)	26,300	25,800	2%	

### Orders and revenues



### Income from operations and Operational EBITA



## OUTLOOK

Looking to 2026, we will continue to further drive operational performance through increased accountability, transparency and speed, leveraging our ABB Way operating model. Moreover, we expect our three business areas to benefit from their leading positions in strong electrification and automation markets. We expect a positive book-to-bill and comparable revenue growth in the range of 6–9 percent. The Operational EBITA margin should slightly improve year-on-year, even when excluding the announced real estate gain in the first quarter of 2026. Additionally, we will utilize our larger share buyback program of up to \$2 billion, as well as delivering on our policy of a sustainably rising dividend per share over time.

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VALUE CREATION

# WE ENABLE A LOW-CARBON SOCIETY

Supporting the development of a low-carbon society is one of the most significant ways that ABB can contribute to environmental sustainability. Given our leadership in electrification and automation, ABB has a critical role in accelerating the energy

transition, enabling energy security, energy efficiency and the addition of renewable energy to the grid while decarbonizing customer operations. Helping to solve these global challenges lies at the center of ABB's purpose and value proposition.

**2025 HIGHLIGHTS**

## Energy efficiency movement – 614 movers in total

Bringing together business, policymakers, and other stakeholders to promote energy efficiency through adoption of best practice, smarter investments, and enabling regulation

## Progress towards 2030 target

79% in scope 1 and 2 vs 2019 baseline, forecasting a 86% reduction by 2030.

## 98% of electricity sourced from renewables in 2025

Awarded A in Water and in Climate

## CDP Climate rating

The double A rating puts us in the top 1% of companies scored.

Published our

## Climate Transition Plan

in September 2025

# ABB's management and targets



For further information please refer to the Climate Chapter in the [Sustainability Statement 2025](#).

As part of our Sustainability Agenda, ABB adopts a multi-pronged approach and is decarbonizing its operations and supply chain, while helping ABB customers reduce or avoid emissions through the products and services we provide.

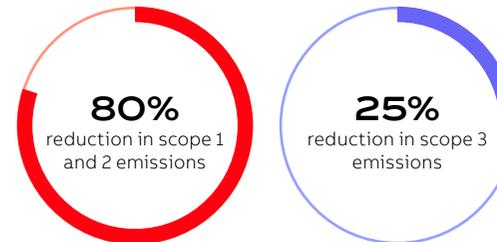
ABB's operational greenhouse gas emissions (scope 1 and 2) are generated from manufacturing, assembly, and logistics. These account for less than one percent of our total emissions while more than 99 percent come from our value chain, from raw material extraction to product end-of-life. The single greatest share of emissions – around 97 percent – results from customer use of our products (scope 3, category 11).

Our holistic approach to reducing ABB's GHG emissions includes:

- Reducing GHG emissions in our own operations by implementing ABB's technologies, driving energy efficiency, and increasing the proportion of renewable electricity in our operations;
- Working with suppliers to better understand and reduce GHG emissions in our supply chain;
- Helping customers cut emissions through the use of our products, solutions, and services.

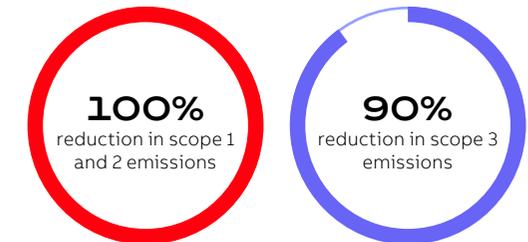
Our Science Based Targets guide ABB's efforts to reduce scope 1, 2, and 3 emissions. Validated by the Science Based Targets Initiative (SBTi), ABB has committed to achieve the following targets:

## Near-term emissions targets by 2030



- Reduce scope 1 and 2 emissions **by 80% from 2019 levels.**
- Reduce scope 3 emissions **by 25% from 2022 levels.**

## Net-zero targets for 2050



- Reduce scope 1 and 2 emissions **by 100%.**
- Reduce scope 3 emissions **by 90% from 2022 levels.**

While we acknowledge the challenges and transitional risks ahead, we remain committed to working closely with customers, suppliers, and others to develop innovative solutions and build resilience. ABB's value proposition centers on enabling customers to optimize, electrify, and decarbonize. In turn, this transformation of industry will enable the energy transition and development of a low-carbon society.

**CLIMATE TRANSITION PLAN**

In 2025, we published our updated [Climate Transition Plan](#), ABB's blueprint for reaching net-zero. The transition plan also includes our assessment of physical and transition risks with the most material financial impact on ABB and maps these to our mitigation measures.

We believe that by reducing GHG emissions across our business and value chain, and by enabling the shift to a low-carbon economy, ABB is well-positioned to remain resilient in the face of climate change. We will publish regular updates to track performance and progress.

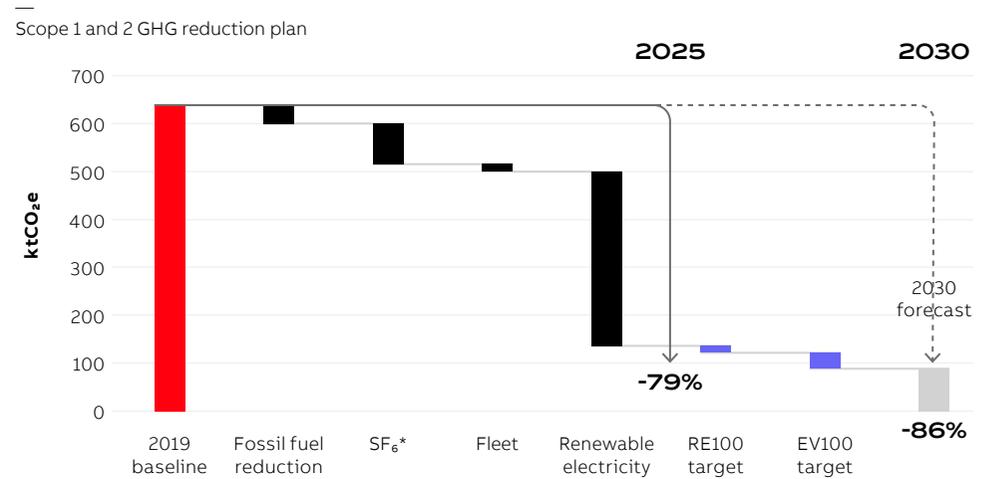
In 2025, we allocated approximately \$12 million in capital expenditures (CapEx) to climate mitigation projects across our building portfolio. These investments, developed together with ABB's real estate teams, focus on scope 1 and 2 emissions. Scope 3 initiatives are under evaluation for future inclusion.

**GOVERNANCE**

Accountability for emissions reduction is embedded at the division level, with oversight from the Executive Committee and the Board of Directors. Divisions are responsible for identifying and implementing the most impactful initiatives across the value chain, from heat pumps in our sites and sourcing low-carbon materials for our products to providing high-efficiency solutions to our customers. Ultimate accountability for ABB's climate targets rests with the Board of Directors. In 2025, the Governance and Nomination Committee approved our Climate Transition Plan as part of its wider role in reviewing and approving ABB's Sustainability Agenda and targets.

We continue to embed ABB's climate targets into the business. For example, scope 1, 2, and 3 emissions performance is now integrated into long-term performance planning (LPP). In addition, management compensation in the annual and long-term incentive plan is tied directly to scope 1 and 2 climate performance in 2025.

**Decarbonization approach - our own operations**



The chart above shows the expected effects of each measure in reducing our emissions compared to our baseline year. The most impactful measure by far is the shift to renewable electricity. However, the other measures are important contributors to our emissions targets and will lead to significant changes in the way we run our operations.

\*Sulfur hexafluoride



## Tackling operational emissions

The term Mission to Zero™ refers to ABB's journey to achieve net-zero emissions in our own operations and operate more sustainably. In 2025, we achieved reductions of 79 percent versus 2019 for our scope 1 and 2 emissions. We continue to improve energy efficiency across our sites, while also increasing our share of renewable energy and electricity.

Using ABB technologies, our sites are increasing their energy efficiency and are decarbonizing process heat, phasing out fossil fuels. Initiatives include implementing building automation and energy management systems, replacing fossil-fuel-based heating with high-efficiency HVAC and heat pump solutions, and installing on-site solar photovoltaic (PV).

In line with our efforts to accelerate reductions in our scope 1 and 2 emissions, we have committed to three Climate Group initiatives that focus on renewable energy (RE100), fleet electrification (EV100), and energy efficiency and productivity (Smart Energy Coalition).

We are also reducing operational use of sulfur hexafluoride (SF<sub>6</sub>), a potent greenhouse gas used in medium-voltage equipment. To do so, we are working to minimize use of SF<sub>6</sub> in our products,

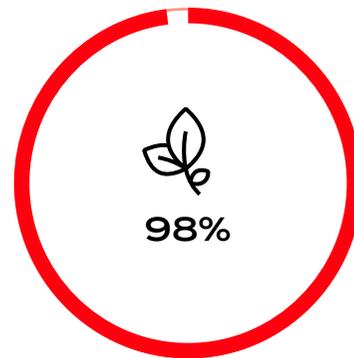
prevent leakages in our operations, and introduce SF<sub>6</sub>-free products to the market.

As a result of the strong progress in reducing our operational emissions we are

now forecasting a reduction of 86 percent for 2030 versus a 2019 baseline.

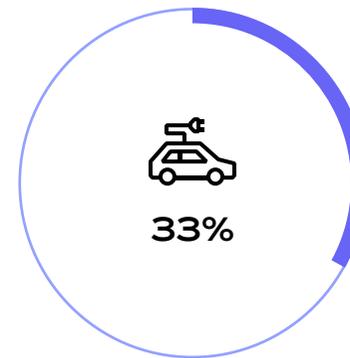
By the end of 2025, 37 ABB sites were recognized to meet Mission to Zero™ requirements.

### ABB's commitments to reduce scope 1 and 2 emissions



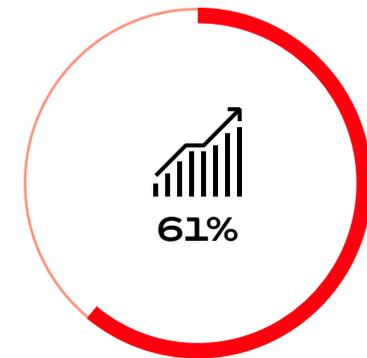
**Source 100% of ABB's electricity consumption from renewable sources by 2030.**

Progress: 98% of ABB's electricity now comes from renewable sources, from both procurement and on-site generation.



**Electrify ABB's vehicle fleet by 2030.**

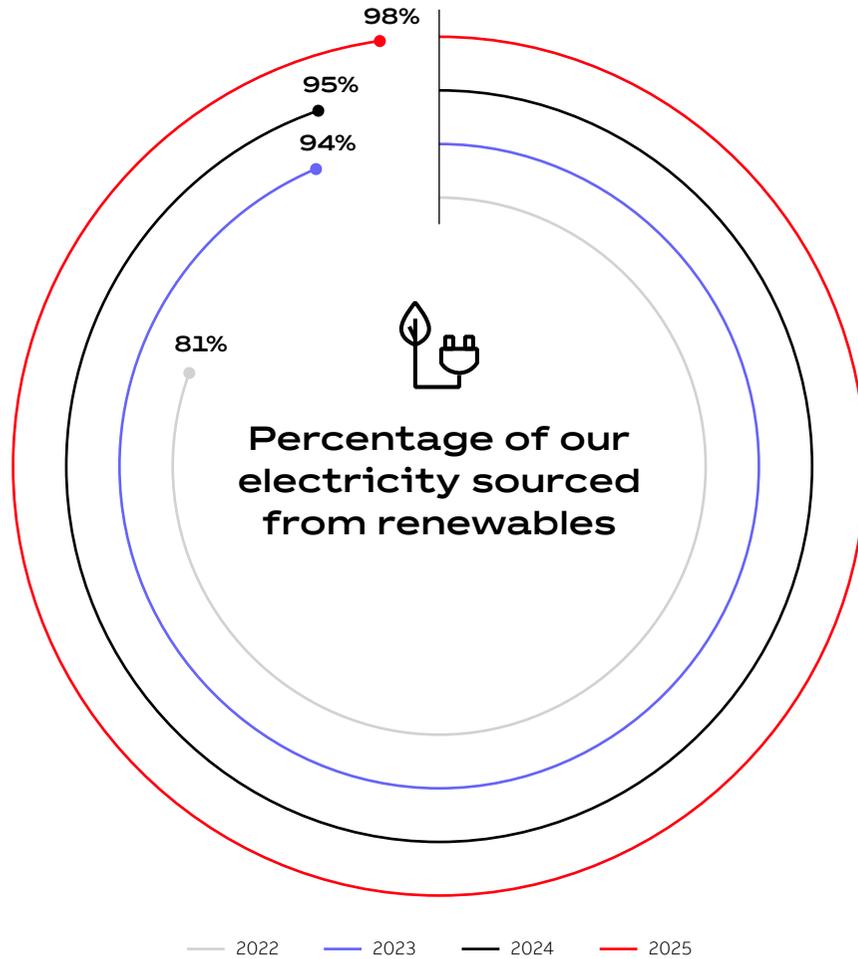
Progress: 33% of 10,000+ cars are electric while 241 of ABB-owned sites have EV charging infrastructure.



**Double ABB's energy efficiency and implement energy management systems across all operations by 2030.**

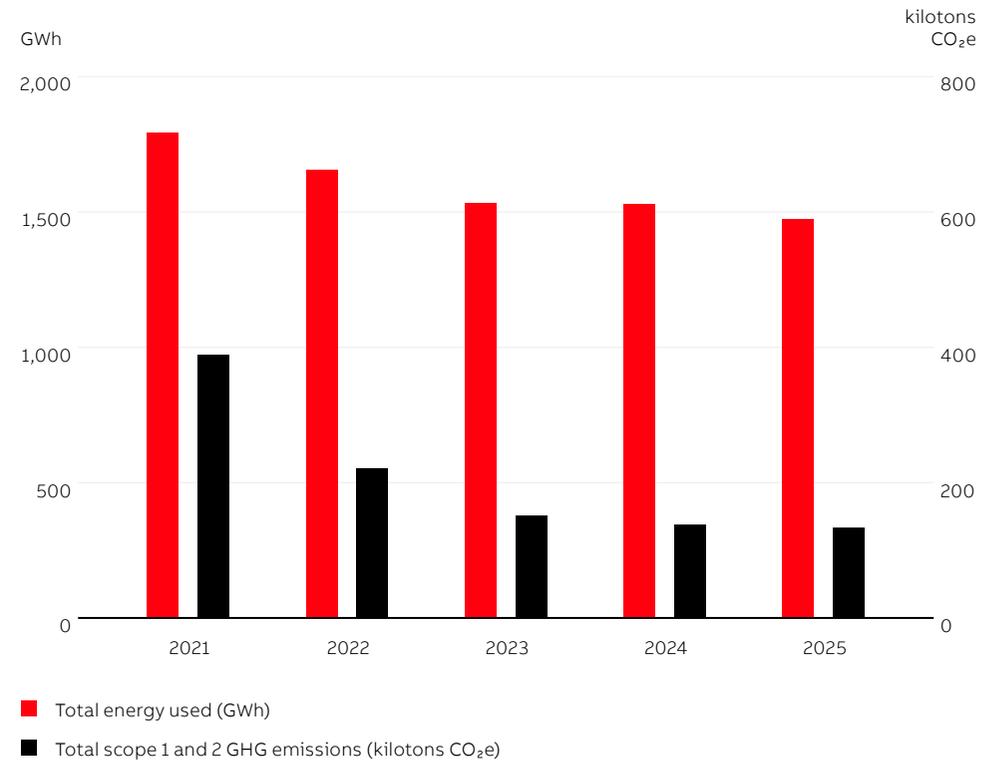
Progress: A 3.7% drop in energy consumption from 2024 to 2025 despite revenue growth. This contributed to a 61% improvement in energy productivity since 2019.

### Share of electricity from renewable sources



### Total energy used and total scope 1 and 2 GHG emissions

Percent of our electricity from renewables



## Addressing value chain emissions

In 2025, although our scope 3 GHG emissions increased compared to 2024, they are 1.1 percent lower compared to the baseline year of 2022, with key drivers being strong growth of orders and unit shipments in parts of the business, as well as a shift in sales mix within our product portfolio. We follow the current GHG Protocol guidance under which 97 percent of our scope 3 emissions are downstream in the Use of Sold Products category. The guidance indicates that in many cases for ABB the full energy input to our products and not just the energy loss must be accounted for. Reducing emissions that occur downstream with customers during the use of ABB products requires decarbonization of the energy used throughout their lifetimes. The increase in scope 3 emissions is a result of energy-intensive products used by customers powered by electricity which globally still often relies on significant use of fossil fuels. Advanced energy efficiency, electrification and grid decarbonization are key drivers of the global energy transition. The sale of ABB products which support the integration of renewables into the grid for example, will in turn lead to reductions of our own scope 3 emissions in the long term. Our focus is on two key categories that account for 99 percent of value chain emissions:

- Supplier emissions (Purchased goods and services; category 1);
- Customer emissions (Use of sold products; category 11).

### SUPPLIER EMISSIONS

Purchased goods and services (scope 3, category 1) are the largest source of upstream emissions, with more than half of these emissions coming from our top 10 material groups.

To address this, ABB is working to increase the proportion of low-carbon materials sourced, including steel, copper, aluminum, and plastics. While cost, availability, and price volatility present challenges, we are improving supplier data collection to better track material-related impacts.

Key actions include:

- Collaborating with suppliers and customers on low-carbon material availability and use;
- Increasing availability of product carbon footprints (PCFs) from suppliers;
- Engaging suppliers on carbon reduction roadmaps through 2030.

### CUSTOMER EMISSIONS

More than 97 percent of ABB's value chain emissions result from customer use of our products (scope 3, category 11). Decarbonizing customer operations is therefore the most effective way we can contribute both to the energy transition and a low-carbon society.

Our products and services support customers across numerous high-emitting sectors, including power, industry, buildings, and transport. We help these customers reduce emissions in three main ways:

- Supporting the decarbonization of electricity grids with innovative technologies;
- Improving energy efficiency in industry by working with customers to implement the most efficient products available;
- Developing new products to boost energy efficiency and help reduce carbon emissions.

ABB products support the energy transition by integrating renewables, electrifying operations, and increasing grid efficiency. We also address emerging needs, such as the growing energy demand of data centers, by delivering efficient power solutions.

### AVOIDED EMISSIONS

Our ambition is to enable customers to avoid 600 megatons of CO<sub>2</sub>e emissions through the lifetime of products sold between 2022 and 2030. Avoided emissions are calculated over the full product lifecycle following strict guidance provided by the World Business Council of Sustainable Development (WBCSD).

For ABB products and services sold since 2022, we have enabled customers to avoid 285 megatons of CO<sub>2</sub>e emissions over the full product lifecycle. As customer use of ABB technologies grows, this can, in turn, increase our reported scope 3 emissions due to their electricity use not being fully decarbonized. Innovations, such as high-efficiency electric motors and drives, deliver substantial net emissions reductions compared to conventional alternatives.

**ABB's technologies are at the core of accelerating the energy transition**

**Key market trends support demand for our customer offerings**



**Supporting all relevant sectors to optimize, electrify, and decarbonize**

Energy-related GHG emissions by segment<sup>1</sup>

ABB service offerings

% of ABB revenues by sector<sup>2</sup>

Power **40%**

- Renewables integration
- Generators
- Synchronous condensers
- Hydrogen



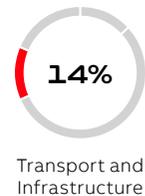
Industry **25%**

- High-efficiency motors and variable speed drives
- Electrification of heavy-duty trucks
- Optimization and factory automation
- Emissions monitoring and leak detection



Transport **22%**

- Marine hybrid and electric propulsion systems
- EV onboard equipment and charging
- E-buses and fleet charging and propulsion
- Rail traction electric



Buildings **8%**

- Building energy management
- Power distribution
- HVAC control
- Lighting and comfort control



1. Source: International Energy Agency.  
2. Management estimate based on FY 2025 revenues.  
Due to rounding, numbers presented do not add to 100.

## ENGAGEMENT AND ADVOCACY

We partner with industry and policymakers to drive systemic change and accelerate global decarbonization. In addition to the Climate Group's initiatives, ABB participates in the following:

- **Energy Efficiency Movement** – Advocating as a founding member for a doubling of energy efficiency by 2030;
- **Capital Goods Coalition** – Driving standardization in supply chain decarbonization;
- **WBCSD Partnership for Carbon Transparency** – Sharing of product carbon footprints to better identify emissions hot spots.

We also advocate for policy frameworks that provide an enabling environment for the development of a low-carbon economy. The topics on which we focus include:

- Accelerated electrification across sectors;
- Focus on energy efficiency;
- Decarbonization of the power system and other sectors;
- Skills development for the energy transition;
- A transition that is just, orderly, and publicly supported.

## Energy efficiency in action

**61%** improvement in energy productivity

In 2025, we achieved a **61% improvement in energy productivity**, compared to 2019. This was largely due to improvements in operational energy efficiency with an absolute decrease in energy use of 3.7% in 2025 compared to 2024, despite the continued increase in revenues in the same period.

## OUTLOOK

To meet our near- and long-term Science Based Targets, ABB will:

- Expand supplier engagement beyond Tier 1 suppliers to achieve deeper value chain emissions reductions;
- Increase sourcing of low-carbon materials and product circularity;
- Accelerate grid decarbonization using ABB technologies.




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 LOW-CARBON

## Building AI-ready data centers with ABB's medium-voltage UPS solution

ABB is partnering with Kevlinx to deliver energy-intelligent data centers designed for scalable AI workloads. At Kevlinx's new Tier III campus in Brussels, ABB's innovative medium-voltage uninterruptible power supply (UPS) architecture integrates grid connection, switchgear, and backup systems. This reduces transformer losses and heat dissipation while improving energy efficiency.

The 40MVA system, which can be scaled to 100MVA, supports high-density power demands and future expansion. ABB's

UniGear switchgear and HiPerGuard UPS enable optimal uptime, lower energy costs, and grid-balancing capabilities. The solution transforms the UPS from a passive backup into an active smart grid component, helping to flatten peak loads and stabilize energy supply. This collaboration sets a new benchmark for sustainable digital infrastructure, combining resilience, flexibility, and regulatory alignment to support the exponential growth of AI and cloud computing.

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 LOW-CARBON

## Futureproofing Denmark's power grid with ABB's digital substation solutions

To support Denmark's green energy transition, utility company Vores Elnet partnered with ABB to upgrade its grid infrastructure. By digitalizing its substations, the company is futureproofing the grid to handle variable energy flows and the increasing demand for electrification.

ABB's Relion® protection relays and control systems enhance grid reliability, flexibility, and resilience – all of which are

critical to integrating renewable energy sources. These upgrades enable real-time monitoring, faster fault detection, and remote configuration, which in turn reduce downtime and improve operational efficiency. This application of ABB's scalable solutions demonstrates how digitalization and automation can accelerate the shift to a low-carbon society.




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 LOW-CARBON

## Pioneering with Citroniq to advance low-carbon plastics in the United States

ABB is supporting Citroniq's initiative to produce 100 percent bio-based polypropylene at its new facility in the US state of Nebraska. Leveraging ABB's advanced automation, electrification, and digital solutions, the plant will transform corn-based ethanol into certified biogenic polypropylene, which is used for many vital everyday items, including food and beverage packaging, automotive parts, and medical devices.

In addition, the facility is expected to capture three million tons of CO<sub>2</sub>e each year and permanently store these

emissions, converting them into solid pellets. At full capacity, Citroniq's three-plant platform could slash emissions from US polypropylene production by up to 20 percent.

This agreement highlights how ABB's technology can accelerate the shift to low-carbon manufacturing, even in hard-to-abate sectors.




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 LOW-CARBON

## Smart electrification powers one of Finland's largest solar installations

ABB is supporting EPV Energy's new solar park in Heinineva, Lapua – one of Finland's largest with 123,000 panels – by delivering smart electrification and automation technologies.

Built on a former peat bog, the park marks a strategic shift toward low-carbon energy. ABB provided a tailor-made solar park controller based on its ZEE600 platform, enabling centralized control, predictive maintenance, and participation in the electricity reserve market. ABB also supplied UniGear ZS2 switchgear, Relion® protection relays, and EcoFlex transformer stations for the pilot tracker field, which features

rotating panels to optimize solar capture. The collaboration helped EPV meet demanding regulatory requirements and streamline operations. With 96 percent of EPV's electricity already from emission-free sources, the solar park strengthens Finland's renewable energy portfolio and supports the country's goal of carbon neutrality by 2030.



## LOW-CARBON

### Powering new hybrid-electric ferries in support of British Columbia's cleaner future

ABB is supplying a complete package of power, propulsion and control technology for four new double-ended passenger and car ferries operated by British Columbia Ferry Services (BC Ferries). One of the largest ferry operators in the world, BC Ferries provides year-round vehicle and passenger service on 25 routes to 47 terminals, carrying approximately 9.7 million vehicles and 22.7 million passengers annually. The ferries, which will replace four end-of-life vessels, are part of the 'New Major Vessels' program, aimed at delivering safe, environmentally sustainable and reliable operations in

and around the Strait of Georgia, the body of water separating Vancouver Island from the Lower Mainland of British Columbia.

With diesel-battery hybrid technology that can operate on bio and renewable diesel today and transition to full electrification as infrastructure evolves, these ships are a critical part of building a cleaner, quieter, and more reliable ferry system for the future.



## ENERGY EFFICIENCY

### Driving energy efficiency in steelmaking with ABB technologies

Steel manufacturing is one of the most energy-intensive industries, accounting for seven percent of global CO<sub>2</sub>e emissions. In India, a major steel manufacturing center, ABB partnered with Real Ispat and Power Ltd. (RIPL), an integrated steel and electric power manufacturing firm, to address rising energy costs and sustainability demands. ABB provided high-efficiency motors and Variable Frequency Drives (VFDs), optimizing energy use across critical processes like pumping, conveying, and crushing. RIPL also implemented hot charging of MS billets and modified furnace coils to eliminate energy-draining reheating.

As a result of these innovations, RIPL saves approximately three million kWh annually. By adopting dolochar as boiler fuel and embracing ABB's technologies, RIPL significantly reduced its carbon footprint and improved cost competitiveness. The collaboration showcases how industrial transformation can be both sustainable and strategic.




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 ENERGY EFFICIENCY

## Setting a new record for motor energy efficiency with ABB's TIE innovation

ABB has set a new world record for energy efficiency in large synchronous electric motors with a new motor designed in line with its Top Industrial Efficiency (TIE) initiative. This new initiative delivers equipment which exceeds standard performance benchmarks. The motor, developed for a steel plant in India, achieved an unprecedented 99.13 percent energy efficiency, surpassing the previous record of 99.05 percent, held by ABB since 2017.

This breakthrough enables the plant to save approximately 61 GWh of energy and \$5.9 million in electricity costs

over a 25-year period, while avoiding 45,000 tons of GHG emissions.

The motor powers an air separation unit that supplies high-purity gases for steelmaking. By optimizing both electrical and mechanical design, ABB demonstrates how industrial equipment can push the boundaries of performance without compromising reliability. The achievement highlights ABB's commitment to resource efficiency and its role in helping industries reduce lifecycle costs and environmental impact through cutting-edge electrification.




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 ENERGY EFFICIENCY

## Stabilizing data center power for AI growth with ABB and VoltaGrid

To help meet surging electricity demand from AI-driven data centers, ABB is supplying grid stabilization technology for multiple facilities in the US, including three orders from VoltaGrid. ABB's scope includes 27 synchronous condensers and prefabricated eHouse units, providing high inertia and reactive power to maintain network voltage and support short-circuit faults.

These solutions enhance grid reliability and resilience, enabling data centers to manage increased loads and maintain uptime as AI adoption accelerates. VoltaGrid's mobile generators, which are natural gas-powered, provide the initial electricity supply, while ABB's technology

complements this by stabilizing the grid and ensuring consistent power quality. With data center electricity consumption expected to more than double by 2030, ABB's integrated automation, electrification, and digitalization solutions help operators optimize performance, drive energy efficiency, and meet growing demand while supporting a reliable energy ecosystem.

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VALUE CREATION

# WE PRESERVE RESOURCES

As our world becomes more resource constrained, ABB is committed to safeguarding natural resources throughout our value chain. We work to minimize our use of water and virgin raw materials;

increase our efforts to become a resource-efficient business, reduce waste and pollution; and protect biodiversity. We do so by working with suppliers and customers, supporting their journeys, too.



## 2025 HIGHLIGHTS

Achieved circularity score of

# 27%

for our product-related revenue

Reduced waste sent to landfill to

# 5.3%

as we work towards our 2030 target of zero waste to landfill

Awarded

## AWS Standard certification (Gold)

from the Alliance for Water Stewardship for our Bangalore site in India

Required sites within one kilometer of

## biodiversity-sensitive or protected areas

to assess proximity impacts and adopt precautionary environmental measures

## ABB's management and targets

The commitment to conserve natural resources is embedded in our business. It is a key pillar of ABB's Sustainability Agenda and an integral part of how we create value for stakeholders. For example, our most recent double materiality analysis confirmed that circular economy is a material topic for ABB.

The wide-ranging nature of resource preservation results in ABB collaborating across two working groups to drive progress across various topics. ABB's Circularity Working Group addresses the impacts, risks, and opportunities as we embed circularity principles into our business, while the Water, Waste, and Biodiversity Working Group focuses on water security, minimizing waste generated by ABB, eliminating waste sent to landfill, and protecting nature and biodiversity. Working with both suppliers and customers, we support their journeys and develop innovative products and services that meet their needs.



## Building circularity

A circular approach enables us to keep value in use: with products that last longer, systems built to outperform, and products that become reusable through refurbishment, retrofitting, and recycling. From reliable and resource-efficient products, smart diagnostics and upgradable systems to responsible sourcing and end-of-life strategies, we help industries to preserve resources, extend product life, boost operational efficiency and resilience, and reclaim material and economic value. This 2030 target is forecasted in our long-term performance planning at division level.

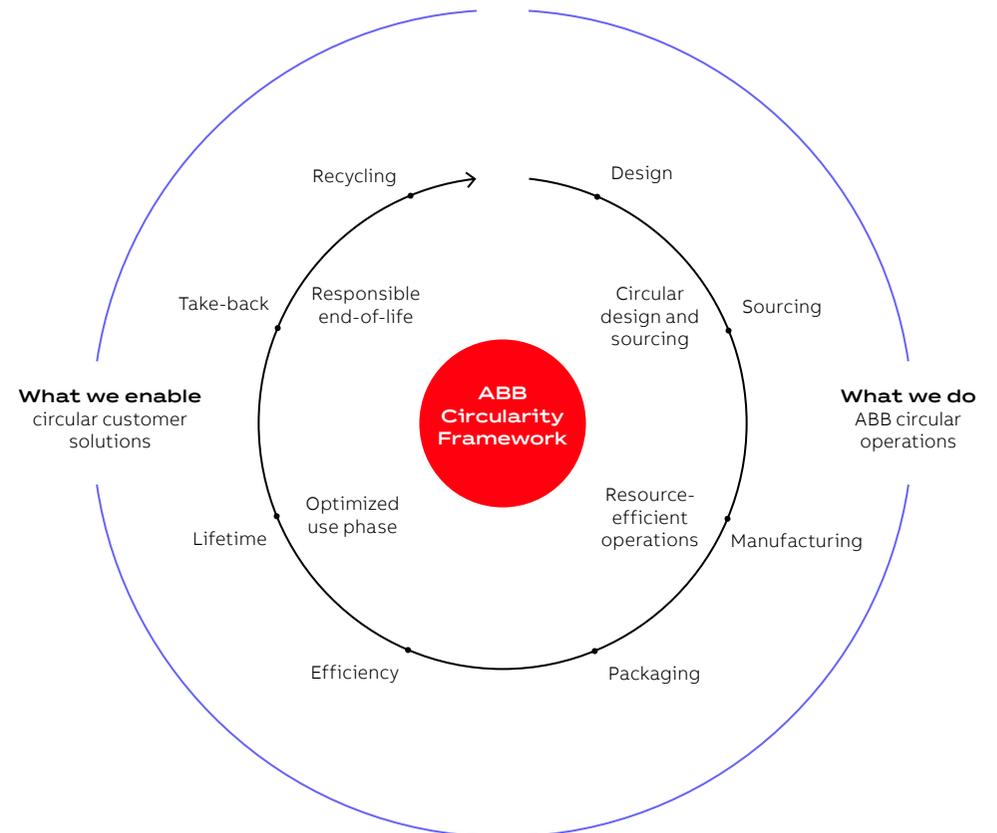
This approach is integrated into our eight circularity KPIs, which correspond to stages of the product lifecycle (see illustration). We continue to expand our circular business offerings and enhance the transparency with which we disclose environmental information about our products. By the end of 2025, we assessed 46 percent of our product-based revenues against our Circularity Framework and achieved an alignment of 27 percent.

ABB's Circularity Framework also sets out our governance model, methodologies, and monitoring systems. Our Circularity Working Group coordinates initiatives across our business, establishing guidelines, and sharing best practices.

Circularity can yield new partnerships, products, and services, benefiting not only our business but our suppliers and customers, too. For example, ABB's digital solutions can extend the life of customer assets through remote monitoring and services, corrective as well as predictive maintenance, and modernization. These solutions can also prevent failures and costly downtime, optimize performance, and reduce waste. Our end-of-life services ensure responsible decommissioning, disposal, and recycling of any ABB or non-ABB equipment to achieve both safety and environmental outcomes. ABB proactively manages circularity-related risks, such as products becoming obsolete, delays in bringing circular solutions to market, and shortages of critical materials, to safeguard competitiveness, reliability, and sustainability.

ABB also engages with leading organizations in the field of circularity, including the World Business Council for Sustainable Development and the Ellen MacArthur Foundation. By doing so, we help to shape a common framework and set of metrics to enhance transparency and comparability across industry, thereby advancing best practices, fully aligned with our commitment to driving circularity beyond our organization.

### ABB Circularity Framework



## Eliminating waste to landfill

ABB has committed to sending zero waste to landfill by 2030. Since this target is included in our long-term performance planning, every ABB division has waste reduction and recycling programs in place. In addition, our waste management requirements are aligned with international standards.

ABB is driving down waste across our global operations by:

- Improving the efficiency of our processes;
- Increasing the proportion of sustainable materials in products and packaging; and
- Expanding on-site recycling rates.

In 2025, we launched our “Zero Waste to Landfill Playbook” to provide our sites with tangible resources on how they can minimize waste generation and reduce disposal to landfills. The publication helps sites calculate waste diversion rates, improve recycling efficiency, make process improvements, reduce consumables, and use vendors to increase waste diversion.

ABB recycled 81 percent of waste from operations during 2025, with only 5.3 percent (5.8 percent in 2024) of waste sent to landfill and 4.1 percent to energy. The amount of waste generated by ABB operations increased by 15.1 percent to 217.8 kilotons compared to the previous year. The increase was mainly driven by construction projects.

## Managing water risk

ABB recognizes the critical nature of water security to our own operations and to the health of our communities and ecosystems. As climate change, population growth, and industrial demand put further pressure on water security, we recognize fresh water as a finite and shared resource and endeavor to use water responsibly throughout our value chain.

We conduct annual assessments of water-related risk across more than 320 global sites, focusing on those in water-stressed regions. We use the global water risk tool of the World Resources Institute (WRI) to conduct these assessments.

As of 2025, 109 ABB sites were located in areas of high and extremely high water stress (compared to 91 in 2024). We require 100 percent of these sites to perform a self-assessment and action planning by the end of 2026. We encourage our sites to align their action planning with the requirements of the Alliance for Water Stewardship (AWS). This globally recognized framework for sustainable

water management addresses responsible water use, water quality, and governance at a watershed level through multi-stakeholder engagement. The first ABB site to gain AWS Standard certification (Gold) from the Alliance for Water Stewardship is our Bangalore site in India. We are planning to roll out the program to ABB sites around the world.

In our supply chain, exposure to water risk is even greater. We therefore work with key suppliers to assess and mitigate water-related risks, from flooding to water scarcity. In addition, we ask suppliers to demonstrate how they monitor water usage, improve water efficiency, and partner with local institutions.

Our water and wastewater solutions help customers reduce water extraction and address freshwater pollution. ABB’s Water Care program also helps optimize plant performance, protect equipment and extend the operating life of these assets (both automated and electrical).

## Tackling pollution and substances of concern



For further information please refer to the [Sustainability Statement 2025](#).

ABB has systems in place to control and phase out the use of hazardous substances in ABB products and processes. Our List of Prohibited and Restricted Substances addresses every part of our business – from procurement, product development, and production to products and packaging materials, as well as service activities and construction sites.

To adhere to all local and global regulations for material compliance, we review and update the list twice a year. Our divisions are accountable for local compliance obligations and the information collected from suppliers is used for regulatory submissions and customer communications.

We require suppliers to support ABB's efforts to maintain compliance with such regulations as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances). Working together also helps to prevent restricted substances from entering ABB's supply chain; if a supplier cannot complete the required compliance declaration, we cannot use their products. To help our suppliers, we have developed a companion guide to the ABB List of Prohibited and Restricted Substances. We are also working collaboratively to find alternatives for substances that may be restricted in the future.

Our businesses continuously collect and assess material compliance information from our suppliers. In 2025, this included gathering information on the usage of per- and polyfluoroalkyl substances (PFAS) for reporting to authorities and customers.



## Protecting biodiversity

There is growing global recognition that biodiversity loss and ecosystem degradation are systemic risks – and that these issues are interconnected with climate change. One challenge cannot be effectively addressed without the other.

ABB recognizes that the health of natural ecosystems underpins the stability of our business, as well as the customers, suppliers, and communities we serve. As we enhance our understanding and management of these issues, we aim to protect nature and biodiversity at and around ABB sites.

In 2025, we introduced a new Environmental Procedure requiring ABB sites located within one kilometer of a biodiversity-sensitive or protected area to include the proximity to the protected area in their evaluation of significant environmental aspects in the site's environmental management system (EMS). Sites must take adequate precautionary measures by December 31, 2026.

Accountability for assessing and mitigating biodiversity risks lies with ABB's Waste, Water & Biodiversity Working Group. In 2025, we worked with external partners to apply a structured approach to assessing and managing ABB's nature-related dependencies and impacts.

This approach is in line with the Taskforce on Nature-related Financial Disclosures (TNFD). Of our 429 global sites in scope, 66 are confirmed to be in or near areas that are sensitive or protected from a biodiversity perspective.

We also collaborate increasingly with suppliers and customers on biodiversity protection. For example, to comply with the expected obligations of the EU Deforestation Regulation (EUDR), we have begun working with our suppliers to ensure our products are free from deforestation and habitat loss. The EUDR places new responsibilities on suppliers to demonstrate compliance through traceability and due diligence.

### OUTLOOK

- Continue to align our product portfolio to ABB's Circularity Framework, while reducing our total waste sent to landfill;
- Increase water efficiency across all ABB sites and scale up AWS certifications of sites;
- Preserve biodiversity – proactively manage biodiversity risks.



## CIRCULARITY

### Extending asset life to support circularity at Belgian nuclear power plant

Belgium's Doel 4 nuclear power plant was commissioned in 1985 and originally set for decommissioning in 2025. Yet in response to shifting energy needs, the plant's lifespan has been extended by a decade, prompting a major modernization of its electrical infrastructure.

Following a holistic assessment that recommended both retrofit and replacement of obsolete switchgear, ABB developed a retrofit strategy with French electrical utility company ENGIE that demonstrates how circularity can be applied to large-scale energy infrastructure. This approach allowed more

than half of existing equipment – such as cabinets, plates, and busbars – to remain in circulation, while upgrading critical components, including circuit breakers and relays.

By choosing retrofitting over full replacement, the project minimized downtime, reduced resource dependency, and advanced decarbonization goals. The project also demonstrates how circularity can be embedded in future infrastructure decisions, keeping materials in use longer and supporting safe and sustainable energy supply.

## WATER

### Water positivity site helps water-depleted community in India

The southern Indian city of Bangalore experiences severe groundwater depletion due to rapid urbanization, over-extraction, and inadequate groundwater recharge.

ABB's Nelamangala site, located northwest of Bangalore, has helped to increase groundwater levels in their community while recycling their treated water on site. Their operations recycle around 85 percent of their treated water, replenishing their water ~1.25 times faster than it is consumed. Through rainwater

harvesting, they have reduced runoff and increased groundwater levels in their community by more than 30 meters over the past three years. Nelamangala was the first ABB location globally to be certified as a water-positive facility in 2021, going beyond just conserving water to returning more freshwater to the environment than they use. In 2025, this site was also the first ABB site globally to gain AWS Standard certification (Gold) from the Alliance for Water Stewardship.



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**WATER**

## Monitoring water stress from space with ABB infrared-sensing technology

Using advanced satellite-based thermal imaging, ABB is helping to identify early signs of drought and inefficient irrigation. Installed on a Hydrosat VanZyl-1 satellite, ABB's infrared camera delivers high-resolution and calibrated surface temperature data that helps detect water stress in agricultural fields. By measuring minute temperature variations, the system enables timely interventions to prevent crop loss. The technology also supports monitoring of vegetation health, industrial heat output, and deforestation.

Honed over decades of space missions, ABB's expertise in infrared instrumentation is now helping governments and industries make smarter decisions about water use. In addition, this collaboration with Hydrosat demonstrates how space-based sensing can support sustainable resource management and climate resilience.



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**WATER**

## Modernizing water infrastructure at a UNESCO site with ABB automation

ABB is modernizing the water infrastructure of Zagori, a UNESCO World Heritage site in northwestern Greece, through advanced automation solutions. The project includes 31 control and monitoring stations equipped with SCADA telemetry, PLCs, high-efficiency pumps, and water quality sensors. These systems enable real-time monitoring, leak detection, and optimized distribution, reducing operational costs and enhancing environmental protection.

ABB's technology supports the municipality's goals of sustainable tourism and reliable service for residents, while preserving the region's natural and cultural heritage. The solution integrates

centralized control, electromagnetic flowmeters, and variable frequency drives to ensure efficient, resilient water management. The project reflects ABB's commitment to supporting municipalities in building smarter, more sustainable infrastructure in ecologically sensitive areas.

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VALUE CREATION

# WE PROMOTE SOCIAL PROGRESS

ABB aims to deliver positive social impact, not only in our own business but in our value chain and communities, too. From programs that address health and safety, diversity and inclusion or development

of our people to broader supply chain and community investment programs, our activities are underpinned by ABB's commitment to human rights and ethical business conduct.

## 2025 HIGHLIGHTS

Continued to target  
**zero life-  
changing events**

for our people and contractors

Launched  
**global tax  
contributions  
disclosure**

Continued to enhance ABB's  
**human rights  
due diligence**

approach and policy adherence

Recommitted to the  
**UN Women  
Empowerment  
Principles**

## Management and targets

Business is key to building a society that is prosperous, healthy, and fair for all. ABB aims to contribute to the social and economic wellbeing of employees, as well as customers, supply chain workers, and communities. Doing so also contributes to a more sustainable, equitable, and inclusive workplace. Our People Strategy defines this as Empower, Grow, Impact.

Our starting point is to engage ABB's stakeholders, listening to their needs and aspirations. Some conversations inform the overarching strategic direction of our business or our Sustainability Agenda, while more in-depth discussions have influenced our double materiality process and specific programs.

The social topics identified as material to our business include matters relating to our own workforce, workers in the supply chain and the communities where we operate. These encompass health and safety, human rights and labor standards, employee development, diversity and inclusion, as well as responsible sourcing and community investment programs. ABB also addresses diversity and inclusion as part of our Sustainability Agenda.

These topics represent our greatest opportunity to create social value for ABB, our employees, customers, and supply chain workers, as well as our wider communities. We have established the following targets and ambitions to drive progress in our work.

### Social progress focus areas

#### Health and safety

Achieve zero life-changing events for our employees and contractors, measured in absolute number of serious incidents and fatalities

#### Employee development

Top-tier results for our industry in our annual engagement survey

#### Sustainable Supply Base Management Program

At least 80% of spending on high-risk suppliers in focus countries covered by Sustainable Supply Base Management (SSBM) by 2025; at least 80% of supply spending in focus countries to be covered by SSBM by 2030

#### Diversity and inclusion

Increase the proportion of women in senior management roles to 25% by 2030

#### Community investment

Ambition to expand ABB's community engagement programs

## Promoting health and safety

Fostering health and safety in the workplace are fundamental employer responsibilities. No one should suffer injury or ill health as a consequence of our business.

These commitments are underpinned by ABB's Health, Safety, Environment, and Security (HSE&S) Policy and Management System, which are based on internationally recognized standards ISO 14001 and ISO 45001. Our system and its governance framework place health, safety, environment, and security firmly at the center of ABB's business. All ABB employees and contractors are covered by our Management System and our HSE requirements are clearly stated in our Supplier Code of Conduct.

Given the growing maturity of ABB's approach to safety, we have now moved beyond traditional, compliance-driven models. Our approaches to risk management and continuous learning are shaping a stronger, more resilient safety culture, while ABB's Guiding Principles for Resilient Operations set out our holistic and human-centric approach.

### ABB's holistic and human-centric approach to safety culture

#### Lead with Care

Leaders at every level should create an environment where colleagues feel psychologically safe, cared for, and confident to speak up.



#### Learn and Improve

We encourage curiosity to learn and support continuous improvement among individuals, teams, and our wider organization.



#### Engage and Involve

Through collaboration, we draw on our diverse knowledge and strengths, while ensuring colleagues contribute to HSE&S programs and performance.



We empower ABB employees at all levels to take ownership of risk as we leverage data, behavior, and trust to predict and prevent harm. Both employees and contractors are actively encouraged to identify, resolve or escalate, and report any unsafe act or condition that they find in the workplace. All hazards are logged centrally in our HSE&S Management Information System. If a hazard cannot be resolved on the spot, its resolution will be escalated to a responsible manager, who will enter any corrective actions in the management information system. ABB units are encouraged when developing campaigns or action plans to review their top five hazards and top five incident categories at least twice a year. In 2025, we identified 270,457 hazards and had a resolution rate of 98 percent.

In 2025, we continued to drive down our lost-time injury frequency rate (LTIFR), achieving an industry-leading rate of 0.14. This represents an improvement of nearly 9 percent over the previous year and of nearly 45 percent if compared to the 2019 baseline. Serious incidents continued to fall, with a reduction of 58 percent over the previous year. There were no fatalities.

In addition to promoting physical health through local campaigns featuring free cardiovascular risk checks, nutrition consultancy or anti-smoking webinars, we support our people's mental well-being. All employees worldwide have access to counselling services as part of ABB's Employee Assistance Program. Recognizing the critical influence managers have on organizational culture and employee well-being, ABB continued to offer the meQuilibrium program to its leadership group. Managers often experience heightened stress and decision-making pressure, which can impact team resilience if left unaddressed. This initiative leverages predictive analytics and evidence-based strategies to strengthen leadership resilience and reduce burnout risk. Compared to their baseline assessments, participating managers achieved a 34 percent improvement in resilience scores and a 10 percent reduction in reported burnout risk, demonstrating measurable progress in mental wellbeing. These outcomes reinforce ABB's commitment to fostering psychologically safe, high-performing leadership and ensuring sustainable health practices across the organization.



## Fostering diversity and inclusion

1. This target and disclosure relates to countries where policies legally permit and to the extent that it does not conflict with any applicable laws, where ABB operates, and therefore 13 percent of total senior management is not included in the target and disclosure.
2. At ABB, senior managers are defined as employees in Hay grade 1-7, including Division Presidents.

In 2025, the fifth consecutive year of our D&I strategy 2030, there was continued momentum across all pillars of the strategy; Governance, Inclusive leadership and Culture, and Partnership. Our annual D&I calendar spans across core themes, such as culture, gender equality, LGBTQ+ and Pride, generations and disabilities and wellbeing, with dedicated programming and global engagement throughout the year.

Diversity and inclusion are embedded in ABB's long-term objectives, with global targets for women in senior management included in our 2030 diversity strategy<sup>1</sup>.

By 2030, we have committed that women will account for 25 percent of ABB's senior leaders<sup>1</sup>. In 2025, the proportion of female senior managers<sup>2</sup> rose to 22.6 percent.

Beyond our own operations, we also partner with organizations and support standards that promote diversity and inclusion. These include the UN Women Empowerment Principles (WEPs), and UN Standards of Conduct Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex People, as well as the Society of Women Engineers, the Special Olympics, and Workplace Pride.

In addition, our global and gender-neutral parental leave program has been in place since 2021, supporting our inclusive work environment. ABB's employee resource groups continue to be a cornerstone of our inclusion agenda. They are voluntary, employee-led communities that foster inclusion, connection, and professional growth. They provide safe spaces for employees to share experiences, build networks, and drive meaningful change across the organization.

In 2025, our annual Employee Engagement Survey results reflected a growing sense of inclusion, with a solid increase in our inclusion-related scores (Inclusion 82/100, Inclusiveness Culture 81/100 & Belonging 78/100, all of which increased two points over last year). These results affirm that our efforts are creating a workplace where employees feel valued, respected, and empowered to contribute their unique perspectives.

### D&I target 2030



**25%** women in senior management<sup>1</sup>

## Supporting employee development and wellbeing

ABB invests in the professional and personal development of our people, helping them achieve their full potential. This also benefits our business since these opportunities allow us to retain employees who are trained, motivated, and feel valued.

### EMPLOYEE ENGAGEMENT

Honest, two-way communication between ABB and our workforce is essential for strengthening trust and decision-making. We are therefore committed to open dialogue, ensuring that employee voices are heard.

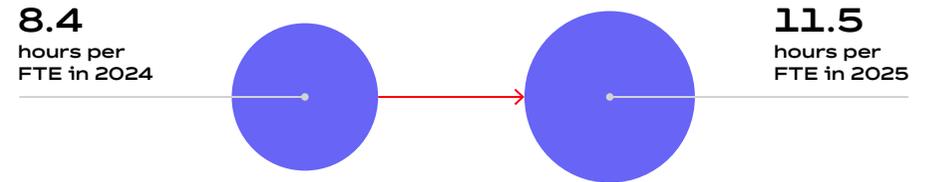
For example, our annual engagement survey seeks input from our entire global workforce on their experience of working for ABB. Other engagement might include quick pulse surveys, focus groups, social media or townhalls, to share strategic updates or hold leadership Q&As. As our largest engagement exercise, ABB's annual engagement survey helps us understand how employees experience our workplace and what improvements we could make. In 2025, our employee engagement score was 80 out of 100, up from 78 in 2024. Nearly 92,000 employees, 85 percent of our workforce, took part in the survey.

### TRAINING AND DEVELOPMENT

Our people help ABB tackle the immense technological challenges of today and tomorrow, delivering innovative solutions for our customers. To retain industry leadership, we must ensure employees have the best technical skills and are agile and adaptable. We create continuous learning opportunities that span all aspects of training and development. In addition, our people performance management combines annual management by objectives with a multidimensional performance appraisal approach, placing greater emphasis on ongoing, real-time and meaningful performance and development conversations, supported by digital tools and technologies. From formal training to on-the-job learning and networking, our program culminates in ABB's annual Learn Connect Grow Day. In 2025, over 45,000 employees participated in the Learn Connect Grow Day events, compared to over 30,000 employees in 2024.

Average training hours for ABB employees continue to grow from 8.4 hours per FTE in 2024 to 11.5 hours per FTE in 2025.

### Average training hours for ABB employees



### SUSTAINABILITY ECOSYSTEM FOR EMPOWERMENT AND DEVELOPMENT

In 2025, ABB continued to strengthen its sustainability capabilities through SEED (Sustainability Ecosystem for Empowerment and Development), a global, business-led upskilling initiative designed to embed sustainability into everyday roles and decisions.

SEED provides employees with easy access to curated learning pathways aligned to ABB's sustainability pillars and tailored to specific job families. The program combines digital learning, live webinars, and experiential formats to support both knowledge building and practical application.

By the end of 2025, nearly 4,000 participants engaged across courses, webinars, and experiences spanning all businesses and functions. Flagship initiatives included human rights certification programs, sustainability upskilling for sales and IT professionals, and pilot collaborations with external partners such as WBCSD, Climate School and Xunlocked.

SEED reflects ABB's conviction that sustainability leadership is primarily built internally and that broad capability building is essential to deliver on strategy. By equipping employees with the skills, tools, and confidence to act, SEED supports long-term value creation, responsible business practices, and the acceleration of ABB's sustainability agenda.

# Supporting and respecting human rights



More information about the SSBM and the Responsible Minerals Programs and results are available in [Governance: Integrity and Transparency, under the section "Responsible sourcing"](#).

For the complete ABB Human Rights Policy, refer to this [link](#).

For more detailed information, please refer to [Human rights – ABB Group page](#).

## OUR COMMITMENT TO HUMAN RIGHTS

ABB's ambition is that human rights are well understood, managed and integrated through both our daily business, and our value chain.

Alongside the ABB Code of Conduct and Supplier Code of Conduct, the ABB Human Rights Policy formalizes ABB's commitment to respecting human rights and describes ABB's approach to human rights due diligence. The company supports and respects the human rights principles and labor standards outlined in the UN Guiding Principles on Human Rights, the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions and other international frameworks. The principles of the above frameworks are applied within the ABB Human Rights Policy and the ABB Human Rights Due Diligence Framework.

The company's commitment and expectations to respect human rights applies to every individual who works for ABB or engages with us along our value chain.

## GOVERNANCE AND RESPONSIBILITIES

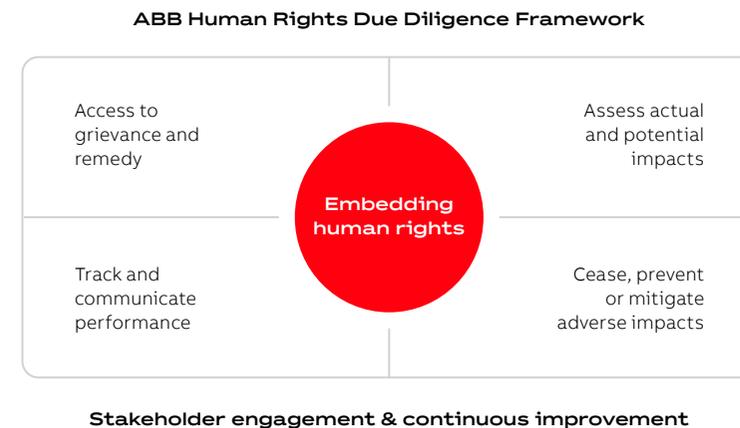
The Human Rights Workstream is the operational decision-making body responsible for leading and coordinating the human rights

agenda. It includes representatives from each business and corporate function and collaborates regularly with relevant internal stakeholders. Human Rights Champions are appointed within each division based on business needs and risk exposure, and they coordinate the program in their own business. Accountability for implementing the ABB Human Rights Due Diligence Framework rests with each business area president and division president. Group Function Leaders are responsible for implementing the ABB Human Rights Policy in their respective functional policies and procedures. The Sustainability Council acts as the highest operational decision-making body for

sustainability, while the Executive Committee validates the Sustainability Agenda and its implementation.

ABB has identified and prioritized potential adverse human rights risks to our business across our value chain. These include child labor; corruption and bribery; environmental issues impacting human rights; fair employment; health and safety; human trafficking and modern slavery; impact on communities and land rights; information security, and data privacy. Our roadmap helps ABB address these potential risks across our entire value chain.

## The ABB Human Rights Due Diligence Framework



## INTERNAL HUMAN RIGHTS AWARENESS AND COMPETENCE BUILDING

Building competences and training of our workforce is the cornerstone of our way to ensure human rights are well understood and managed through our value chain. In 2025, we have launched a new certification process for the existing Human Rights Champions and organized regular opportunities for continuously building their understanding of human rights risks and challenges. We also offered a newly updated edition of the Human Rights Champions training, combining e-learnings and case studies analysis. In 2025, 29 Champions have been newly certified. In addition, we offered new training pathways and deep-dive training on human rights salient issues and security. During the year 1,267 hours of human rights training was completed.

## HUMAN RIGHTS IN OPERATIONS

In our own operations, ABB's Human Rights Requirements and Approved Code of Practice continue to be part of our Health and Safety Management System. In 2025, a new wave of site assessments and audits evaluated our implementation of human rights due diligence in operations. In total, 129 assessments and 62 audits were undertaken. In addition,

the Sustainability Observation Tour (SOT) is another tool based on dialogue and used by managers to observe any non-conformance or concerns in our operations related to sustainability topics, including human rights.

We respect our employees' right to freedom of association and collective bargaining and engage in good faith with their representatives. Around 52 percent of ABB employees are covered by collective bargaining agreements but even where that does not apply, we commit to providing working conditions that meet or exceed local requirements.

## HUMAN RIGHTS IN OUR SUPPLY CHAIN

ABB's two main programs to prevent and mitigate human rights and labor rights risks in our supply chain include our Sustainable Supply Base Management Program (SSBM), as well as our Responsible Minerals Program; both programs are part of our responsible sourcing approach. As part of our SSBM Program, eligible new suppliers must complete a sustainability self-assessment which includes how they manage labor and human rights, both in their operations and their supply chains. Further due diligence, such as mandatory on-site audits, may be performed depending on the supplier's

sustainability risk. Existing suppliers may also be subject to on-site sustainability assessments.

Our Responsible Minerals Program includes due diligence on tin, tungsten, tantalum, gold, cobalt, and mica. Our efforts are focused on conflict-free sourcing of these minerals and moving away from sources that are deemed high-risk. As human rights risks are especially high in the extraction phase, we emphasize the importance of supply chain transparency and responsible sourcing practices with our Tier 1 suppliers and encourage targeted suppliers to implement improvement plans that strengthen traceability, transparency, and overall compliance. We are also exploring other opportunities to influence upper tiers in our supply chain related to these matters.

ABB's Supplier Code of Conduct clearly explains in detail what we expect from our suppliers in preventing and mitigating human rights risks. More on these programs can be found in "Integrity and Transparency" chapter under Responsible Sourcing.

## HUMAN RIGHTS IN SALES AND BUSINESS PARTNERS

We conduct downstream due diligence in customer relationships and among channel partners, considering

country-specific, partner-related, and sectoral risks. We also assess ABB's level of involvement to help identify and mitigate potential human rights impacts. When risks are identified, internal escalation mechanisms and stakeholder engagement processes are activated, with actions tailored to the complexity of the context and severity of the risks. The Human Rights Champions support the business by advising on risk analysis and appropriate response measures. We continue to explore ways to enhance the effectiveness of downstream due diligence, while building internal capabilities in human rights risk assessment and remediation.

## GRIEVANCE MECHANISMS AND REMEDIATION

Information on ABB's reporting channels (and incidents) which are available to employees, contractors, suppliers, customers, and community members, can be found in [Governance: Integrity and transparency](#).

## Engaging with stakeholders on human rights

ABB is an active participant in the Global Business Initiative on Human Rights (GBI) and a signatory of the UN Global Compact (UNGC), reinforcing our commitment to collaborative action and continuous improvement. Internally, we conduct an annual engagement survey to capture employee insights and foster a culture of transparency and accountability. Beyond formal memberships, we actively collaborate with external human rights professionals and advisors to challenge and strengthen our approach. This ongoing engagement helps us identify effective ways to support human rights, while continuously enhancing internal awareness and building organizational capabilities.

As we enhance our approach to human rights, ABB is committed to deepening stakeholder engagement to inform and strengthen our Human Rights Due Diligence Framework, in line with the UN Guiding Principles on Business and Human Rights. In 2025, for example, we held engagement sessions in India to better understand local human rights challenges and explore new opportunities for collaboration and solutions, including in relation to risks in relevant parts of ABB's mineral supply chains.



## Investing in our communities

We aim to help our communities create a sustainable and prosperous future, contributing in ways that are meaningful and impactful. We do this in a variety of ways. Firstly, we take a responsible and transparent approach regarding our tax payments to local economies. Secondly, ABB is also committed to building and supporting a sustainable value chain beyond our own operations. Lastly, we partner with local organizations to create community engagement programs that deliver lasting social value.

### TAX CONTRIBUTIONS

Taxes are a key mechanism through which ABB contributes to economies in which we operate. Corporate tax contributions provide vital funding for public services and infrastructure, supporting the UN Sustainable Development Goals and overall socioeconomic development.

ABB's Tax Policy defines the fair, responsible, and transparent approach we take to managing our tax affairs. The policy includes the following principles which apply to all of ABB's worldwide operations:

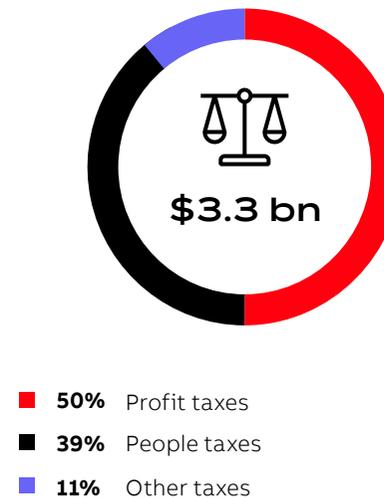
- We comply with tax laws and regulations – in both letter and spirit – wherever we operate;
- We engage only in business transactions which support genuine commercial activity;
- We do not adopt tax structures that are based on form without economic substance;
- We do not use tax havens, hybrid instruments and/or entities in structures that result in tax avoidance, double deduction, or no taxation.

ABB's consolidated financial statements refer to taxes paid on profit as part of our overall financial position and performance. Yet these represent half of the taxes borne by ABB, which comprise three discrete elements:

- **Profit taxes:** Corporate income tax paid as reported in the Consolidated Statements of Cash Flows;
- **People taxes:** Our portion as employers of social security contributions and similar in relation to employment of staff;
- **Other taxes:** All other taxes borne by ABB, including property taxes, capital taxes, or import and export duties on products shipped across borders.

In 2025, total taxes borne by ABB reached \$3.3 bn (or \$3,280 mn).

### Taxes borne by ABB in 2025



In addition, ABB is responsible for collecting taxes from our stakeholders on behalf of public authorities and institutions. These include:

- VAT (value-added tax), GST (goods and services tax), and sales tax from customers;
- Personal income tax or social security from employees;
- Withholding tax on dividends from shareowners.

ABB has a structured approach to identifying, managing, and monitoring tax-related risks. Our Tax Control Framework applies to all ABB companies and employees dealing with tax-related matters. The group's tax strategy is reviewed annually and approved by the Finance, Audit and Compliance Committee.

## COMMUNITY ENGAGEMENT PROGRAMS

ABB is committed to creating a more prosperous and sustainable future for the communities in which we operate. While leveraging our core competencies, we work to mitigate negative impacts that might occur in our value chain and to create long-lasting value and opportunities for these communities aligned with four key focus areas for our support:

- **Equitable access to education** – particularly science, technology, engineering, and mathematics (STEM);
- **Environment and conservation** – supporting communities in biodiversity conservation, protecting land, marine, and freshwater ecosystems;
- **Empowering communities** – working to create a more prosperous and sustainable future;
- **Emergency and disaster relief** – supporting local communities and employees impacted by natural disasters and educating our ABB community on disaster preparedness.

ABB recognizes volunteering as a key driver of both community engagement and employee empowerment. In 2025, new country-level volunteering programs were launched in both the United Kingdom and France. These initiatives build on longstanding programs developed over the years in other countries. Volunteering not only generates positive

outcomes for communities but also strengthens ABB's internal culture by fostering collaboration, purpose, and pride among employees. Through these efforts, ABB continues to create shared value and contribute to a more inclusive and sustainable society.

## ABB's focus areas for promoting social progress



### Education

Ensure equitable access to Science, Technology, Engineering and Mathematics (STEM) education and build the next generation's lifelong competence and soft skills, leveraging technology, sustainability, and innovation.



### Environment and conservation

Support communities in biodiversity conservation, protecting land, marine and freshwater ecosystems, mitigating environmental and social impacts and offering new development opportunities.



### Empowering communities

Create a more prosperous and sustainable future for communities in countries and territories where we operate, mitigating impacts and offering new development opportunities.



### Emergency and disaster relief

Support communities and employees impacted by natural disasters and educate our employees on disaster relief readiness.

## ABB's volunteering highlights from 2025



**44** countries engaged



**\$9.4** million donated by employees and business areas



**6K** person-days in volunteer work



**636** projects supported worldwide

In 2025, ABB and our employees donated \$9.4 million and 6,000 volunteering days. These contributions were divided across 636 projects in 44 countries.

As part of our Sustainability Agenda, we committed to continue expanding our programs with the ambition of measuring their impact. In 2025, we launched our new Community of Practice (CoP), including colleagues across functions and countries. At Group level, we set guidance and sign off priorities, while our CoP connects local practitioners and shares knowledge, enhancing local capabilities.

### OUTLOOK

The social topics outlined above are integral to the success of ABB's value proposition. In 2026, we will continue to drive progress across these social impacts, including health and safety, diversity and inclusion, employee development, human rights, as well as community investment. In 2026, we are:

- Focusing on avoidance of events with a potential for serious harm to employees and contractors;
- Continuing to enhance human rights due diligence across our value chain;
- Increasing the proportion of women in senior management;
- Deepening our voluntary reporting of ABB's tax contributions;
- Continuing to expand engagement programs in our communities.

We will advance these programs, embedding them further into our business (and value chain, where appropriate), and report our progress transparently.



## EDUCATION

### Enhancing engineering education at TalTech, Estonia

In 2025, ABB donated a set of drive demonstration units to Tallinn University of Technology (TalTech) to give students hands-on experience with real industrial equipment. The initiative strengthens engineering education by helping students understand how drives improve process quality, safety, and energy efficiency.

The donation, with an estimated lifespan of 10–15 years, will benefit multiple generations of future engineers. It supports

both technical learning and awareness of energy savings and sustainability.

This collaboration continues ABB's long-standing partnership with TalTech – which includes internships, research cooperation, and previous equipment donations – and exemplifies ABB's commitment to advancing education, skills development, and employability within local communities.



## LOCAL DEVELOPMENT

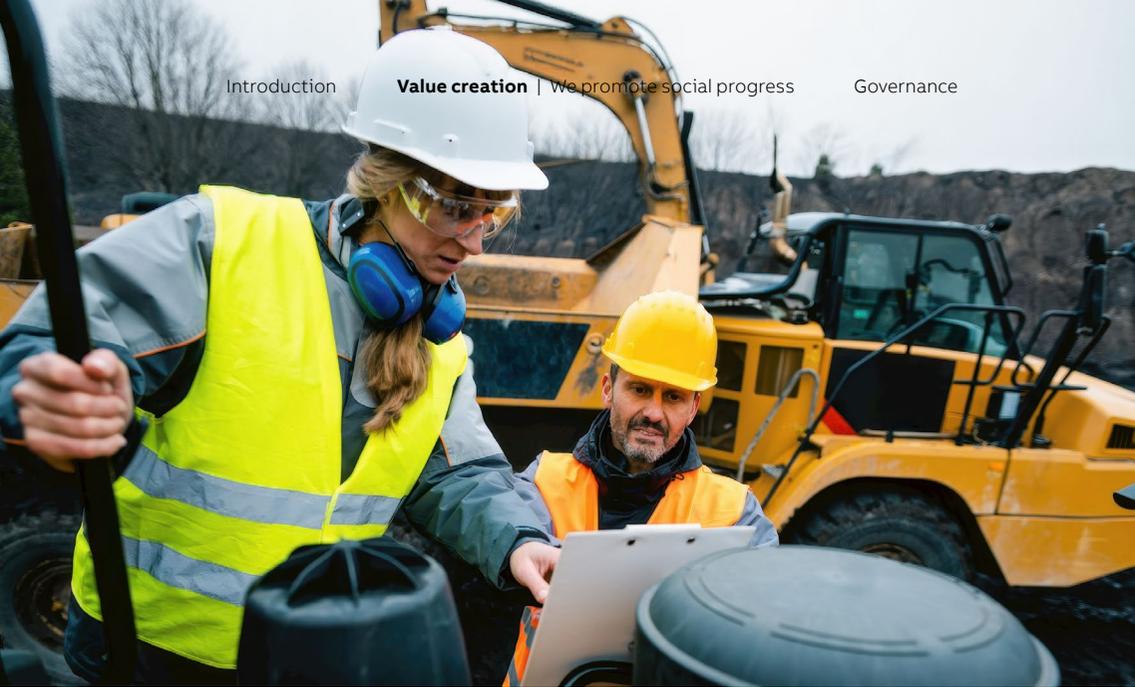
### Lighting up Orang Asli villages in Malaysia

In 2025, ABB Malaysia contributed \$20,000 to the Global Peace Foundation Malaysia to bring solar-powered lighting to two Orang Asli villages in Kuala Rompin, Pahang. The project benefits around 200 members of the indigenous minority community who live in the villages by providing safe, sustainable access to electricity in homes, streets, and community spaces.

Before the installation, villagers relied on bonfires, petrol generators, and disposable batteries, exposing families to health, safety, and environmental risks. The new solar systems improve living

conditions, enable children to study after dark, and reduce pollution and household energy costs.

The initiative reflects ABB's commitment to social progress and community empowerment, supporting local development through technology that enhances safety, sustainability, and quality of life.




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 BRIDGING THE KNOWLEDGE GAP

## Safeguarding industrial expertise with ABB's generative AI knowledge vault

The new ABB Ability™ Industrial Knowledge Vault is a generative AI solution designed to preserve critical expertise and empower industrial workforces. Developed in collaboration with Microsoft, the platform uses natural language processing to capture, structure, and share operational know-how in real time.

As experienced employees retire, organizations risk losing decades of institutional knowledge. The Knowledge Vault addresses this growing challenge by transforming fragmented documentation into step-by-step workflows

accessible via conversational interfaces. This allows workers to retrieve best practices instantly, reducing onboarding time and improving safety and efficiency. The solution also supports policy and procedure management, ensuring up-to-date and role-based access to operational insights. By bridging this knowledge gap, ABB helps industries maintain continuity and enhance productivity in an increasingly digital environment.

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 EDUCATION

## Empowering future engineers with ABB's ultra-efficient motor technology

To support Malaysia's workforce development, ABB has equipped Universiti Malaya for teaching purposes with its ultra-efficient IE5 Synchronous Reluctance Motor (SynRM), ACS580 drive, and smart sensor. These technologies represent the pinnacle of energy efficiency, reducing energy losses by up to 50 percent compared to traditional IE2 motors. The smart sensor enables real-time monitoring of motor health and performance, helping students learn how to optimize industrial operations.

This hands-on access to cutting-edge equipment allows engineering students to engage in real-world scenarios and develop skills in energy-efficient design and predictive maintenance. ABB's contribution underscores the importance of public-private collaboration in preparing future-ready talent and advancing climate resilience through education.

# 03

## GOVERNANCE

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# CORPORATE GOVERNANCE



More details are available in [ABB's Corporate Governance Report](#).

Strong corporate governance is essential for our business success. ABB commits to the highest standards.

## CORPORATE GOVERNANCE

ABB complies with all relevant frameworks, including the Swiss Code of Obligations, the Swiss Code of Best Practice for Corporate Governance, and the rules of the capital markets on which the company's shares are listed. Governance principles are also anchored in its Articles of Incorporation, Board Governance Rules, policies and procedures.

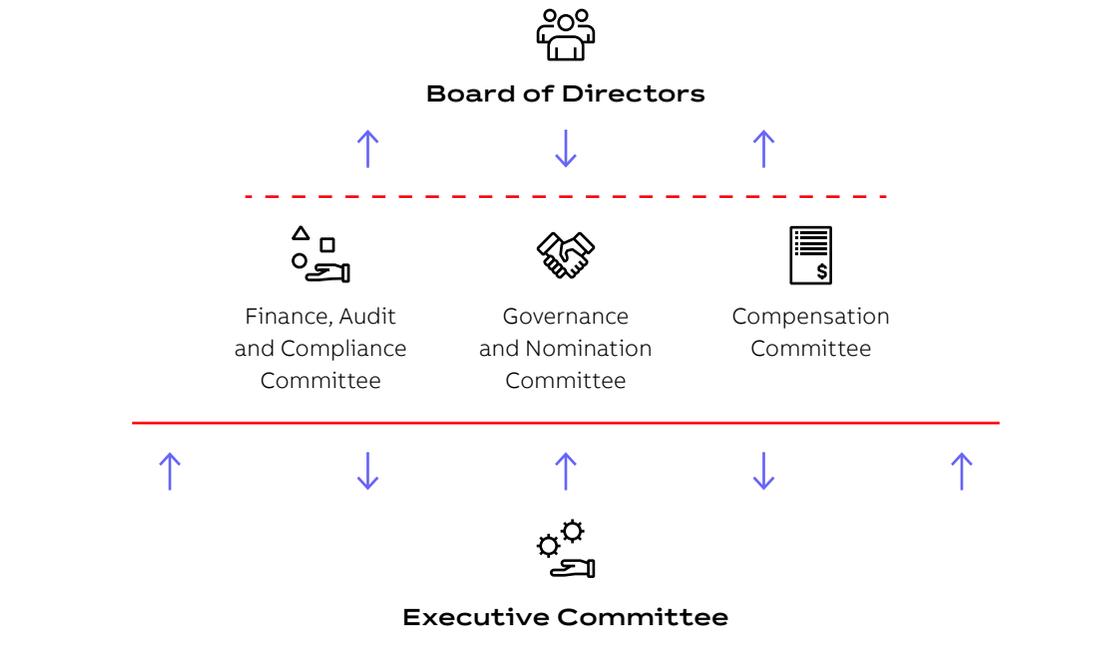
Strong corporate governance is not only necessary to ensure compliance but is also indispensable for creating sustainable value. Our established governance culture helps ABB successfully manage its business and realize opportunities for the benefit of all of its stakeholders.

This also applies to sustainability. ABB has a robust sustainability governance structure from its Board of Directors to its operating divisions: Our Board of Directors reviews and approves ABB's Sustainability Agenda and related targets. The Executive Committee validates the Sustainability Agenda, is responsible for its implementation and ensures that sustainability is embedded in our business decision making. The Sustainability Council is the operational body that oversees implementation of the

Sustainability Agenda, reviews developments, and monitors progress toward targets. In line with our decentralized operating model ABB Way, our business areas and their divisions

are ultimately accountable for action plans and ensuring resources are available to implement these plans.

## ABB's governance structure



## BOARD OF DIRECTORS

ABB's Board of Directors is responsible for the company's strategy. It is a diverse board; its members represent a broad variety of geographical, business, management and cultural experience.

The Board's three committees – the Finance, Audit and Compliance Committee, the Governance and Nomination Committee, and the Compensation Committee – support the Board with high-level expertise. Special attention is paid to sustainability: oversight of ABB's Sustainability Agenda is the responsibility of the Governance and Nomination Committee; the Finance, Audit and Compliance Committee assists the Board in overseeing the integrity of the company's sustainability-related reporting; and the Compensation Committee ensures that ABB's executive compensation policies are aligned to its Sustainability Agenda. Ultimate responsibility for ABB's Sustainability Agenda, its targets and its annual Sustainability Statement lies with the entire Board of Directors.

## Our Board members (as of December 31, 2025)



### Peter R. Voser

- Chairman of ABB's Board of Directors since 2015
- Chairman of the Governance and Nomination Committee
- Swiss citizen



### David Constable

- Member of ABB's Board of Directors since 2015
- Member of the Compensation Committee
- Canadian and US citizen



### Frederico Fleury Curado

- Member of ABB's Board of Directors since 2016
- Chairman of the Compensation Committee
- Brazilian and Portuguese citizen



### Johan Forssell

- Member of ABB's Board of Directors since 2024
- Member of the Governance and Nomination Committee
- Swedish citizen



### Denise Johnson

- Member of ABB's Board of Directors since 2023
- Member of the Finance, Audit and Compliance Committee
- US citizen



### Jennifer Xin-Zhe Li

- Member of ABB's Board of Directors since 2018
- Member of the Compensation Committee
- Canadian citizen



### Geraldine Matchett

- Member of ABB's Board of Directors since 2018
- Member of the Governance and Nomination Committee
- Swiss, British and French citizen



### David Meline

- Member of ABB's Board of Directors since 2016
- Chairman of the Finance, Audit and Compliance Committee
- US and Swiss citizen



### Claudia Nemat

- Member of ABB's Board of Directors since 2025
- Member of the Finance, Audit and Compliance Committee
- German citizen



### Mats Rahmström

- Member of ABB's Board of Directors since 2024
- Member of the Finance, Audit and Compliance Committee
- Swedish citizen

## EXECUTIVE COMMITTEE

The Board of Directors has delegated the 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 its day-to-day management. Each member of the Executive Committee is appointed by the Board.

ABB strives to have an Executive Committee with the same level of diversity as its Board of Directors.

## Our Executive Committee members (as of December 31, 2025)



### Morten Wierod

- Chief Executive Officer since 2024 (Member of the Executive Committee since 2019)
- Norwegian citizen



### Timo Ihamuotila

- Chief Financial Officer since 2017
- Finnish citizen



### Carolina Granat

- Chief Human Resources Officer since 2021
- Swedish citizen



### Karin Lepasoon

- Chief Communications and Sustainability Officer since 2022
- Swedish citizen



### Mathias Gaertner

- General Counsel and Secretary to the Board of Directors since 2024
- German citizen



### Giampiero Frisio

- President of the Electrification business area since 2024
- Italian citizen



### Brandon Spencer

- President of the Motion business area since 2024
- US citizen



### Peter Terwiesch

- President of the Automation business area since 2015
- German and Swiss citizen



### Sami Atiya

- President of the former Robotics & Discrete Automation business area since 2019 (Member of the Executive Committee since 2016)
- German citizen



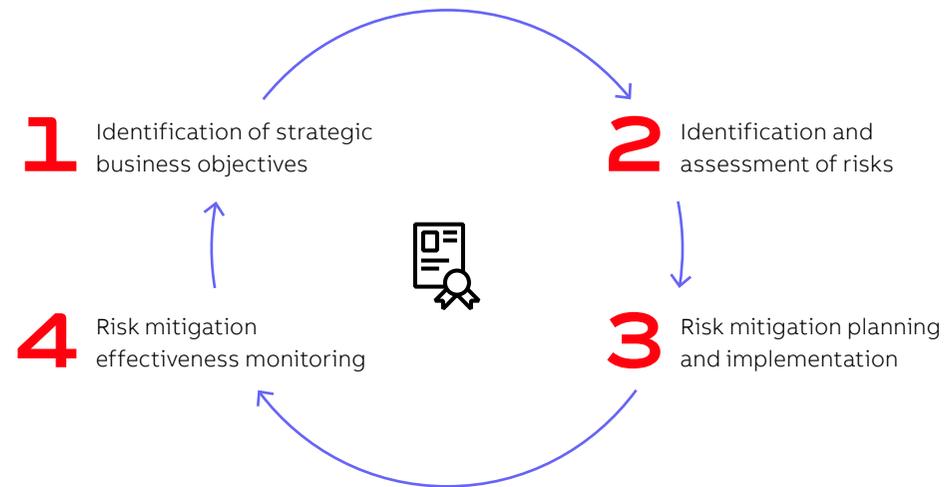
Please refer to the [Value Creation](#) chapter for the results of the 2025 ERM process.

## ENTERPRISE RISK MANAGEMENT

Proactive and strategic risk management is integral to how we run our business. Our enterprise risk management (ERM) process takes a holistic approach to identifying risks that could impact ABB's strategic objectives and have a material financial effect. Fully embedded in the ABB Way operating model, our ERM process spans all levels of the organization, considers all risk types, and provides leadership, including the Executive Committee and the Finance, Audit and Compliance Committee of the Board, with a clear view of ABB's most critical risks. This insight informs strategic decision-making and enables us to protect and create value while taking calculated risks.

The annual ERM process is based on the continuous identification, assessment, mitigation, and monitoring of ABB's most critical risks. It begins by defining our strategic objectives, then identifying risks that could prevent us from achieving these objectives across the short-, medium-, and long-term time horizons. Each risk is assessed for its potential impact, likelihood, and speed of effect. Targeted responses are developed, implemented, and monitored by dedicated risk owners. Wherever possible, we seek to turn risks into opportunities and to minimize downsides while generating value for ABB and our stakeholders.

## ABB's Enterprise Risk Management process



The ERM process at ABB categorizes risks as strategic, operational or financial:

### 1. Strategic risks

Strategic risks include macroeconomic factors; market and technological developments; competitor and industry shifts; corporate governance requirements; geopolitical developments; and strategic planning and development topics. These factors can have both negative and positive impacts on our business and even lead to significant business opportunities.

### 2. Operational risks

Operational risks include engineering, manufacturing, project management, and productivity topics; health and safety; integrity and compliance aspects; supply chain management;

environmental and social aspects; cyber and information security threats; talent attraction and retention. These factors can have adverse impacts on the day-to-day operations of our business, as well as positive impacts by being sources of competitive advantage.

### 3. Financial risks

Financial risks include fluctuations in currency or interest rates; financial disclosure and reporting requirements; budgeting, financial planning, and resource allocation; and compliance with tax obligations. These factors are key to ensuring that ABB has appropriate finance structures in place and that all financial compliance requirements enabling us to meet our capital needs are fulfilled.

# COMPENSATION

We aim to compensate our non-executive directors and executives fairly, competitively, and responsibly, in alignment with ABB's commitment to sustainable value creation. Therefore, our approach to compensation is designed to attract and retain high-caliber leaders.

Variable pay programs for our executives are based on achieving both financial and sustainability-related targets. Therefore, executive compensation outcomes reflect the achievements of short-term performance and long-term strategic targets.



## Board compensation

### COMPENSATION FOR THE 2025-2026 TERM OF OFFICE

The total Board compensation for the 2025–2026 term of office (CHF 4,220,000) was within the maximum amount (CHF 4,300,000) approved at the Annual General Meeting (AGM) 2025. In Exhibit 1, we set out the fees by member for the 2025–2026 Board term.

In 2025, we conducted a benchmark review against the compensation of non-executive Board roles from a cross-selection of publicly

traded companies in Switzerland, excluding financial services companies. As a result, ABB will propose an adjustment to the maximum aggregate compensation for the Board, resulting from the need to correct the fee for the Chair of the Board, which has remained unchanged for 19 years, and is significantly below market reference. The fees for other Board roles, which are in place since 2015, remain unchanged.

### EXHIBIT 1

1. Chair of the Board does not receive any additional committee fee as Chair of the Governance and Nomination Committee.

2. Member of a Committee.

3. Chair of a Committee.

Board fees for the 2025–2026 term of office (in CHF) by member					
Name	Board	Compensation Committee	Finance, Audit and Compliance Committee	Governance and Nomination Committee	Total Compensation
Peter Voser <sup>1</sup>	1,200,000	–	–	–	1,200,000
David Constable <sup>2</sup>	290,000	30,000	–	–	320,000
Frederico Curado <sup>3</sup>	290,000	60,000	–	–	350,000
Johan Forssell <sup>2</sup>	290,000	–	–	30,000	320,000
Denise Johnson <sup>2</sup>	290,000	–	40,000	–	330,000
Jennifer Xin-Zhe Li <sup>2</sup>	290,000	30,000	–	–	320,000
Geraldine Matchett <sup>2</sup>	290,000	–	–	30,000	320,000
David Meline <sup>3</sup>	290,000	–	110,000	–	400,000
Claudia Nemat <sup>2</sup>	290,000	–	40,000	–	330,000
Mats Rahmström <sup>2</sup>	290,000	–	40,000	–	330,000
<b>Total</b>					<b>4,220,000</b>

# Executive Committee compensation

## COMPENSATION STRUCTURE DURING 2025

The compensation structure for our Executive Committee (EC) is designed to drive value creation for our shareholders and ensure alignment with our strategic value drivers and leading market practices.

We summarize the elements of EC members' compensation structure, including their purpose, link to strategy, and applicable performance indicators in Exhibit 2, on the next page. In particular, the focus on financial business measures through our two variable compensation programs, the Annual Incentive Plan (AIP) and the Long-Term Incentive Plan (LTIP), reinforces our drive to achieve our ambitious financial targets while also creating sustainable value for our stakeholders.

Further details related to the variable compensation of each EC member and each compensation component are specified in our [Compensation Report 2025](#).

## IMPACT OF SUSTAINABILITY PERFORMANCE ON VARIABLE EC COMPENSATION

Since sustainability is an integral part of ABB's strategy, we incorporate a strong and direct link between our Sustainability Agenda and executive incentives, including our EC members.

For 2025, all EC members had two mandatory sustainability goals with a combined weighting of 10 percent of their target AIP award.

As for the LTIP granted to approximately 90 executives in 2025, including EC members, we continued to include a company-wide sustainability performance measure with a weighting of 20 percent of the executive's LTIP grant. The 2025 LTIP sustainability measure is represented by a group-wide scope 1 and 2 GHG emissions reduction target.

In 2025, ABB's Compensation Committee (CC) conducted a review of our LTIP design to ensure it remains aligned with our business requirements and market best practices.

Thanks to our strong progress on GHG emissions reduction over the past four years, we expect to reach our commitment (reducing emissions by 80 percent compared to a 2019 baseline) well ahead of the initial 2030 timeline. Further improvements to such emissions reduction will be incremental only. The company could not identify, at this stage, alternative sustainability measures that are material, measurable and auditable to be used as an adequate company-wide long-term target. In consequence, our 2026 LTIP will not contain a sustainability measure. Future vesting under our active 2023, 2024 and 2025 LTIP grants will remain subject to the achievement against the plan specific sustainability targets, for which the last vesting will occur in 2028. Sustainability is now fully embedded in our plans and processes, with full accountability to our business leaders.

1. EC members with legacy employment contracts have a Target LTIP grant of 100 percent and Maximum LTIP opportunity of 200 percent. The higher LTIP opportunity for recently appointed EC members is largely offset by lower pension and other benefit costs.

**EXHIBIT 2**

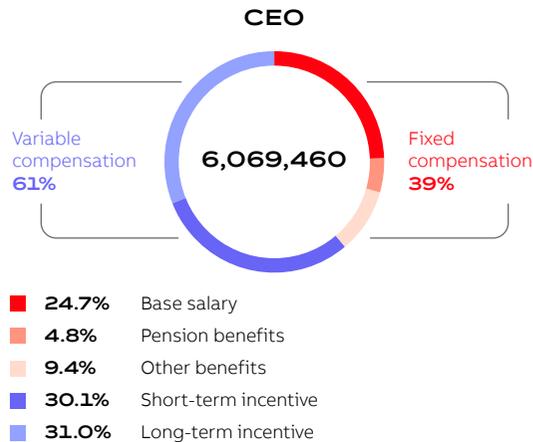
**EC compensation structure during 2025**

	<b>Fixed compensation – base salary and benefits</b>	<b>Variable compensation – short-term incentive (AIP)</b>	<b>Variable compensation – long-term incentive (LTIP)</b>	<b>Wealth at risk/ share ownership</b>
<b>Purpose and link to strategy</b>	Facilitates attraction and retention of talented EC members; base salary compensates for the role and relevant experience; benefits protect against risk	Rewards annual company, business area, functional, and individual performance. Aligned with the company's Annual Performance Plan	Rewards company performance over a three-year period and encourages creation of long-term, sustainable value for shareholders. Aligned with the company's Long-Term Performance Plan	Aligns individual's personal wealth at risk directly to the ABB share price and EC members' interests with those of shareholders to maintain focus on ABB's long-term success
<b>Operation</b>	Salary in cash, benefits in kind, and pension contributions	Annual awards, payable in cash after a one-year performance period; malus and clawback provisions in place	Annual grants in shares which may vest after three years and are subject to performance conditions; malus and clawback provisions in place	Individuals are required to hold ABB shares
<b>Opportunity level (as % of base salary)</b>	Based on scope of responsibilities, personal experience, and skillset	Minimum 0% Target 100% Maximum 150%	<b>CEO</b> Minimum 0% Target 150% Maximum 300%  <b>Other EC members<sup>1</sup></b> Minimum 0% Target 150% Maximum 300%	<b>CEO</b> 500% of annual salary (net of taxes)  <b>Other EC members</b> 400% of annual salary (net of taxes)
<b>Performance indicators</b>	Changes to base salary consider individual performance, future potential, broadening of responsibilities, and external benchmarking	<p><b>CEO and corporate officers</b></p> <ul style="list-style-type: none"> <li>90% Group financial results</li> <li>10% Sustainability results</li> </ul>	<p><b>All EC members</b></p> <ul style="list-style-type: none"> <li>50% Average EPS</li> <li>30% Relative TSR</li> <li>20% Sustainability</li> </ul>	Exposure to ABB share price
		<p><b>Business area presidents</b></p> <ul style="list-style-type: none"> <li>20% Group financial results</li> <li>70% Business area financial results</li> <li>10% Sustainability results</li> </ul>		

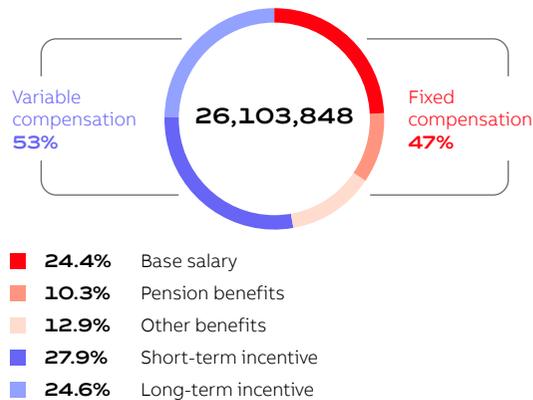
1. Composed of 2025 base salary, 2025 AIP, 2025 LTIP grant, pension benefits, and other benefits. 2025 AIP represents accrued short-term incentive for the year 2025, which will be paid in 2026 after the publication of ABB's financial results. The sum of percentage figures may differ from 100 percent due to rounding with one decimal.

**EXHIBIT 3**

2025 total compensation mix (in CHF) for the CEO and other EC members on aggregate level<sup>1</sup>



**OTHER EC MEMBERS**



**TOTAL EC COMPENSATION FOR 2025**

The total EC compensation was CHF 33.7 million in 2025, reflecting the strong performance-related variable pay awards. This amount was substantially lower than the CHF 45.9 million approved at the AGM 2024 for the financial year 2025, reflecting the lower compensation levels of the newly appointed EC members, lower AIP payout levels, much lower 2025 LTIP grant fair value deriving from an approximately 20 percent lower ABB share price on the grant date compared to the LTIP reference price fixed for the 2025 LTIP, and overall lower payments to former EC members.

Exhibit 3 shows the composition of 2025 total compensation for EC members on December 31, 2025, without compensation paid to former EC members in 2025. The largest portion of the CEO's 2025 total compensation was performance driven (61 percent) and represented by short-term and long-term incentives. For other EC members on an aggregate level, variable compensation represented 53 percent of their 2025 compensation. These outcomes underline ABB's performance-based compensation philosophy.

**BASE SALARY ADJUSTMENTS IN 2025**

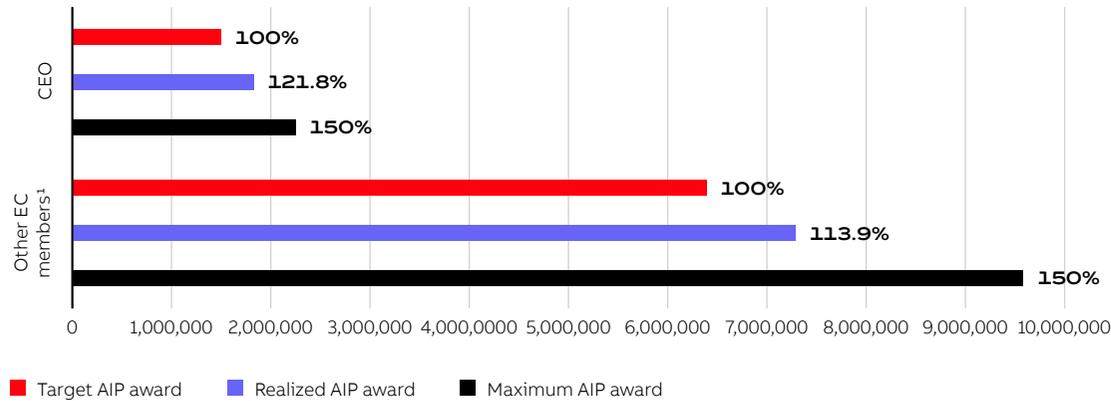
As a result of the regular compensation review for the EC, the Board and CC decided to increase the salaries of four of the nine EC members in place as of March 2025. The base salary of Peter Terwiesch was increased by 2.9 percent to CHF 885,000, that of Sami Atiya was increased by 3.1 percent to CHF 825,000, that of Giampiero Frisio was increased by 10.0 percent to EUR 885,500 and that of Brandon Spencer was increased by 15.0 percent to USD 885,500. These salary changes were made to ensure their total compensation opportunity does not fall behind their relevant target market position and also consider their strong performance. Considering that the other five EC members in place in March 2025 had no salary adjustments, this corresponded to an average 3.4 percent increase on annual base salaries for EC members post March 2025.

→ Target AIP award corresponds to 100 percent of base salary.

1. On aggregate level, while individual outcomes range from 64.8 to 128.4 percent.

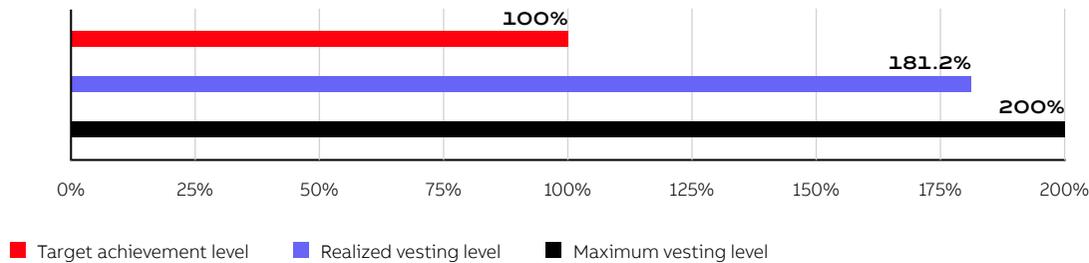
**EXHIBIT 4**

2025 AIP outcome (in CHF) compared to target



**EXHIBIT 5**

2022 LTIP outcome (vested in 2025) compared to target



**REALIZED VARIABLE COMPENSATION IN 2025**

Realized variable compensation relates to the AIP and the LTIP awards at the end of their respective performance cycles, based on achievement of the plan related annual or long-term performance measures.

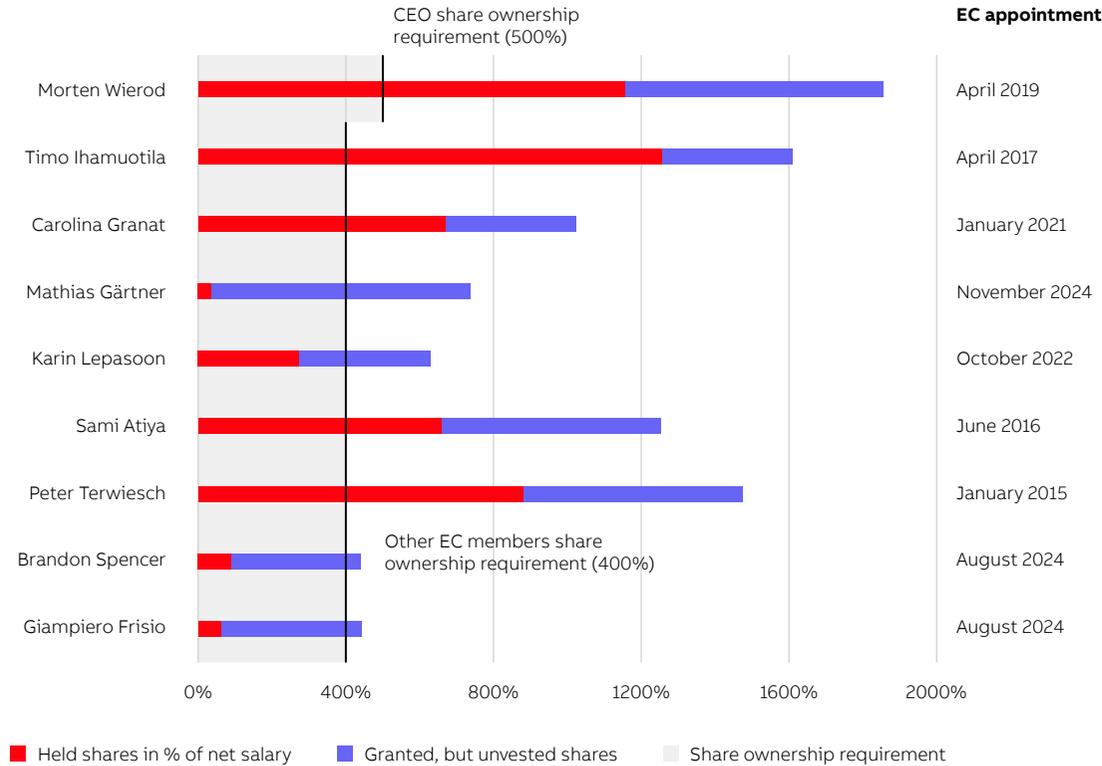
The average outcome of the 2025 AIP awards for EC members on December 31, 2025 was 114.8 percent of target (Exhibit 4), and the LTIP awards that vested in 2025 (2022 LTIP) exceeded target level, with a final vesting level of 181.2 percent of target (Exhibit 5). Further details related to the realized variable compensation of each EC member and each compensation component are specified in our [Compensation Report 2025](#).

As a result of the previously mentioned LTIP design review, the Board approved to increase the LTIP target grant size for the CEO from 150 percent to 200 percent of annual base salary, as of 2026, which will further align the CEO compensation with the market and strengthen the focus on long-term performance driven pay.

**EXHIBIT 6**

EC shareholding compared to share ownership guideline<sup>1</sup>

1. Based on share price of CHF 50.47, the 2025 LTIP reference price, and shares held and granted on December 31, 2025. Future allocation of granted, but unvested, shares is based on target achievement level and relevant plan-specific settlement. The value of shares is compared against the annual base salary, net of taxes, on December 31, 2025.



**SHARE OWNERSHIP OF EC MEMBERS**

The alignment of our EC members' personal wealth at risk to the ABB share price and their interests with those of shareholders is important to us. Therefore, EC members may not sell their shares (except to meet tax and social security costs related to share vesting) until they achieve their personal share ownership requirement level.

Five out of nine EC members exceeded their share ownership requirements on December 31, 2025. The other four members have been appointed to the EC recently and are still in the build-up phase.

When considering the number of granted, but unvested, ABB shares of EC members on December 31, 2025, it is expected that the four recently appointed EC members who do not currently meet their share ownership requirement will do so by 2028, after vesting of their respective LTIP share grants or replacement share grants (Exhibit 6).

# INTEGRITY AND TRANSPARENCY



At ABB, we aim to build and maintain a high-performance, high-integrity culture. Our business must demonstrate integrity every day around the world to maintain our license to operate. This demands honesty, accountability, transparency, and ethical decision-making and relationships.

ABB's Code of Conduct and core values make our expectations explicit and serve as the framework which underpins our commitment to integrity. Our expectations extend to our supply chain, too. We work with our suppliers and other partners to strengthen a culture of integrity and transparency throughout our value chain.

## Own operations

ABB is committed to maintaining the highest standards of governance across our business. We regularly review our approach to improve our codes and policies, training and standards, metrics, and reporting. We also hold our suppliers to account. Below is a summary of the key pillars of our program and our progress in 2025.

### OUR INTEGRITY PROGRAM

ABB's Global Integrity Program aims to drive transparency, trust, and ethical business practices, while deterring non-compliant behavior through our robust controls, processes, and culture.

The ABB Code of Conduct is the foundation of our integrity program. The Code is our commitment – both individually and collectively – to uphold the highest standards of business ethics in our global operations and value chain. We expect our employees, business partners, and suppliers to share our standards and conduct business with integrity.

Training represents a critical element of our Global Integrity Program. Learning modules are delivered both online and face-to-face. We actively promote self-driven learning, supplemented by bespoke and role-specific targeted training for those who face higher integrity risks. In addition, ABB managers at all levels are expected to model integrity behaviors and hold discussions to ensure team members understand the behavior expected from them. Integrity Committees in all business areas and divisions support this approach.

To track the effectiveness of our integrity initiatives and to assess risk, we utilize data analytics. Our Integrity Analytics

Report, a live dashboard through our integrity web portal, provides insights into certain indicators of our performance and, in the spirit of transparency, is available to our employee population. Our Integrity Case Dashboards are also made available to appropriate stakeholders as part of our risk assessment and management strategy and were further enhanced with additional risk surveillance topics, including case remediation activities.



## ANTI-BRIBERY AND ANTI-CORRUPTION

ABB has a zero-tolerance policy towards unethical behavior, including any form of bribery or corruption. A robust anti-bribery and anti-corruption (ABAC) control framework and a strong ethical culture are essential for complying with our legal responsibilities and maintaining our license to operate. Our ABAC training program is available globally. It focuses on upskilling employees in gatekeeper functions and customer-facing roles. The program aims to enhance core ABAC competencies while highlighting the critical role our people play in upholding both ABB's integrity culture and our compliance obligations. More information on our ABAC training can be found in our [Sustainability Statement 2025](#).

## CONCLUSION OF DEFERRED PROSECUTION AGREEMENT

The company concluded its Deferred Prosecution Agreement with the U.S. Department of Justice on June 20, 2025, prior to the end of its term, in recognition that the terms of the agreement had been satisfied. The company also concluded its obligations under the Order with the U.S. Securities and Exchange Commission on December 4, 2025, closing all enforcement aspects of the full and final settlement.

## ABAC Framework

### Area of Risk

- Donations & sponsorships
- Gifts, travel & hospitality
- Third-party management
- Books & records/internal controls
- Facilitation & safety payments
- Conflicts of interest & HR payments
- M&A & joint ventures
- Tender risk review & project review

### ABAC Program Objectives

- Ethical business
- Stakeholder trust
- Transparent value chain
- Protect license to operate
- Speak-up culture

### ABAC Program

- Organization, roles & responsibilities
- Policies & procedures
- Risk management & oversight
- Communication, training and awareness
- Risk assessments
- Data analytics & monitoring
- Reporting channels

## Code of Conduct

### Core Governing Policy & Procedures embedding ABAC controls

## Global Policies and Procedures

### Local requirements (country-specific)

Beyond the global ABAC program represented, ABB's business areas, divisions, and some countries also have policies, procedures, and controls that provide further risk mitigation.

Our integrity program goes beyond ABAC to include compliance with our regulatory obligations relating to global trade, anti-trust and fair competition, data and privacy, conflicts, fraud risk management, cyber security, and effective reporting channels and whistleblower protection, as summarized below. In addition, in 2025, we expanded our focus and capabilities with respect to sustainability related regulations.

#### Global trade compliance program

We act in a global environment and must therefore comply with applicable trade laws and regulations, including those relating to import and export controls, trade sanctions, and customs procedures. We also expect our business partners to do the same. ABB's Trade Compliance Program includes our Global Trade Compliance Procedure and guidance for our business in conducting daily cross-border transactions. Our network of trade officers work with other functions across the organization, providing advice, delivering training, and supporting the implementation of processes to manage trade compliance risks.

#### Antitrust compliance program

We compete fairly and manage our anti-trust risk by providing bespoke guidance and training to our organization and monitoring legal developments globally. Our antitrust experts also work closely with colleagues from ABB's Integrity Investigations team to facilitate the

investigation and remediation of any antitrust concerns. Importantly, a strong antitrust ethos permeates ABB's mergers and acquisitions activities, including the due diligence we perform prior to investments, acquisitions, or joint ventures to support healthy and compliant company growth.

#### Data privacy and cyber security

We ensure the protection of both privacy and personal data for customers, employees, and other individuals. To do so, we implement measures to protect their rights and safeguard against cyber threats. Respecting the right to data protection is a priority for us, and we have adopted global data protection standards to ensure a standardized level of protection for personal data. We monitor and review compliance with data, privacy, and cyber security laws by means of data protection audits, assessments, and other controls. ABB employees are trained in data privacy and cyber security, with job-specific training provided for selected job functions.

#### Reporting channels and whistleblower protection

ABB's commitment to a culture of integrity and transparency means that we strongly encourage our people and external stakeholders to speak up. ABB employees, contractors, suppliers, customers, and other stakeholders can report suspected breaches of our Code of Conduct, Supplier Code of Conduct or

other policies, as well as laws, to multiple channels. This includes the ABB Business Ethics Helpline which allows for confidential and anonymous reporting. All reports to the Helpline are reviewed to determine the appropriate assignment for addressing reports, subject to confidentiality and whistleblowing protection considerations. ABB also protects against retaliation for reporting concerns in good faith and cooperating in an investigation. More about ABB's approach to reporting channels and whistleblower protection, grievance, and remediation can be found in our [Sustainability Statement 2025](#).

#### INCIDENTS REPORTED IN 2025

In recent years, we have seen a steady rise in the number of incidents reported to our business ethics helpline. We view this as a positive sign that our efforts to build awareness and trust in our reporting processes are working. In 2025, the rate of increase in reports per 100 employees was slightly lower than in FY 2024 and previous years, and we believe the numbers may now be stabilizing, suggesting we are approaching a baseline level of annual reporting in the absence of organizational changes.

As in 2024, in 2025, we allocated incidents into the following categories, as well as more detailed subcategories within each of these:

- Antitrust & fair competition
- Bribery benefiting ABB
- Commercial integrity & regulatory
- Fraud: non-self-dealing
- Fraud: self-dealing
- HSE & security
- Human resources
- Non-integrity issue
- Other integrity issues

In 2025, we enhanced our ability to ensure swift and appropriate attention, resourcing, and internal escalation for reports by refining our detailed subcategories, which range from disclosure of confidential or commercially sensitive information to child labor to bullying.

The following table provides an overview of the number of incidents reported and closed through our Business Ethics Helpline.

Business Ethics Helpline	2025
Incidents reported	2,467
Incidents closed	2,880

In 2024, we reported two concerns of modern slavery or child labor which remained under review: these cases were found to be unsubstantiated during 2025. No substantiated cases of this nature were reported in 2025.

# Responsible sourcing

Our commitment to integrity and transparency extends beyond our own operations to every link in our supply chain and includes our commitment to sourcing responsibly. We only work with suppliers who share our commitment to integrity, sustainability, and human rights. We therefore require our suppliers to comply with the requirements set out in the ABB Supplier Code of Conduct, which is part of our procurement terms and conditions as well as our requirements for supplier qualification and development. In addition, we work to ensure that responsible practices are embedded throughout our supply chain.

## ABB Supplier Code of Conduct

Our ABB Supplier Code of Conduct explains in detail what we expect from our suppliers. The Code acknowledges international human rights and environmental standards and conventions, emphasizing the role of suppliers in preventing

and mitigating related risks, especially the need for suppliers to respect human rights across their value chain. Our suppliers are also expected to reduce their environmental impacts, including GHG emissions, resource usage, waste, and pollution, while protecting biodiversity. ABB also expects suppliers to demonstrate compliance with applicable regulatory requirements.

Additionally, suppliers to ABB are required to disseminate and enforce these requirements throughout their own supply chains and to report suspected violations. To help suppliers fulfill the ABB requirements, the Supplier Code of Conduct Implementation Guide provides practical guidance on this. Furthermore, we have expanded our deep-dive trainings on material topics, such as child labor and modern slavery, making them available to suppliers as well as our own workforce.

## MANAGING RISKS IN OUR VALUE CHAIN

### Third-Party Management program

We use our Third-Party Management (TPM) program to assess and manage risks and to onboard and monitor engagement with third parties across the entire value chain, including upstream (suppliers) and downstream (customers). Our TPM program includes the following:

- Risk-based front-end due diligence prior to considering engagement;
- Appointments subject to structured approval processes;
- Inclusion of appropriate integrity clauses in third party contracts; and
- Risk-appropriate monitoring over the life cycle of the engagement.

## ABB SUSTAINABLE SUPPLY BASE MANAGEMENT

Our wider third-party management approach includes the ABB Sustainable Supply Base Management (SSBM) Program. As part of this, we assess supplier sustainability performance, identifying and mitigating risks. Eligible suppliers must complete a sustainability self-assessment during the onboarding process, which includes how they manage labor, human rights, environmental topics, and their supply chains. Further due diligence will be

## TRACKING RESPONSIBLE SOURCING

1. Divided over different training programs.

2. In 2024, the number of suppliers trained includes trainings related to the updated Supplier Code of Conduct, which came into effect on January 1, 2024.

	2025	2024
Suppliers assessed on site (number)	132	156
High-risk supply spending in focus countries covered by SSBM (%)	80	68
Risk closure rate (%)	87	87
Contracts terminated	2	12
Employees trained on responsible sourcing (SSBM) <sup>1</sup>	223	318
Supplier teams trained on responsible sourcing	111	791 <sup>2</sup>



More information about how responsible sourcing is integrated in our Human Rights Due Diligence Framework is available in "[Social Progress: Human Rights](#)".

performed in the event of high-risk scores, including mandatory on-site audits in focus and high-risk countries. Additionally, we perform on-site assessments of existing suppliers in focus countries using the SSBM Country-Specific Assessment Protocol. To enhance our risk assessment, we will add supplier adverse media screening on Environmental, Social, and Governance (ESG) topics to the program.

Following a regular risk review, in 2025, we updated our list of focus countries to reflect both the shifting composition of the ABB supplier base as well as updated risk levels for the countries in which our suppliers are based. Temporary labor agencies were added as a high-risk sourcing category.

We also reviewed the top ten non-conformities identified during on-site assessments. This list informs our interventions with suppliers, as do the issues reported to our Business Ethics Helpline and their outcomes (see Human Rights section for details).

Providing training to both employees and suppliers is part of our commitment to enhance sustainability performance in our supply chain. In 2025, 223 employees were trained and 111 supplier teams were trained on responsible sourcing topics.

In 2025, 132 on-site assessments were undertaken at supplier sites. By the end of 2025, 80 percent of our spend with high-risk suppliers in focus countries was covered by our SSBM

program. If suppliers are not able or not willing to close non-conformities, ABB reserves the right to terminate relationships. In 2025, two supplier contracts were terminated.

### CONFLICT MINERALS AND OTHER MINERALS OF CONCERN

Sourcing minerals and metals responsibly is a key focus area for ABB given the potential human rights risks involved. Our Responsible Minerals Program is based on leading international standards, such as the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas and other international standards. In addition, ABB is an active member of the Responsible Minerals Initiative, where we lead the Asia Smelter Outreach team. We are exploring other opportunities to influence upper tiers in our supply chain. Although ABB is no longer subject to the Dodd-Frank Act, we continue to participate in these activities on a voluntary basis.

Within our Responsible Minerals Program, we work with suppliers to understand the smelters and refiners used within their supply chain and to move away from smelters and refiners which are deemed high-risk. Our engagement program for tin, tungsten, tantalum, and gold (so-called 3TG) has been in place for many years, ensuring a high maturity level among our suppliers. Within this part of the program, we reached a response rate of 95 percent.

Over the years, we have extended our program to include other minerals of concern and are engaging with suppliers on cobalt and mica.

In 2025, ABB had an increased focus on mica, including management engagements with key suppliers to strengthen traceability, transparency, and compliance.

### SUPPLIER SUSTAINABILITY RATING

In addition to the above programs, ABB is requesting eligible suppliers to be rated by EcoVadis. The resulting supplier EcoVadis score is taken into consideration by multiple divisions during supplier performance evaluation and/or supplier selection. This serves as an incentive for suppliers to implement responsible and sustainable business practices and rewards suppliers who have already invested in this topic.

## Financial calendar 2026

**March 19, 2026** Annual General Meeting

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**April 22, 2026** Q1 2026 results

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**July 16, 2026** Q2 2026 results

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**October 20, 2026** Q3 2026 results

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**January 28, 2027** Q4 and FY 2026 results

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